

2006

2004

1999

1971

Stability through
continuous development

MLP key figures – multi-year overview

All figures in € million	2012	2011 ¹	2010 ¹	2009	2008	2007	2006	2005 ²
Continuing operations								
Total revenue	568.0	545.5	522.6	532.1	595.2	629.8	588.5	563.9
Revenue	544.6	526.7	497.3	503.8	552.3	588.2	554.2	522.2
Other revenue	23.5	18.8	25.3	28.4	42.9	41.6	34.4	41.7
Operating EBIT (before one-off exceptional costs)	74.1	50.7	47.0	42.2	56.2	113.9	95.1	71.8
Earnings before interest and tax (EBIT)	74.1	17.3	47.0	42.2	56.2	113.9	95.1	71.8
EBIT-Margin (%)	13.0 %	3.2 %	9.0 %	7.9 %	9.4 %	18.1 %	16.2 %	12.7 %
Earnings from continuing operations	74.1	11.2	34.1	27.2	30.7	77.5	76.5	42.5
Earnings per share (diluted) in €	0.49	0.10	0.32	0.25	0.30	0.77	0.73	0.39
MLP Group								
Net profit (total)	52.7	11.5	34.1	15.8	24.6	62.1	71.8	199.7
Earnings per share (diluted) in €	0.49	0.11	0.31	0.15	0.24	0.62	0.69 ³	1.84 ³
Dividend per share in €	0.32 ⁴	0.60	0.30	0.25	0.28	0.50	0.40	0.30 ⁵
Cash flow from operating activities	22.4	53.8	91.0	72.5	81.0	23.4	87.5	184.8
Capital expenditure	14.5	7.8	3.9	4.0	12.2	16.2	20.0	16.7
Shareholders' equity	387.6	399.6	421.2	410.0	425.9	339.7	324.9	455.2
Equity ratio	26.0 %	26.8 %	27.6 %	27.4 %	27.8 %	23.9 %	26.6 %	38.5 %
Balance sheet total	1,493.1	1,489.8	1,524.0	1,498.4	1,534.0	1,424.2	1,270.2	1,182.0
Clients ⁶	816,200	794,500	774,500	785,500	728,000	701,000	666,000	634,000
Consultants ⁶	2,081	2,132	2,273	2,383	2,413	2,535	2,481	2,348
Branch offices ⁶	174	178	192	238	241	251	246	265
Employees	1,524	1,584	1,672	1,900	1,986	1,819	1,558	1,417
Arranged new business⁶								
Old-age provision (premium sum in € billion)	4.8	5.2	5.0	5.1	6.6	6.8	6.8	6.3
Loans and mortgages	1,301.0	1,327.0	1,219.0	1,119.0	919.0	1,162.0	1,195.0	997.0
Assets under management in € billion ⁷	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 Adjusted due to the sale of the subsidiary MLP Private Finance AG.

³ Basic.

⁴ Subject to the approval of the Annual General Meeting on June 6, 2013.

⁵ Plus an extra dividend of € 0.30 per share.

⁶ Continuing operations.

⁷ Calculated according to the method of the German Association of Investment and Asset Management (BVI).

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 of insurance companies, banks and investment firms. The MLP Group manages total assets of more than € 20.2 billion and supports more than 794,500 private and more than 5,000 corporate clients, respectively employers. The financial services and wealth management consulting company was founded in 1971 and holds a full banking licence.

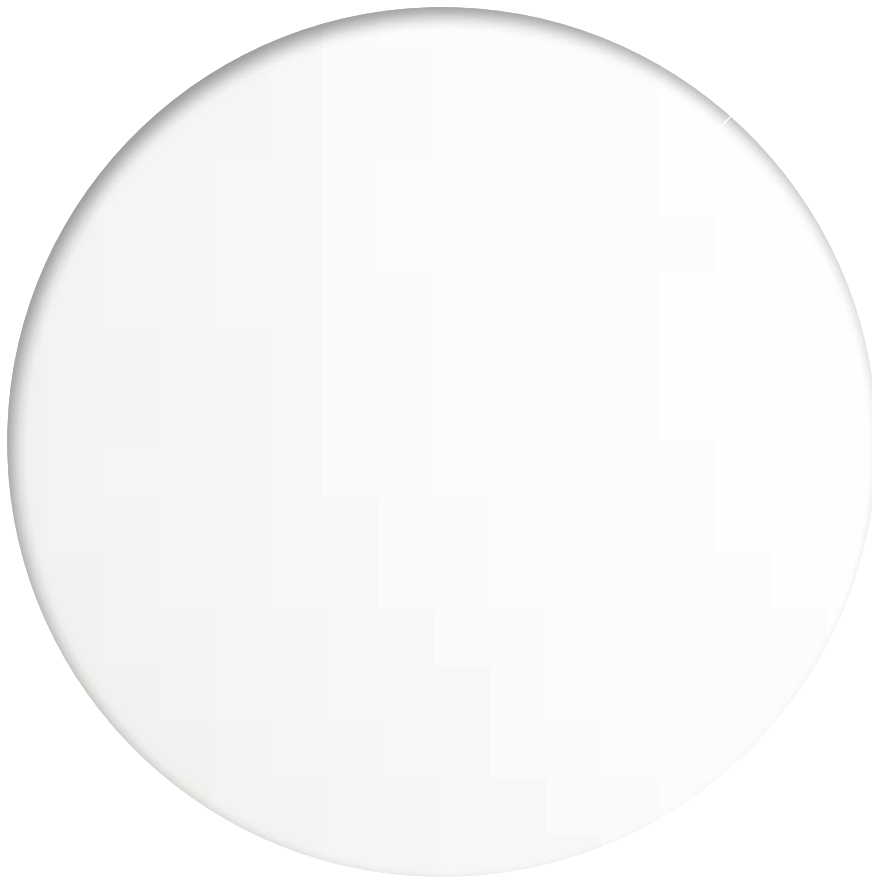
The concept of the founders, which still remains the basis of the current business model, is to provide long-term consulting for academics and other discerning clients in the fields of old-age provision, wealth management, health insurance, non-life insurance, loans and mortgages and banking. Private individuals with assets of more than € 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 with independent consulting and conceptual services in all issues pertaining to occupational pension schemes and remuneration as well as asset and risk management.

Stability through continuous development



MLP constantly works on developing its business model. In accordance with the founding idea of providing holistic, comprehensive financial advice for academics from academics, MLP has tapped new markets – in particular by establishing the occupational pension provision business and expanding the wealth management business. The Group is therefore based on several pillars, which complement and support one another. Supported by our in-house research activities, we advise more than 800,000 private clients, 5,000 corporate clients and employers in all matters concerning occupational pension provision as well as around 200 institutional investors, including foundations, churches and old-age provision institutions on their investment strategy. And together with our subsidiary Feri, we manage total assets in excess of euro 21 billion. Thanks to its broad positioning, MLP is enjoying stable development even in difficult markets – as was the case in the financial year 2012.

Strong basis for further growth



MLP has systematically extended its wealth management business segment in the last two years. The two-stage acquisition of Feri AG, which began in 2006, was extremely important in this regard. As the leading independent consultancy in Germany, Feri manages private assets in excess of euro 5 million and supports institutional investors, such as pension funds, associations or insurance companies. The subsidiary Feri EuroRating Services is also a leading European ratings agency, as well as one of the largest economic research and forecast institutes. All of the advisory services provided by Feri and MLP consultants are based on this comprehensive expertise. All clients therefore benefit from powerful solutions, tailored precisely to their specific requirements, and receive professional advice at all times. This approach has allowed us to continually increase the assets managed by the Group over the course of the last few years – and significantly extend the share of wealth management in total sales revenues.

Wealth management now
accounts for

23%

of sales revenues
generated at MLP



No. 1

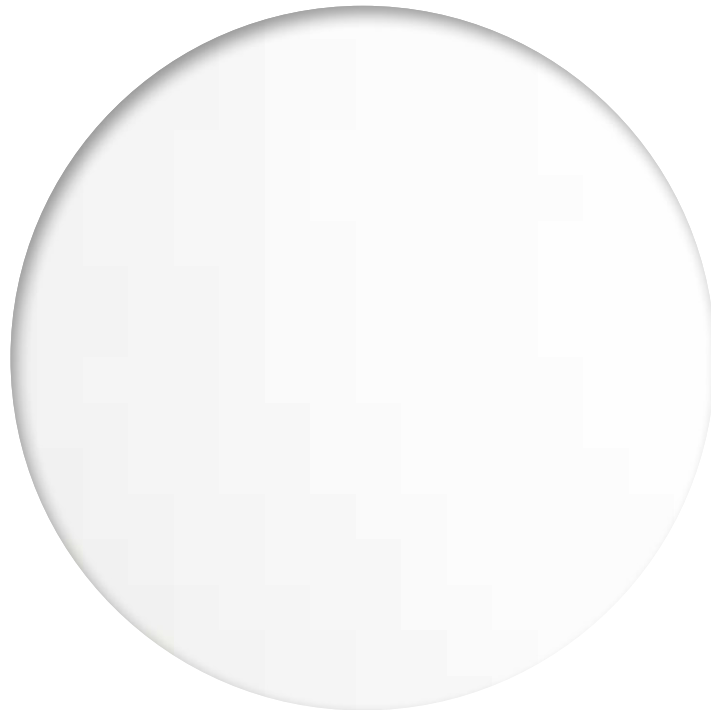
FERI WON THE WEALTH
MANAGER TEST OF THE
RENOWNED FUCHSBRIEF
FOR THE SECOND TIME IN
SUCCESSION IN 2013

Euro

21

billion total assets
managed by the
MLP Group

Consistently tapping potential



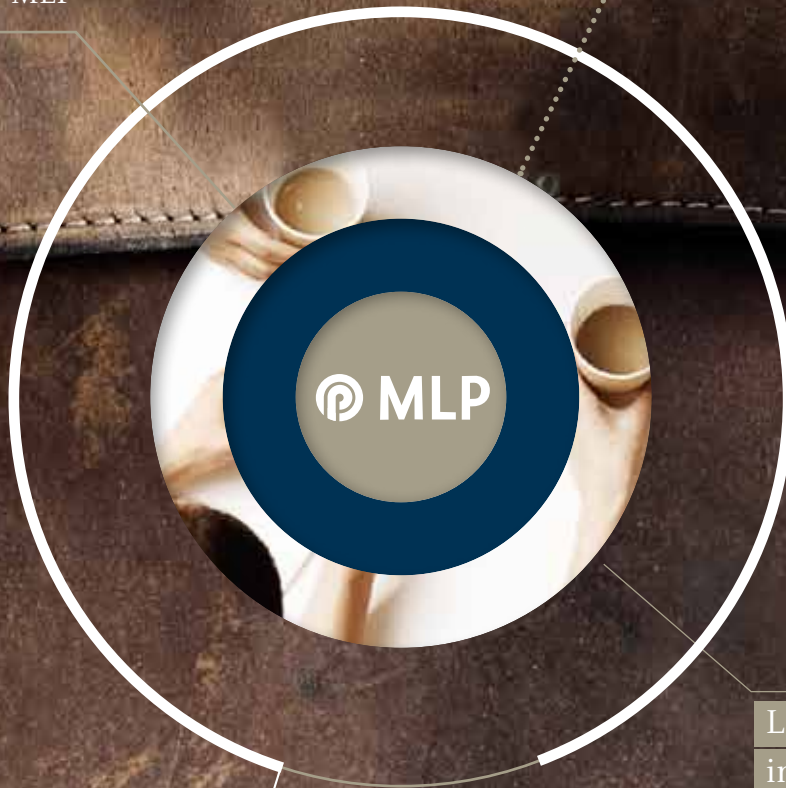
Over the last few years, occupational pension provision has been playing an increasingly important role in the field of financial old-age provision in Germany. MLP has operated a dedicated division for this since 2004, as occupational pension provision requires comprehensive expertise – from needs analyses, through planning and implementation, right through to continuous monitoring and adjustment. In addition to this, MLP strengthened its operations in 2008 with the subsidiary TPC THE PENSION CONSULTANCY. Alongside advising employees, we work together to provide consulting services to small and medium-size companies, as well as large companies, corporate groups and associations. Another key focus is on establishing innovative concepts such as lifetime working accounts. In the last few years, we have continually increased the relative share of occupational pension provision in the brokered premium sum of old-age provision products, which stands at 13 % in 2012.

1,200⁷

specialized MLP
consultants for all matters
concerning occupational
pension provision
.....

5,000

companies and employers
are advised by MLP

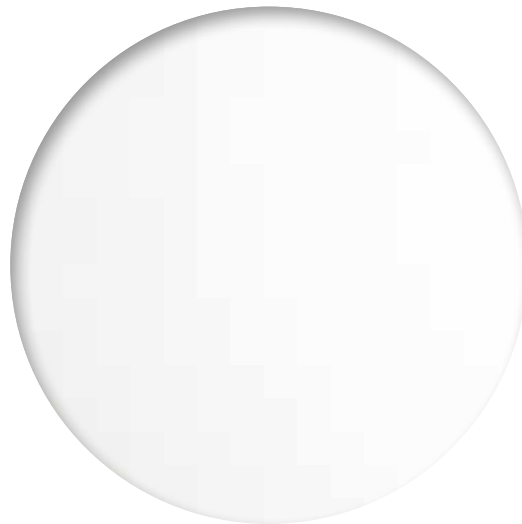


Largest German
insurance broker in
the field of occupational
pension provision

74%

OF EMPLOYEES ARE INTERESTED
IN RECEIVING ADVICE ON
OCCUPATIONAL

Competitive advantage through leading training and qualification



Training and further education form the basis of all successful consulting services – especially in a market that is characterised by such rapid development. MLP has operated its own Corporate University (CU) since 1999, which has received multiple awards. In 2007, it was awarded the seal of approval from the European Foundation for Management Development (EFMD) and thus belongs to an elite group of just 17 renowned corporate universities. Since 2012, the CU has been accredited by the Financial Planning Standards Board Deutschland e. V. to teach and award the CERTIFIED FINANCIAL PLANNER® (CFP®) title, the highest internationally recognised training standard for financial consultants. At the start of the 2013, the CU also received the international “Certified Corporate University” seal of approval from the Foundation for International Business Administration Accreditation (FIBAA). Among other things, this certification makes study programmes internationally comparable and simplifies recognition of curricula and degrees among universities. In other words, the CU provides MLP with a genuine competitive advantage – bringing added value to both consultants and their clients.

Who Finance.de:

In 2012, clients once again gave MLP top marks for its consulting services in the online ratings portal

CFP® - training

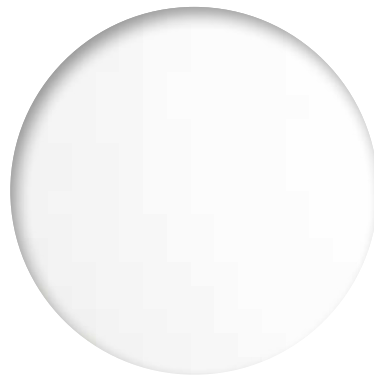
ALONGSIDE THE MLP CU, THE ONLY OTHER INSTITUTES TO BE ACCREDITED ARE THE EUROPEAN BUSINESS SCHOOL IN OESTRICH-WINKEL AND THE FRANKFURT SCHOOL OF FINANCE & MANAGEMENT



21,000

attendance days were recorded at the MLP CU in 2012

Targeted strengthening through organic growth



Providing financial advisory services to private clients was MLP's maxim during its founding years and the years of development that followed. Whether clients were initially lawyers or later physicians, engineers and economists – over the years, MLP has been able to develop important target groups in a systematic approach and grow organically as a company. Starting from the former headquarter in Heidelberg, MLP has also strengthened its presence through diversification. We are today represented in all German urban centres with 174 offices – particularly at important university locations. We have a team of more than 2,000 consultants, who receive support through extensive services from the current headquarter, the MLP Campus in Wiesloch. The scope on offer ranges from training and qualification, product management and IT, right through to customer and consultant service.

Campus in Wiesloch

location of the Corporate University

1971

was the year in which
MLP was founded



174

OFFICES SUPPORT MLP CLIENTS
THROUGHOUT GERMANY

Academics advising academics

Manfred Lautenschläger founded MLP more than 40 years ago. His philosophy was to provide individual financial advice at eye level – from academics for academics. In this vein, MLP supports and advises clients in the fields of wealth management, health insurance, non-life insurance, loans and mortgages and banking. This comprehensive, holistic consulting philosophy became the benchmark in the market and made MLP the leading independent financial and investment consulting firm in Germany. The success factors remain the same today as they were back then: quality consulting, independence from product partners and a pronounced focus on specific professional groups.



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Responsibility Statement

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,

The market once again provided little in the way of support over the last twelve months. The financial crisis which began in 2008, together with the economic crisis triggered by this in 2009 and the intensive discussions on the stability of the euro currency, have instilled a sense of uncertainty among many citizens. Combined with the high degree of volatility on the capital markets and low real interest rate return of many forms of investment, this also motivated many clients to hold off on signing any long-term contracts in 2012 – particularly in the old-age provision area.

Yet despite this, we enjoyed a highly successful year – with an increase in total revenue of 4.1 % to € 568.0 million and also an increase in earnings before interest and tax (EBIT

before one-off expenses) of 46.2 % to € 74.1 million. We were also able to significantly strengthen our earning power with an overall EBIT margin of 13.0 % and a margin of 14.95 % in the financial services segment. When we consider the difficult markets in which our entire sector continues to operate, this is an impressive feat – especially since we had based our anticipated performance on considerably more favourable framework conditions when defining our target margin corridor of around 15.0 % back in February 2010.

Our success in the financial year 2012 can largely be attributed to two strategic decisions: early implementation of our efficiency management and further development of our business model. This in particular includes expansion of our wealth management operations, not least due to the acquisition of Feri AG, as well as establishment of the occupational pension provision business. We were able to counteract a downward trend in the field of old-age provision and health insurance through extremely positive development in the field of wealth management, especially in the first nine months of the financial year. In the closing quarter, we then also benefited from improved dynamics in the field of old-age provision. In the full-year analysis, wealth management now represents some 22.8 % of our revenue



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

Appointed until September 3, 2017

from commission and fees – around 19% more than in 2005, i.e. the year before we began targeting expansion of this business segment. In addition to this, around 13% of our new business in the field of old-age provision now comes from occupational pension provision plans. Thus, today MLP rests on several pillars, which complement and support one another. This not only allows our clients to benefit from comprehensive consulting that covers all questions of finance, it also provides great stability for the MLP Group.

Our efficiency management has also made a key contribution to this stability. We have reduced our total administration costs – i.e. personnel expenses, depreciation and amortisation, as well as other operating expenses – by around € 60 million since 2008. At € 251.7 million, our cost base in 2012 is not only within forecast parameters, but also offers an excellent basis for a sustainably high degree of profitability in the future.

Over the course of the next few years, MLP will continue to keep a tight rein on its administration costs. However, we will still allow increased expenditure as and when necessary – either to make important investments in our future or to relieve expenses for subsequent financial years through

non-recurring start-up costs. Subject to market trends and developments, we are targeting an EBIT corridor between € 65 million and € 78 million for the next three financial years, i.e. from 2013 to 2015. This not only documents our claim of maintaining the high level of earnings we once again recorded in 2012 over the next few years, but in addition, MLP will be able to make targeted investments into future topics and flexibly react to changes in a market environment which remains difficult.

The market conditions are unlikely to be considerably easier in 2013. Despite the massive need for significantly more personal provision – whether in the form of pensions or health insurance – many consumers in Germany remain cautious and reserved. However, our broad scope of services and alignment mean that there are still opportunities for MLP even in this difficult environment. Supported by in-house research, the MLP Group works to a holistic and independent consulting approach that covers all economic and financial questions for private and corporate clients, as well as institutional investors.

This will offer interesting potential in 2013, for example in the field of wealth management, where we currently manage

assets with a value in excess of € 21 billion in the Group. After all, more and more MLP clients are now entering the over-40 age group, in which well-founded financial investment consulting becomes increasingly important. Institutional investors, who we support through our subsidiary Feri, also have many investment requirements. In addition to this, the increasing regulation of the financial sector is stimulating greater demand for research and rating services.

Occupational pension provision is also likely to become more important, as underlined by international comparisons, which show that Germany still has a long way to go to catch up with its neighbours. Added to this is the fact that intelligent occupational pension provision concepts are gaining ground, due largely to the ever more acute shortage of skilled specialists, as a way of making employers far more attractive to potential candidates. Together with our subsidiary TPC THE PENSION CONSULTANCY (TPC), we are ideally positioned in this market as the largest product-independent German insurance broker.

Long-term care provision is also set to be an important topic for 2013 and beyond. Due to the demographic change, the gaps in provision will become even more apparent than ever before in this sector. According to the MLP Health

Report, having private insurance cover in place is therefore considered either important or very important for almost 70 % of all German citizens.

Political framework conditions also have an influence on MLP. In the last few years, the legislator has significantly increased the level of investor protection. Even if certain measures that have been implemented go beyond what is actually necessary, we have always demanded higher standards in this sector and continue to fight for the introduction of binding legal job profiles. We firmly believe that this is the only way for consumers to distinguish between the qualitative differences in the market. MLP is already subject to the strictest regulatory standards and aligns its business model consistently to the needs of its clients. Two examples from the reporting year: Since February, our clients have had all trail commissions that MLP receives from investment companies for brokerage services credited to their accounts when signing new wealth portfolio contracts. Alongside the best investments, this also provides our clients with the highest degree of transparency. In addition to this, in January 2012 our Corporate University was one of only three training institutes in Germany to be accredited for the Certified Financial Planner qualification – the highest international training standard in the industry.

Ladies and gentlemen, 2012 was not an easy year for the MLP share. Following sharp increases in the first three months, the share reached its annual high price of € 6.88 at the start of April. But in the run-up to the Annual General Meeting, and in particular after the dividend payout, the price subsequently declined and reached its annual low of € 4.17 at the end of July. However, the share then displayed a significant recovery from this low to finish the year at a price of € 5.00, which is just € 0.12 below the previous year's year-end price.

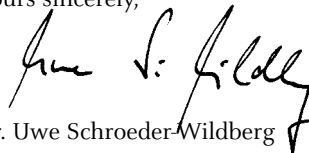
We place great emphasis on being able to provide a high degree of continuity and stability in the dividends we pay our shareholders. As announced at the beginning of 2012, with the significant increase in earnings we recorded in 2012, we are returning to our long-standing policy of paying out 60 to 70 % of our net profit in the form of dividends. At the Annual General Meeting on June 6, 2013, the Executive Board and Supervisory Board will therefore propose a dividend of € 0.32 per share. This equates to a payout ratio of 65 % of our net profit for the period of € 52.7 million. In the previous year, MLP paid out dividends of € 0.60 in total; however, € 0.30 thereof was a one-off payment based on surplus liquidity not needed for the operating business.

With the proposed dividend payout, MLP remains one of the most attractive dividend-bearing securities in Germany.

I would like to take this opportunity to express my sincere thanks to all MLP consultants and all employees in the Group. Without your expertise, commitment and high degree of loyalty to the company, combined with your constructive support for our efficiency measures, we simply would not have been able to record such a successful financial year in 2012.

I would also like to express my thanks to you, our shareholders, for the trust you have shown in us over the last few years. Our objective is to be the undisputed number one for our more than 800,000 clients in all questions of finance – as well as a reliable partner to our shareholders. My colleagues and I on the Executive Board would be delighted to have you share this course with us in the future.

Yours sincerely,



Dr. Uwe Schroeder-Wildberg

The Supervisory Board



Dr. Peter Lütke-Bornefeld
Chairman

Elected until 2013



Dr. h. c. Manfred Lautenschläger
Vice Chairman

Elected until 2013



Maria Bähr
Employees' Representative

Elected until 2013

Report by the Supervisory Board

In the financial year 2012, 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 2012 focused in particular on supporting the Executive Board in the strategic development of the company, implementing further measures to increase cost efficiency, improving the company's opportunity and risk position and representing the company in the context of claims asserted by former

stockholders 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 2012, the Executive Board also reported on and the Supervisory Board also advised on the content and anticipated effects of legislative/regulatory stipulations at national German or EU level, such as Basel III, the Markets in Financial Instruments II Directive (MiFID II) or the Act Reforming the Laws on Intermediaries for Financial Investments and on Investment Products.



Dr. Claus-Michael Dill
Elected until 2013



Norbert Kohler
Employees' Representative
Elected until 2013



Johannes Maret
Elected until 2013

The Supervisory Board held five regular meetings in the financial year 2012 which, with the exception of one meeting, 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. Where necessary, Supervisory Board resolutions were also passed as circular resolutions.

In addition to this, one meeting of the Personnel Committee, four meetings of the Audit Committee and four meetings of the Nomination Committee were held. With the exception of one meeting of the Nomination Committee, all of these meetings were attended by all 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 informed the other members in detail about the content of these meetings with the Executive Board.

Supervisory Board meetings and important resolutions

In a resolution passed in January 2012 using the circular resolution procedure, the Supervisory Board approved legal

defence action against claims asserted against the company from several former shareholders in the subsidiary Feri AG.

Following preparations in meetings of the Audit Committee, the meeting of the Supervisory Board on March 20, 2012 focused on the audit and approval of the financial statements and the consolidated financial statements as of December 31, 2011. 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, 2011. In addition to this, the Supervisory Board also approved the conclusion of a control agreement with Feri AG and the proposed resolutions for the company's Regular Annual General Meeting. In the March meeting, motions passed included the extension of Dr. Uwe Schroeder-Wildberg's employment contract and his reappointment as Chairman of the Executive Board for five further years – i.e. until December 31, 2017.

The regular Supervisory Board meeting on May 07, 2012 focused primarily on discussing the results and business development from the first quarter of 2012.

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 a 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 07, 2012. In addition to this, the Supervisory Board approved an increase in capital stock of € 30 million at MLP Finanzdienstleistungen AG. This increase is to be financed by MLP AG. In the course of restructuring the capital in the Group, the company's equity ratio was further strengthened.

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

At the meeting on December 13, 2012, 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 2013.

Supervisory Board committees

The Supervisory Board was regularly informed of the work carried out by its committees in 2012.

The Personnel Committee convened once in the reporting period. This meeting focused on preparations for the reappointment of Dr. Schroeder-Wildberg as Chairman of the Executive Board.

The Audit Committee held four regular meetings in the financial year 2012. Representatives of the audit firm were present during some of the meetings, 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. There were detailed consultations on relations with the auditor, proposals for electing an auditor, remuneration, audit assignment and monitoring the independence of the auditor. The Audit Committee received regular reports on the work of the Internal Audit and of the Compliance department and was informed on legal and regulatory risks and risks to reputation. In addition to this, the Audit Committee addressed

the potential risks associated with the legal defence against claims asserted by several former shareholders in the subsidiary Feri AG.

The Nomination Committee held four regular meetings in the financial year 2012. These meetings focused on preparing for the election of new Supervisory Board members in the 2013 Annual General Meeting. The Nomination Committee examined in detail the personal and professional requirements, applicable laws and any regulatory directives to be met by the shareholder representatives on the Supervisory Board. Furthermore, the GCGC's recommendations in this connection were addressed. Agreement was then ultimately reached on this basis to submit a proposal to the plenary meeting of the Supervisory Board for the shareholder representatives to be newly elected to the Supervisory Board.

Corporate governance

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

Last year, the Supervisory Board again dedicated its meeting on December 13, 2012 to the requirements of the German Corporate Governance Code in the version dated May 15, 2012.

In the meeting held on December 13, 2012, 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 principally with the recommendations of the Government Commission on the German Corporate Governance Code (version dated May 15, 2012). 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 2012 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 13, 2012, 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 2012

The financial statements and the management report of MLP AG as of December 31, 2012 have been compiled by the Executive Board pursuant to the German Commercial Code ("Handelsgesetzbuch"). The consolidated financial statements and the group management report as of December 31, 2012 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, 2012, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin audited the financial statements and management report of MLP AG in accordance with the principles of commercial law, as well as the Group financial statements and Group management report in accordance with the principles of IFRS, issuing an unqualified auditors' 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 management report, the auditors' 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 21, 2013. 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 auditors' 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 21, 2013, the Supervisory Board approved the annual financial statements and the MLP AG management report, as well as the consolidated financial statements and the consolidated 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 € 0.32 per share for the financial year 2012. The 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 2012.

Wiesloch, March 2013

The Supervisory Board



Dr. Peter Lütke-Bornefeld
Chairman

Guidelines on consulting and supporting private clients

1. The client is our main focus.
2. MLP places great emphasis on selecting the right consultants.
3. All consultants receive thorough training and continue to attend regular training throughout their career.
4. Consultants' remuneration enables long-term client support.
5. A comprehensive portfolio and needs analysis is the starting point for all consultations.
6. MLP advises its clients with a long-term, holistic approach based on their individual needs.
7. Products are selected independently and based on objective criteria.
8. MLP clearly lays out the charges and services involved in its consulting.
9. Comprehensive documentation of the consultation offers clients clear added value.
10. MLP supports further development of the legal framework for financial advice.

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Management report

The values disclosed in the following management report 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 figures have been amended in the income statement, the balance sheet and in the following tables. Information on this is provided in Note 3.

OVERALL ECONOMIC CLIMATE

Framework conditions

As Germany's leading independent consulting firm, the MLP Group (MLP) provides academics with comprehensive, independent advice in the fields of provision, wealth management, health-care, non-life insurance, financing and banking. Building on this successful business model, we have significantly expanded our consultancy services for companies and employers, institutional investors, pension funds and wealthy private clients in the last few years. You can find further information on our business model in the "Business model and strategy" chapter.

MLP once again generated the majority of its revenue in Germany in 2012. Therefore, the following focuses primarily on economic development in Germany, as it represents a crucial factor in assessing the success of MLP's business. Particularly important indicators in this regard are economic growth, the development of the employment market, changes in net income, the savings rate and consumer confidence.

Overall economic situation

The global economy was characterised by very subdued development in 2012. The European sovereign debt crisis and the weaker global economy were the main factors that motivated research institutes to make sharp downward corrections to their forecasts over the course of the year. For example, the International Monetary Fund (IMF) set its global economic development forecast for 2012 in its "World Economic Outlook" at 3.3% – despite the fact that most experts expected a figure around 3.9%. The downward trend observed in the economic environment of the Eurozone is even more pronounced. Although the IMF was still predicting growth of 1.4% for the Eurozone at the start of 2012, the region actually fell into a recession in the last few weeks of the reporting year. According to the IMF, the economy in the Eurozone shrank by 0.4% in 2012.

Low growth in Germany

The effects of the European debt crisis on Germany were considerable in 2012. After the domestic economy enjoyed growth of 4.2% and 3.0% respectively in the years 2010 and 2011, the inflation-adjusted gross domestic product (GDP) only rose by 0.7% in 2012 according to calculations of the German Federal Statistical Office - and thereby fell short of expectations.

Economic growth in Germany (all figures in %)



Source: German Federal Statistical Office; rate of change in GDP, price-adjusted

Despite the European debt crisis, the German economy was carried by stable domestic demand in 2012. The Consumer Sentiment Index of the German Consumer Research Association (GfK) increased slightly in the course of the reporting year and stabilised at a low level. This index is considered one of the most important indicators of behaviour among German consumers and of economic stability.

Stable domestic demand
bolsters German economy

Based on estimates of the GfK, consumption will continue to play an important part for the ongoing economic development in Germany. Since it expects that the worldwide economic downturn is likely to cause a further reduction in German exports, stable consumer demand is a key prerequisite for further growth in Germany.

The German employment market proved both favourable and robust overall in the reporting year. However, economic development lost some of its forward momentum in the second half of the year. As a result of this, the unemployment rate fell only slightly from 7.1 % in the previous year to 6.8 % in the reporting year. At 2,897,000, the average number of unemployed people was 79,000 lower in 2012 than in the previous year.

The employment market continued to offer opportunities for well-trained staff. In the reporting year, just 3.4 % of all persons registered as unemployed had an academic education background (2011: 3.0 %). MLP's private client target group – consisting primarily of academics and well-trained professionals – therefore benefited in particular from the stability of the employment market in 2012.

Overall, most Germans considered their job to be comparably secure in 2012. According to a survey performed by the GfK, 72 % of those in active employment in 2012 did not expect to lose their job and only 10 % considered their job to be under threat.

The stable employment situation also had a positive effect on the income of German citizens. According to figures published by the German Federal Ministry of Economics and Technology, net wages and salaries of employees increased by 2.4 % in 2012. The savings rate, on the other hand, decreased slightly to 10.3 % in the last financial year (2011: 10.4 %). The savings rate is defined as the percentage of disposable income not used for consumption, but instead saved.

The market environment in 2012 can best be described as challenging. Although the economic data for Germany was positive in the reporting year thanks to stable domestic demand, a slight reduction in unemployment and a slight increase in net income, the European debt crisis also generated a strong sense of uncertainty among German consumers. Consequently, MLP continued to face significant reservations among clients in terms of signing long-term contracts, for example in the field of old-age provision.

General statement of the
Executive Board:

National economic influencing factors on MLP's business development in 2012

Economic development	0
Falling unemployment rate	+
Increasing net income	+
Slight reduction in savings rate	0
Friendly consumer climate	-

Very positive: ++, Positive: +, Neutral: 0, Negative: -, Very negative: --

INDUSTRY SITUATION AND COMPETITIVE ENVIRONMENT

MLP provides comprehensive advisory services to private and corporate clients and institutional investors, covering all aspects of financial planning. Its fields of business encompass old-age provision, including occupational pension provision, as well as health insurance, wealth management, non-life insurance, financing and banking. 86 % 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 describes the main factors that had a particular influence on the market environment and the results of operations in these areas in 2012.

Old-age provision

In 2012, the market for old-age provision in Germany continued to be heavily influenced by the European debt crisis and the discussion regarding the safety and stability of the euro associated with this. This led to an ongoing sense of uncertainty among many citizens, as confirmed by surveys. According to a survey performed by the Allensbach Institute, 46 % of Germans expressed concern about their old-age provision due to the euro crisis. In addition, the continuing low interest rate level led to the guaranteed interest rate for all new endowment life and pension insurance policies being reduced on January 1, 2012. Many consumers reacted with reservations throughout the industry in the reporting year – particularly in terms of signing long-term contracts with regular premiums.

Demographic shift forces
reduction in statutory
pension level

Despite these reservations, most Germans are fully aware that they will need to be active in providing for their own old age. According to a survey performed by the business consultancy Accenture, two thirds (66 %) are worried about their financial situation when they retire. However, only just under half of respondents (49 %) stated that they had already signed a private pension policy. And according to the results of a survey performed by financial market research company TNS Infratest, only one in four Germans (26 %) are currently willing to make sacrifices to their present lifestyle in order to save for their old age.

In the long term, the topic of old-age provision will continue to be shaped by the demographic shift in Germany and its effects on both society at large and social security systems. The problem revolves around the fact that fewer and fewer young people in active employment will finance the pensions of older generations through their premiums. At the same time, ever increasing life expectancy will extend the average period in which pensions have to be paid. This situation will lead to a growing pension shortfall. The level of statutory pensions paid in Germany will continually decline, as underlined by current projections of the German Pension Insurance. While pensioners who paid into the state pension insurance fund for 45 years could expect to receive a pension that was more than 59 % of their average monthly net income at the end of the 1970s, this figure is likely to be just 46 % by 2025. The retirement age is also being increased to 67 in a gradual process that began in 2012.

However, 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.

State subsidies/allowances in Germany are presented in the so-called 3-tier model:

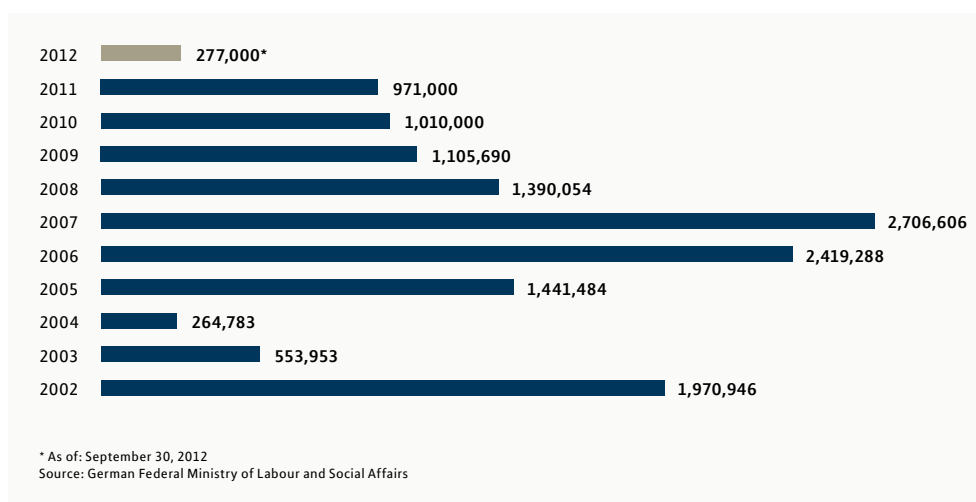
1. Basic provision: Statutory pension and basic pension
2. Supplementary pension provision: Riester pension and occupational pension provision
3. Other supplementary insurance provision: Pension and life insurance, capital market products

Alongside the statutory pension, the 1st tier of basic provision 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 2012, tax payers were able to offset the capital invested into a basic provision policy over the course of the year against income tax up to a level of 74 % and a maximum of € 20,000 per person. Despite this considerable tax incentive, the basic pension failed to win the acceptance anticipated by the legislator among the German population in the reporting year. According to data published by the German Insurance Association (GDV), only 178,200 new basic pension contracts had been signed by the cut-off date on December 31, 2012 (2011: 211,300). This corresponds to a decline of 15.7 %.

The 2nd tier of supplementary pension provision 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 data published by the German Federal Ministry of Labour and Social Affairs, only around 277,000 new contracts had been signed by the end of the third quarter (year 2011 in total: 971,000). Focussing just on Riester insurance policies, provisional figures made available by the GDV state that only 610,000 new contracts were signed in the whole of 2012. This represents a 35.1 % reduction from the previous year's figure.

Fewer Riester pensions

New Riester pension contracts (2002–2012)



The reservations being displayed by consumers could also be observed in 3rd tier pension and life insurance policies. For example, the number of new endowment life insurance policies signed last year decreased by 6.6 % to 530,000 new contracts.

Due to the particular challenges associated with the European debt crisis and the ongoing low-interest phase, the industry displayed a downward trend in the old-age provision business in 2012. According to data published by the GDV, the premium sum of new business fell by 2.7 % to € 162.99 billion.

Introduction of
unisex tariffs

The introduction of unisex tariffs on December 21, 2012 had an influence on developments in the sector. Since these new tariffs were launched, insurers no longer distinguish between the two sexes when calculating premiums. This also has an influence on the tariffs of old-age provision products, such as pension insurance policies. For clients needing such insurance cover, it was often advisable to sign these contracts before December 21, 2012.

In this market environment, the premium sum for new business brokered by MLP in the field of old-age provision was € 4.8 billion (€ 5.2 billion) and thereby slightly below the previous year's level.

Growing importance
of occupational pension
provision

In the long-term perspective, occupational pension provision is becoming increasingly important. Supported by the expertise and established markets of our subsidiary TPC THE PENSION CONSULTANCY GmbH (TPC), in 2012 we were able to maintain the previous year's level of occupational pension provision at 13 % of the total brokered premium sum (2011: 13 %). Alongside the economic upturn, this stable development can primarily be attributed to the fact that occupational pension provision is being increasingly used by companies as an incentive when competing for the best talents. In addition to this, MLP was able to anchor new and exclusive industry solutions in the market for its core target groups in the course of the reporting year.

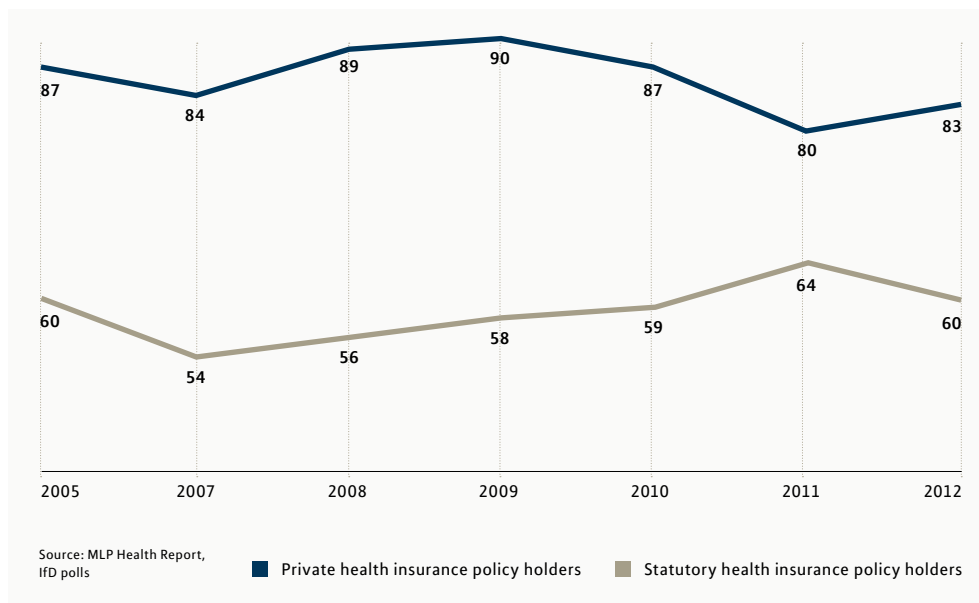
Health insurance

With the Act for Sustainable and Socially Balanced Financing of Statutory Health Insurance ("Finanzierungsgesetz der gesetzlichen Krankenversicherung"), which has been in force since January 1, 2011, the legislator has made great efforts to prepare the statutory health insurance fund (GKV) more effectively for the challenges of the future by limiting its outgoings and introducing additional premiums. Yet despite this, citizens remain sceptical about the sustainability of the statutory system and, even more importantly, about the services that will actually be covered in future. In a survey performed by insurance company Continentale, 49 % of those paying into the statutory health insurance system stated that they do not expect it to provide them with sufficient cover in future, while one in five respondents stated that this is already the case today. Half of those paying into the statutory health insurance system also fear that they will soon no longer be able to benefit from medical advances, while over 25 % already sees that as the case today.

Significant differences in
cover between statutory and
private insurance

The 7th MLP Health Report 2012, which was published in January 2013, indicated that citizens are already well aware of the differences in cover between private and statutory insurance. MLP drafts this representative annual survey, in which the general public and physicians are questioned, in cooperation with the Allensbach Institute. According to the MLP Health Report, over half of all people paying into the statutory health insurance system (55 %) confirmed that they have had to wait a long time to get a doctor's appointment on one or more occasion in the last 12 or 24 months. In contrast, this only affected just over a third (35 %) of private health insurance policy holders. In addition to this, 34 % of statutory insurance policy holders are worried about not receiving necessary treatment due to a lack of available funds if they fall ill (private insurance policy holders: 11 %). According to the survey, more people with private health insurance generally feel as though they are properly covered with their current policy than those paying into the statutory health insurance system (see Figure).

**Private health insurance policy holders continue to feel that they have better coverage
(all figures in %)**



Despite these generally positive framework conditions, the market for private health insurance saw only cautious development in 2012. Data published by the Association of Private Health Insurers showed that, compared to the end of 2011, the total number of persons with a fully comprehensive private health insurance policy had fallen slightly by 15,300 to around 8.96 million by the cut-off date of June 30, 2012. In terms of supplementary insurance policies, on the other hand, the PKV recorded a net increase of 86,300 to 22.59 million contracts in the first half of 2012. The market share of the PKV is 11.4 % as of June 30, 2012 and thereby at the same level as the first half of the previous year.

One of the causes of the stifled demand for fully comprehensive private health insurance policies observed at the start of 2012 is a change in legislation that was implemented in 2011 to make it easier for those with statutory insurance to make the switch, to a private policy. This motivated many people who had previously wanted to make the switch but had not been eligible to do so, to finally take out private health insurance. As expected, it was not possible to maintain this level in the reporting period.

The challenging overall nature of the sector environment is also reflected in MLP's business development in the field of health insurance. Although business did pick up in the fourth quarter, at € 63.9 million (€ 79.9 million), revenue for the year as a whole was 20.0 % below the previous year's level; however, it was still above the levels recorded in 2010 (€ 61.3 million) and 2009 (€ 46.5 million).

MLP also benefited from the fact that our consultants already started providing their clients with comprehensive information and advice on the introduction of unisex tariffs around the middle of the year. With the new approach, insurers no longer differentiate between the sexes when calculating their tariffs from December 21, 2012 onwards. This also affects private health insurance tariffs and therefore led to increased demand among clients who required corresponding insurance cover, particularly in the second half of the year.

Early information on unisex tariffs

Alongside consulting on fully comprehensive private health insurance policies, focus was also on information regarding supplementary health insurance policies. In this field, our clients were particularly interested in the coverage provided by supplemental dental and hospital insurance, as well as supplementary long-term care insurance.

Increased focus on long-term care provision

In 2012, the topics around the need and provision for long-term care were discussed more intensively than in previous years in both the political and public arena. The introduction of “family care time” on January 1, 2012 within the scope of statutory long-term care insurance, the step-by-step increase in nursing rates and services for those suffering from dementia, as well as the recent government decision for a state-subsidised private supplemental long-term care insurance from January 1, 2013 all attracted attention.

The 7th MLP Health Report 2012 concluded that almost half of the respondents (48 %) are worried about not having adequate cover should they require long-term care. With the introduction of state-subsidised private supplemental long-term care insurance, the German government is expressly emphasising the need for additional, private personal provision and thereby creating good framework conditions for sales of corresponding private supplementary long-term care insurance products.

Wealth management

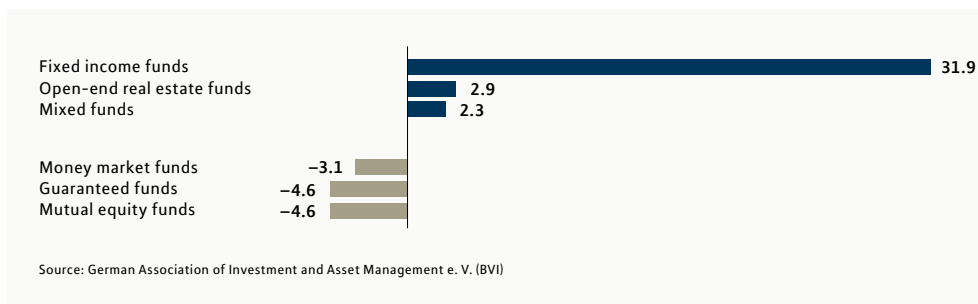
According to a survey performed by Deutsche WertpapierService Bank AG, fixed term deposits, time deposits and overnight deposits were the most popular forms of investment for private investors in Germany in the reporting year 2012. Indeed, 29 % of respondents are keen to use these secure forms of investment more than in the past.

Investors are seeking security

The latest figures from the German Bundesbank also confirm that private investors primarily chose to put their money into low-risk forms of investment in the reporting year. The main areas of investment here were cash, time deposits and demand deposits. While time deposits with a term of up to 3 months increased by € 6.2 billion to € 521.8 billion in the period from January to October 2012, the volume of overnight deposits rose by € 67.9 billion to € 815.5 billion in the same time period. Overall, the monetary assets of private households in Germany had reached a new record of € 4,811 billion half way through the year.

Low-risk products also proved most popular among investors looking to put their money in investment funds. According to the German Association of Investment and Asset Management e.V. (BVI), fixed income funds recorded by far the highest inflows of all mutual funds as of December 31, 2012, having reached € 31.9 billion. Mutual equity funds, on the other hand, proved less popular and investors withdrew a total of € 4.6 billion from these funds. The assets of institutional investors saw positive development, which caused investments in special funds to increase from € 45.5 billion to € 75.3 billion. The total assets managed in Germany by the German investment industry at the end of the 2012 was € 2,037 billion – some 14.2 % higher than in 2011.

Cash inflows and outflows of investment funds in 2012 (all disclosures in € billion)



Despite the uncertainty caused by the European debt crisis and the difficult market environment resulting from this, wealth management at MLP enjoyed positive development in the reporting period. At the end of 2012, assets under management were € 21.2 billion, and thereby 5.0% higher than at the end of 2011 (€ 20.2 billion). Revenue in the field of wealth management increased from € 78.8 million to € 117.9 million in the reporting period. In relation to the total volume in assets under management according to the BVI, the market share of the MLP Group was 1.04% (1.13%).

The dynamic development at Feri AG (Feri) played a key part in the positive development recorded in the field of wealth management. Our subsidiary benefited in particular from the shift in asset classes towards alternative investments and real assets in the course of the debt crisis. This then led to a corresponding increase in the need for financial advice

Positive development
at Feri AG

In the reporting period, Feri recorded positive business development in all three business segments of Consultancy, Investment Management and Rating&Research. Our main focus with Feri was on organic further development of the core business fields and expanding fund administration at the Luxembourg site. In the Consultancy business segment, a new "Active Advisory" service was introduced, which allows clients to have greater influence in wealth management.

Real estate once again proved very popular among German investors looking for fixed asset investments in 2012. As indicated by the 2012 Wealth Barometer of the Deutsche Sparkassen- und Giroverband, 55% of Germans surveyed have a building savings contract. Some 30% of those currently saving stated that they are keen to both own and live in their own property in future. According to the survey, one reason for this is the desire for security being felt among investors, coupled with the low interest rate.

Demand for real estate hits
a new high

In line with the industry trend, property financing at MLP also saw stable development at the previous year's very high level. Through the cooperation with MLP Hyp GmbH, Schwetzingen, we were able to secure outstanding financing conditions for our clients and, at the same time, offer personal and individual financial advice. The volume of brokered loans reached € 1.3 billion in 2012 (2011: € 1.3 billion).

Competition and regulation

There were no major changes to the competitive situation for MLP in the German market for financial services in the financial year 2012. The sector remains very heterogeneous and is characterised by a high level of competitive pressure. Numerous banks, insurance companies and independent finance brokers are all fighting to win favour among private clients. However, the quality of advice being given differs quite markedly.

Permanently improving
consumer and investor
protection

To increase transparency and consulting quality in the market, the legislator also introduced various regulatory amendments in the reporting period. As an independent consulting firm, MLP generally supports these revisions – despite the fact that certain individual measures are not necessarily expedient. The amendments will permanently alter the framework conditions for the competitive situation in the sector.

The legislator already passed the Investor Protection and Functionality Improvement Act (“Anlegerschutz- und Funktionsverbesserungsgesetz”) – often referred to simply as the Investor Protection Act – in 2011. The key issues associated with this include introduction of product information sheets for financial instruments, i.e. capital investment products, on July 1, 2011 and extended professional requirements for investment consulting from May 2013 onwards. The new Report and Complaints Register at the Federal Financial Supervisory Authority (BaFin) was already introduced in November 2012 for all investment advisors. When frequent complaints are received, the Supervisory Authority now has various sanctioning options at its disposal – including temporary professional suspension in the case of serious infringements. The regulations of this legislation apply to institutes such as MLP that have authority to act as a credit or financial services institution.

Stricter requirements for
commercial brokers

The Act Reforming the Laws on Intermediaries for Financial Investments and on Investment Products (“Finanzanlagevermittler- und Vermögensanlage recht”) is a second important regulatory undertaking. This affects the area of the market that has largely been unregulated to date which – in contrast to MLP – does not fall under the jurisdiction of the Federal Financial Supervisory Authority. Its provisions include professional requirements for the brokerage of open and closed funds by free brokers.

Within the scope of this legislation, the main factor relevant for MLP is the capping of acquisition commission and an extension of the cancellation liability periods in the field of private health insurance that has been in effect since April 1, 2012. These measures will make it even more difficult for certain parts of the sector to do business. On the other hand, the effects for MLP, as a client-oriented consulting firm with extremely low cancellation rates and a comprehensive policy maintenance system, are manageable from today’s perspective. Trailer fees have become more important than they were in previous years.

Demonstrating client focus

We have already implemented many of the requirements now prescribed by the legislator in the form of rules and standards. We believe that this gives us a competitive advantage over other market members. The fact that our clients understand and appreciate this was also underlined in a survey posted by the “WhoFinance.de” ratings forum in September 2012, in which clients were asked to rate the quality of financial advice in Germany. MLP once again came out on top, as it had done in January.

We also further reinforced our client focus by increasing transparency in the field of wealth management. In our new approach, since February 2012 MLP has now been passing on all retrocessions – i.e. trail commissions from capital investment companies – in the MLP invest-

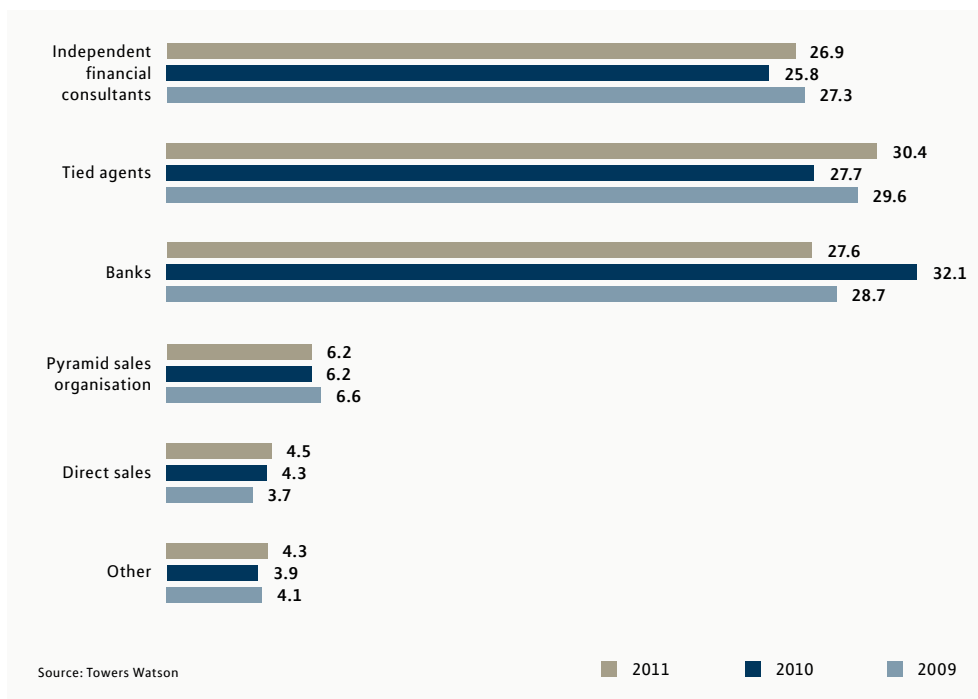
ment fund to its clients. Now we are compensated by our clients with a flat-rate annual fund management fee of up to 1.2% plus VAT for our financial advice. Since 2012, clients can also switch between the funds on offer in our MLP investment fund free-of-charge when following a recommendation by MLP. Any such recommendations to switch funds are based on research performed by MLP subsidiary Feri. With the new compensation structure, we already comply with virtually all of the requirements currently being considered within the scope of the European Markets in Financial Instruments Directive II (MiFID II).

Independent financial consultants, including MLP, continued to play a key part in the brokerage of life and health insurance policies in Germany in the last financial year. According to the latest sales channel survey performed by corporate consultant Towers Watson from December 4, 2012, independent brokers were the third most important specialist consulting sector in the industry in the sale of life and pension insurance policies. According to the latest figures, the market share of brokered new business was 26.9%. Banks suffered a decline to 27.6%, while tied agents took first place with a market share of 30.4%. Based on data published by Towers Watson, independent brokers enjoy the second highest market share in the field of private health insurance at 42.7%.

Demand for independent consulting services remains high

Set against the background of these developments, 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).

Market shares of various sales channels for life insurance products in Germany between 2009 and 2011 (all figures in %)



BUSINESS MODEL AND STRATEGY

Business model: Independence as the key factor

Well-established,
full-scope consulting firm

MLP was founded in 1971. Providing academics and other discerning clients with holistic, independent financial and investment consulting services has formed the basis of our business model for more than 40 years. MLP has been listed on the stock exchange since 1988 and its subsidiary MLP Finanzdienstleistungen AG holds a full banking licence. Building on this, MLP has significantly extended its consulting services for companies and employers, institutional investors and pension funds, as well as very wealthy private clients in the last few years – and has thereby permanently diversified its business model to establish itself as a well-established, full-scope consulting firm. Independent product and investment research forms the basis for the consulting services provided.

Despite the competitive environment in the German market for financial services and the high density of banks and consultants, we were once again able to increase the number of private clients on our books in 2012 – by an impressive 32,600. Overall, we supported some 816,200 clients as of December 31, 2012 (2011: 794,500).

Private clients:
Academics in focus

MLP provides independent, holistic consulting services to academics and discerning private clients. In this endeavour, our objective 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 group. In the reporting year our clients included in particular economists, physicians, dentists, pharmacists, architects, tax advisors, auditors, solicitors, engineers, IT specialists and scientists.

Scope of consulting services
continuously extended

To sustainably diversify our business model, we have continuously extended our portfolio of services in the last few years. An important milestone for strengthening the wealth management division was the complete acquisition of the renowned company Feri AG in 2011. Through Feri, MLP offers individuals with personal assets worth in excess of € 5 million and institutional clients comprehensive services in the fields of investment consulting and investment management, as well as economic forecasts and ratings. These services include management of complex portfolios of assets, taking into account all investment segments and issues, including risk management, risk control, real estate management and foundation consulting. In addition to this, Feri EuroRating AG evaluates investment markets and products as one of the leading European ratings agencies and thereby offers an important basis for providing consulting services to our clients – at MLP, as well as for large private estates and institutional investors at Feri.

The restructuring we initiated at Feri AG in September 2011 proved its value in the reporting period. Since the restructuring was completed, Feri no longer differentiates between wealthy private clients and institutional investors. Instead, the company now distinguishes between pure consulting services and wealth management – regardless of which investor groups these services are performed for. This forward-looking approach is the most effective way for Feri to cater for altered client requirements and market conditions.

Tailor-made industry
concepts in the field of
occupational pension
provision

The MLP Group offers companies, corporate groups and associations independent consulting and concept development services in the field of occupational pension provision and remuneration. Together with the subsidiary TPC, companies receive a full portfolio of services – ranging from needs analyses, through individual concept development and implementation, all the way up to continuous inspection and adjustment of existing company provision systems.

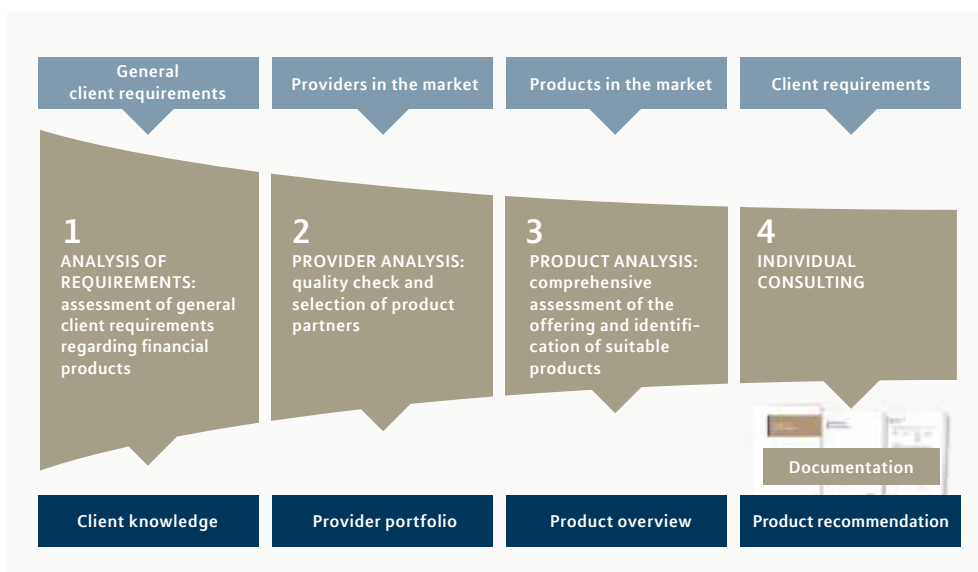
MLP now ranks among the leading independent consultants in this segment in Germany. One focus in the reporting period was on providing employer consulting services for physicians, architects, tax advisors, auditors, solicitors and engineers, as well as supporting companies in the field of IT and engineering.

MLP places great emphasis on the use of objective and transparent criteria when selecting partners and products. We further refined our selection process in the reporting year in terms of the transparency and quality of potential partners. After analysing general client requirements, we first check the quality of providers in the market. 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.

MLP believes in transparency

A large amount of information, including external ratings performed by independent analysis institutes, is incorporated in the concrete partner and product selection process at MLP. In this connection, MLP evaluates insurance companies with regard to their balance sheet KPIs, the strength of their equity base, their service, the quality of their business relations and their market share.

MLP’s product and partner selection process



Back in 2009, we developed and implemented an innovative method of comparison (risk-return profiles) together with the Institute for Financial and Actuarial Sciences (ifa) at the University of Ulm with the aim of increasing transparency in the field of old-age provision. On the basis of 10,000 potential capital market scenarios, the profiles make it possible to determine the probable return of an old-age provision product and the degree of variance to which it is subject. This then allows products to be divided into various risk classes. Using this approach, MLP has already started implementing measures that the German government will in future require for the product information sheets set to be introduced within the scope of the Old-Age Provision Reform Act (“Altersvorsorgeverbesserungsgesetz”).

High degree of traceability through risk-return profiles

Top priority for qualifications
and further training

So that we can guarantee sustainably high quality consulting services, the qualifications and further training of our consultants takes top priority within our business model. The MLP Corporate University (CU), based in Wiesloch, represents the heart of our qualification and further training offers. The fact that the University and the courses it offers fulfil the highest standards has been well documented by recognised seals of approval. You can find further information on qualifications and further training at MLP in the “Client support” chapter.

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, Bad Homburg vor der Höhe, are arranged under this umbrella (see Figure). The business divisions each carry end-to-end accountability for results. This organisation reflects the Group’s strategic goals and client requirements.

Current Group structure of operating companies

MLP AG*	
MLP Finanzdienstleistungen AG*	Feri AG*
TPC THE PENSION CONSULTANCY GmbH, Hamburg ZSH GmbH Finanzdienstleistungen, Heidelberg	Feri Institutional & Family Office GmbH, Bad Homburg Feri Trust GmbH, Bad Homburg Feri EuroRating Services AG, Bad Homburg Feri Investment Services GmbH, Bad Homburg Feri Trust (Luxemburg) S.A. Feri Trust AG, Switzerland

* + further direct and indirect subsidiaries

MLP Finanzdienstleistungen AG has a full banking licence and provides consulting services to private and corporate clients as an insurance broker. All internal departments such as Marketing or Client and Consultant Services are centralised at the company HQ in Wiesloch. In addition to this, our consultants support our clients at 174 offices throughout Germany. MLP Finanzdienstleistungen AG includes TPC, ZSH GmbH Finanzdienstleistungen (ZSH) in Heidelberg and MLP Hyp GmbH (MLP Hyp) in Schwetzingen, which we operate together with the mortgage financing broker Interhyp AG in Munich.

Organisation and administration

On January 2, 2012, the renaming of Feri AG was completed. Up to this time, the company had been operating under the name of Feri Finance AG für Finanzplanung und Research. The main fields of business conducted by Feri AG 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. Alongside its HQ in Bad Homburg, the Feri Group also maintains further companies/offices in Dusseldorf, Munich, Luxembourg, St. Gallen, Vienna and Milan.

With the resolution from March 22, 2012, the Luxembourg-based subsidiaries Family Private Fund Management Company Sàrl, Ferrum Fund Management Company Sàrl, Ferrum Pension Management Sàrl and Private Trust Management Company Sàrl, which were previously not consolidated for reasons of materiality, were merged retroactively on January 1, 2012 into Feri Trust (Luxembourg) S.A., which itself has been fully consolidated since 2011 (operating as Institutional Trust Management Company Sàrl until March 22, 2012). In addition to this, with the resolution from May 10, 2012, the German subsidiary MLP Media GmbH, which was previously not consolidated for reasons of materiality, was retroactively merged into the fully consolidated MLP Finanzdienstleistungen AG on January 1, 2012.

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

The Executive Board was made up of four members in the financial year 2012. There were no changes in the reporting year. In the reporting period, the Supervisory Board at MLP AG unanimously agreed to extend both the duration of service and the current contract of the Chairman of the Executive Board, Dr. Uwe Schroeder-Wildberg, by five years to December 31, 2017. The Supervisory Board, which is required to monitor the Executive Board under German law, comprised six members.

Locations of MLP Finanzdienstleistungen AG in Germany



Full coverage with offices throughout Germany

MLP's registered office is in Wiesloch/Baden-Württemberg, and the HQ of Feri AG is in Bad Homburg. In the consumer business, we are represented with consultants and offices in all German urban centres, including all important University locations. As of December 31, 2012, MLP operated 174 own representative offices (2011: 178) with 2,081 consultants across the Group (2011: 2,132).

Strategy

Number one among our clients

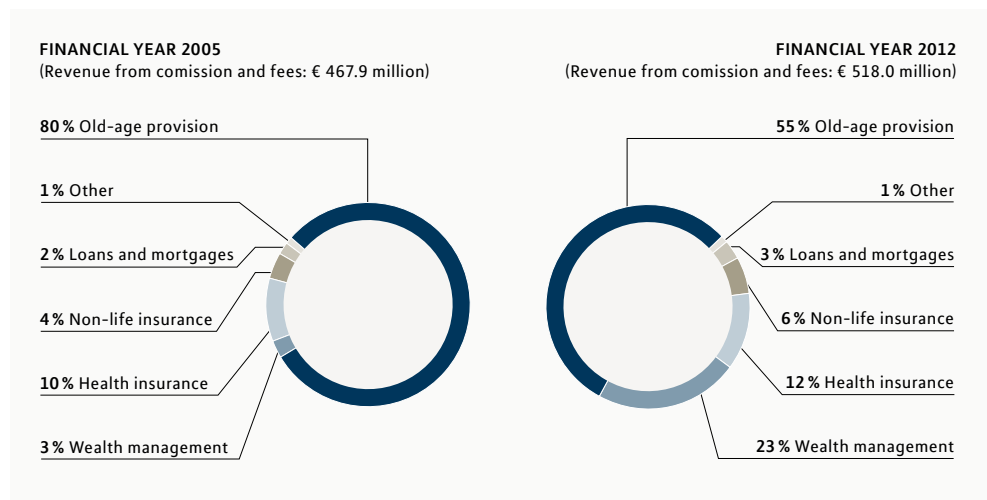
We are striving to sustainably increase our company value and further expand our market position – for the benefit of our clients, employees and shareholders. The key focus of our strategy is to be the uncontested number one for our clients – i.e. the first contact for all financial matters. As a leading independent financial and investment consulting firm, we offer our clients individually tailored and holistic concepts. Our portfolio of services also includes tailor-made solutions for large assets, institutional investors and corporate clients.

Sustainable diversification

We continuously strengthen our core fields of expertise within the scope of our profitable growth strategy. To secure the success of our company, we have extended and diversified our business model. The main drivers here were the expansion in the growth areas of occupational pension provision and wealth management.

In the field of occupational pension provision, we have continually increased our share of new business, starting at 3 % in 2005 up to 13 % in the reporting period. We also further increased the relative share of wealth management in total revenue from commission and fees to 22.8 % in 2012. This represents an increase of 6 % over the previous year and around 19 % over 2005. This year will provide us with a good basis for comparison, as we started expanding our wealth management operations in 2006. Measures for further strengthening our wealth management division, which we are driving forward together with our subsidiary Feri AG, are also of great strategic importance for 2013.

Revenue breakdown: 2005 vs. 2012



Based on current forecasts, which are predicting a rise in the number of academics in active employment to more than six million by 2020, we anticipate a significant increase in the number of potential new clients in the consumer business for MLP over the course of the next few years. Due to demographic developments in Germany, important growth stimuli are likely to materialise in the business areas of old-age provision and health insurance. Alongside this, we also believe that there is a need for high-quality consulting in the field of wealth management, as the average age of our clients is currently 41 years. This is the age from which client demand for wealth management services typically increases within the scope of personal life planning.

Growth potential remains intact

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. This is based on the fact that companies with take-over potential often have different target client groups, consultant qualifications, IT infrastructures and cultural differences than MLP. For this reason, integration would be likely to be very costly and time-consuming. However, we could easily envisage making further minor acquisitions or setting up joint ventures in the market of our subsidiary Feri AG – both in the business with wealthy private clients and institutional investors.

No acquisitions currently planned in the consumer business

To ensure that we can meet our company objectives, we place great emphasis on continuous optimisation of our processes and the use of an extensive controlling system. You can find further information on this in the "Company objectives and corporate management" chapter.

Fixed cost base successfully lowered

Due to the challenging market environment, MLP is supplementing its growth strategy with a consistent efficiency management.

In the last two financial years, we reduced our operating administration costs (defined as the sum of personnel expenses, depreciation and amortisation and other operating expenses) by a total of € 27.4 million to € 25.1.7 million. This early adoption of an efficiency management has enabled MLP to further improve its competitive position.

The financial year 2012 was dominated by a market environment that remained challenging, particularly in the field of old-age provision. When we set our mid-term target in February 2010 of increasing the operating margin relative to EBIT (earnings before interest and tax) to around 15 % in the financial year 2012, we were still anticipating significant improvements to the sector environment. Despite everything that has happened in the global economy, we were still able to achieve a considerable increase of this margin to 13.0 %. In light of the major uncertainties being felt among investors due to the European debt crisis and the faltering economy, we consider the EBIT margin that we achieved to be a sustainable success. Our explicit strategic objective is to continue developing the company in future, while also securing a cost-conscious approach to business.

No strategic financing measures are currently planned. The Group's financial resources and liquidity are good (see the "Financial position" chapter).

Research and development

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

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

Composition of capital

As of December 31, 2012, 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.

Restrictions on voting rights or on the transfer of shares

There are no restrictions on voting rights or on the transfer of MLP AG's shares.

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, must 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 which directly or indirectly exceeded 10 % of the voting rights:

	Number of shares*	Shareholding*
Dr. h. c. Manfred Lautenschläger	25,383,373 ¹	23.53 %
Angelika Lautenschläger Beteiligungen Verwaltungs GmbH	22,796,771	21.13 %
Harris Associates L.P.	10,813,991	10.02 %

* Status known to MLP AG as of December 31, 2012

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.

Shares with special control rights

Shares which confer special control rights have not been issued.

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 in 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 consist of 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 withdraw the appointment to a member of the board before the time in office expires with good cause. Such cause 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 by the Annual General Meeting can be passed with a simple majority of the share capital votes entitled to vote on the resolution, unless a greater majority is required according to binding 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

Based on a resolution passed at the Annual General Meeting on May 20, 2010, the Executive Board is authorised to increase the company’s share capital by up to € 22 million in total by issuing new ordinary bearer shares in exchange for cash or non-cash contributions on one or more occasions until May 19, 2015, subject to the consent of the Supervisory Board. With the consent of the Supervisory Board, it is also authorised to exclude the subscription right of shareholders to participate in the issue 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 it is exercised (authorised capital).

A resolution passed at the Annual General Meeting on June 10, 2011 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 December 9, 2013. No shares were bought by the company on the basis of this authorisation up to December 31, 2012.

Significant agreements to which the company is a party that take effect in the event of a change of control of the company following a takeover bid

There are no significant agreements that take effect in the event of a change of control of the company following a takeover bid.

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 they 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, purchases 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. A prerequisite for this ruling to be valid is that the respective contract is terminated more than two years before its scheduled termination. 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 employment contract of Dr. Schroeder-Wildberg runs to December 31, 2017, the employment contract of Mr. Bauer runs to April 30, 2015, the employment contract of Mr. Loose runs to January 31, 2014 and the employment contract of Mr. Suleiman runs to September 3, 2017. Should any of these contracts be terminated in the two years prior to their regular end date, compensation will only be due on a pro-rata-temporis basis.

COMPANY OBJECTIVES AND CORPORATE MANAGEMENT

Company objectives

Our goal is a sustainable increase in company value and expansion of 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 purposefully focus our strategic alignment on particularly lucrative client segments.

Goal: First point of contact for all questions relating to finance and wealth management

The primary focus here is to be the number one for our clients – i.e. the first contact for all financial questions and concerns. As a leading independent financial and investment consulting firm, we reach our clients through individually tailored and holistic financial plans. Alongside this, we also offer comprehensive solutions for large estates, institutional investors and corporate clients.

Our planning and control systems at MLP Finanzdienstleistungen AG are tailored to an organisation with self employed consultants. We use benchmarks to compare internal quantitative and qualitative data on the performance of our business with key market figures published. On the basis of these developments we then derive actions for our corporate management. We also observe trends in our competitive environment using tools such as market research.

Corporate management

EBIT and total revenue (sales) are the central control parameters at MLP. 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 achieve our company objective of increasing company value through profitable growth and sustainable development of earnings.

EBIT and sales revenue as key performance indicators

In addition, we control our company using other KPIs, from which we can draw conclusions regarding future revenue. These key figures are revenue per consultant (productivity), revenue per client and assets under management. Added to this is the number of clients and consultants.

Key controlling figures

	2012	2011	Growth
Total revenue in € million	568.0	545.5	4.1 %
EBIT (continuing operations) in € million	74.1	50.7 (adjusted*)	46.2 %
EBIT margin	13.0 %	9.3 % (adjusted*)	39.8 %
Number of consultants	2,081	2,132	-2.4 %
Productivity (revenue per consultant in the financial services segment) in €	224,400	230,000	-2.4 %
Number of clients	816,200	794,500	2.7 %
Assets under management in € billion	21.2	20.2	5.0 %

* adjusted to include one-off expenses

The objective of our corporate management is for all consultants and employees to actively support MLP's strategic goals and commit themselves to our service commitment. Through the uniform management of strategic, operating and sales controlling, as well as the concepts of reporting and analysis, we achieve a high degree of transparency, quality and planning reliability of the key figures relevant for company control purposes.

Central controlling unit: High degree of planning quality and transparency

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.

ISA gives all divisions/departments within the company the opportunity to get involved and have a comprehensive say in the planning of objectives. This promotes motivation and increases planning quality throughout the organisation. At the end of the obligatory ISA process (applied consistently throughout the Group), measurements are performed to assess the degree to which the objectives set by the units themselves have been achieved. ISA provides the Executive Board with a high degree of transparency in the value-added process.

Sales controlling: A look at regional differences

Sales controlling provides daily reporting on the new contracts signed and recorded at the branch offices in all business segments, 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 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 six sales regions form the focus of analysis in quarterly meetings. The aim is to grant all levels – 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. Clients and their advisory needs in particular are at the heart of the analysis.

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

Within the scope of our ongoing efforts to increase efficiency, we monitor and control costs with a high degree of accuracy. To this end, corresponding cost centre representatives are appointed for each business segment. The success of our approach to cost management is underlined by the fact that we have always achieved our efficiency goals in the last few years.

Risk management: Important management and control element

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 and whether our success factors are adequate, for example in light of the activities being undertaken by individual competitors. Since the division leaders also have accountability for results, this allows us to establish a useful link between risk management and operative controlling.

The Executive Board receives regular risk reports on the Group's risk-bearing ability and risk burden. The streamlined company organisation and short decision-making chains help the Executive Board react quickly when necessary. You can find further information on this in the "Risk and disclosure report" chapter.

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. 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:

- Old-age provision: New business with life, pension and occupational disability insurance policies
- Healthcare provision: Monthly health insurance premium concluded per client
- Wealth management: Assets under management
- Loans and mortgages: Loan amount

Alongside this, we also continuously monitor factors such as staff turnover among our consultants. 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. We therefore aim for an annual consultant turnover rate of no more than 12 % to 15 %. Our top qualifications and further training offers, coupled with the extensive support that our consultants receive from our HQ, have proven to be key factors in keeping consultants loyal to our company. In the financial year 2012, consultant turnover was at a very low level of just below 9 %.

Consultant turnover:
Historic low

MLP was also one of the first financial services providers to introduce a feedback system for clients at consultant and office level in a pilot project with the so-called client navigator. This system is set to be rolled out further in the coming year. This will also support us in our endeavour to be the number one and first point of contact for our clients in all questions of finance and wealth management.

Indicator of client
satisfaction

Early indicators for business development

	2011	2012 target	Actual value achieved in 2012
Arranged new business in old-age provision in € billion	5.2	Target not disclosed externally	4.8
Arranged new business in loans and mortgages in € million	1,327	Target not disclosed externally	1,301
Consultant turnover rate	12.2 %	12–15 %	9.0 %

Comparison of the actual and forecast development of business

At the start of the financial year 2012, we issued a forecast regarding the development of administration costs (defined as the sum of personnel expenses, depreciation and amortisation and other operating expenses), which we expected to reduce to € 249 million for the year 2012. In addition to this, we confirmed the forecast submitted in February 2010 of achieving an operational margin (before one-off expenses and acquisitions) relative to earnings before interest and tax (EBIT) of 15.0 % in 2012. We then supplemented these quantitative annual targets with a qualitative estimate regarding the development of revenue. Based on this, we were anticipating a moderate increase in sales revenue in the fields of old-age provision and health insurance at the start of the financial year. We anticipated stronger growth in the field of wealth management.

Administration costs developed largely as expected. At € 251.7 million in the financial year 2012, these expenses were in the range of our targets. Overall, we have reduced our cost base by around € 60 million since launching our intensified efficiency management in 2008. This allows us to maintain the necessary earning power, even in a difficult market environment.

In terms of revenue, we exceeded our own expectations in the field of wealth management with a 50 % increase in revenue to € 117.9 million. At € 287.3 million and 63.9 million respectively, revenue in the fields of old-age provision and health insurance fell short of the previous year. Difficult market conditions were once again the primary reason for this decrease. In the field of old-age provision, these market conditions were caused by uncertainty regarding the European debt crisis, which led to reservations among clients about signing long-term contracts (see also the “Industry situation and competitive environment” chapter). In the field of health insurance, the legislator made it easier for employees to make the switch from statutory to private health insurance in January 2011. In the previous year this led to a catch-up effect, which meant that MLP failed to reach the revenue recorded in 2011, however still exceeded the comparative figure for 2010.

Set primarily against the background of moderate revenue development in the fields of old-age provision and health insurance, caused by prevailing market conditions, we were not quite able to hit our 2012 target of recording an EBIT margin of 15 %. However, at 13.0 % we still generated a high level of profitability. We are very satisfied with the results achieved – not least because we were anticipating significantly more favourable framework conditions when drawing up our forecast at the start of 2010.

Achievement of quantitative targets in 2012

	2011	2012 target	Actual value achieved in 2012
Fixed costs	€ 307.7 million (adjusted: € 274.3 million*)	Reduced to € 249 million	€ 251.7 million
Results of operations (EBIT margin)	3.2 % (adjusted: 9.3 %)*	15.0 %	13.0 %
Tax rate	34.68 %	Around 32 %	29.35 %

*adjusted for one-off expenses

REMUNERATION REPORT

Principles of Executive Board remuneration

With the Appropriateness of Management Board Remuneration Act (“Gesetz zur Angemessenheit der Vorstandsvergütung”), which came into force on August 5, 2009, the legislator has created new requirements with regard to the terms of Executive Board remuneration in Germany. The legislator’s goal here is to align Executive Board remuneration with sustainable company development.

Based on expert assessment, MLP’s previous system of Executive Board remuneration was already largely aligned with the objectives of the new legislation in Germany’s Appropriateness of Management Board Remuneration Act (“Gesetz zur Angemessenheit der Vorstandsvergütung”). Nonetheless, in 2010 the Supervisory Board devoted much attention to the further development of the Executive Board remuneration system at MLP and decided on a new remuneration system which has been applied since then for the appointment and repeated appointment of members of the Executive Board.

A legal right to continuation applied to the contracts of those individuals who were already members of the Executive Board prior to March 24, 2010, namely Dr. Uwe Schroeder-Wildberg and Mr. Muhyddin Suleiman. During the course of the financial year 2011, the contracts of all members of the Executive Board were converted to the new system. Since the 2009 and 2010 tranches of the Long Term Incentive Programme (“LTI”) associated with the old remuneration system are in principle still open, the remuneration regulations in the form agreed prior to March 24, 2010 are briefly described in the following.

Based on the contracts of employment set up according to the former remuneration system, the members of the Executive Board were entitled to both a fixed (non-performance-related) and a variable (performance-linked) remuneration. The earnings before tax (EBT) of the MLP Group was used as the assessment basis for the variable remuneration in line with the respective (international) accounting standards applied in the Group.

Remuneration regulations
in the form agreed prior to
March 24, 2010

The members of the Executive Board were furthermore entitled to unrestricted use of a company car and payments from a life and disability insurance policy.

In addition there were long-term remuneration components. The members of the Executive Board participated in the Long Term Incentive Programme (“LTI”) from 2005 to 2010. Since the switchover to the new system of remuneration, this programme no longer exists. The members of the Executive Board who were entitled to the benefits associated with this programme prior to March 24, 2010 are Dr. Uwe Schroeder-Wildberg and Mr. Muhyddin Suleiman.

The Long Term Incentive Programme, in which selected managers in the MLP Group were also entitled to participate alongside members of the Executive Board, had been in place since 2005. It was a KPI-based company performance plan. This took into account both the multi-year EBT and the changes in share price. The programme allowed for the allocation of performance shares (phantom shares). These were allocated to the members of the Executive Board by the Supervisory Board. The payout for the 2005 tranche was made in 2008, the 2006 tranche expired in 2009, the 2007 tranche expired in 2010, the 2008 tranche expired in 2011 and the 2009 tranche expired in 2012. For the tranches approved in the financial years from 2008 to 2010, the cash payout was determined on the basis of three times (3x) the earnings before interest and tax (EBIT) achieved in the financial year preceding the year of allocation (performance hurdle). Only when this performance hurdle was reached were the beneficiaries entitled to receive a cash payout.

An equity settlement was not planned. The fair value of the phantom shares was recalculated on each closing date on the basis of an appropriate valuation method.

In its meeting on March 22, 2011, the Supervisory Board proposed revising the LTI conditions for the 2010 tranche, subject to the condition that the payments made to the members of the Executive Board under the LTI Programme shall reach a level of 0.4 % of the EBIT achieved in the MLP Group. The following amendments were made in order to reach this resolution: the growth lever was set to 3 %. In the event that the reference value exceeds the performance hurdle by 3 %, the number of performance units will increase by 3 % of the 100 % allocation volume upon reaching the hurdle. In addition to this, the payment per share was capped at 50 % above the MLP share price of the allocation. The performance hurdle for the 2010 tranche was fixed at € 150 million. If an employee or member leaves the company, the phantom shares granted expire.

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. Refer to the following table for the number and values of the phantom shares, insofar as these have not been paid out or have expired:

Long Term Incentive Programme – Executive Board

All figures in units	Tranche 2010
Fair value at grant date	€ 7,54
Dr. Uwe Schroeder-Wildberg	66,313
Muhyddin Suleiman	39,788
Total	106,101

The Performance Share Units (PSU) of the 2009 tranche have expired, since the key performance hurdle for the LTI tranche was not achieved.

As indicated, participation in the LTI programme was terminated with the switchover of contracts for all members of the Executive Board to the new Executive Board remuneration system with effect for 2011.

The costs of the 2012 tranche for members of the Executive Board recorded in the 2010 income statement are € 0 thsd (previous year: € 0 thsd).

Remuneration regulations in
the form agreed since
March 24, 2010

The new Executive Board remuneration system, introduced due to the stipulations of Germany's Appropriateness of Management Board Remuneration Act (VorstAG) and passed on March 24, 2010, was applied from this time onwards when appointing or reappointing members to the Executive Board. This new remuneration system was used for the first time for the appointment of Mr. Manfred Bauer to the Executive Board, who has been a member on this Board since May 1, 2010. The system was also used for the service contract with Mr. Reinhard Loose, who was appointed as a further member of the Executive Board in November 2010 and took up this post on February 1, 2011. The service contracts for Dr. Uwe Schroeder-Wildberg and Mr. Muhyddin Suleiman have been amended with effect for 2011. Consequently, all existing Executive Board contracts have been switched over to the new remuneration system since 2011.

The remuneration system agreed here 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 proportion 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 base year and the three subsequent years 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 new remuneration system, the members of the Executive Board still remain 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. Muhyiddin 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, Mr. Manfred Bauer and Mr. 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.
- 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 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

Individualised Executive Board remuneration for the financial year 2011

All figures in €'000	Fixed remuneration component	Variable remuneration component/ (immediate payment)	Total
Dr. Uwe Schroeder-Wildberg	528	119	647
Manfred Bauer	382	95	478
Reinhard Loose (since February 1, 2011)	269	83	352
Ralf Schmid (until March 31, 2011)	118	20	138
Muhyddin Suleiman	379	95	474
Total	1,676	413	2,089

The following amounts were recognised as expenses in connection with deferred payments in the financial year 2012: Dr. Uwe Schroeder-Wildberg € 218 thsd (€ 458 thsd), Mr. Manfred Bauer € 314 thsd (€ 367 thsd), Mr. Reinhard Loose € 251 thsd (€ 321 thsd), Mr. Muhyddin Suleiman € 231 thsd (€ 367 thsd). Adjustments from the previous years are included in the values.

As of December 31, 2012, pension provisions of € 10,034 thsd (€ 11,842 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.

Individualised Supervisory Board remuneration

All figures in €'000 (without tax)	Remuneration 2012	Remuneration 2011
Dr. Peter Lütke-Bornefeld (Chairman)	135	135
Dr. h. c. Manfred Lautenschläger (Vice Chairman)	100	100
Dr. Claus-Michael Dill	105	105
Johannes Maret	80	80
Norbert Kohler	40	40
Maria Bähr	40	40
Total	500	500

In the financial year 2012 € 21 thsd (previous year: € 25 thsd) was paid as compensation for expenses.

RESULTS OF OPERATIONS

Significant events that affect business

Our total revenue increased by 4.1 % to € 568.0 million in the financial year 2012 (€ 545.5 million). The basis for this was an increase in revenue from commission and fees from € 498.5 million to € 518.0 million. Revenue from the interest rate business decreased from € 28.2 million to € 26.6 million, while our other revenue increased to € 23.5 million (€ 18.8 million). The main reason for this increase was the reversal of provisions.

Total revenue up by 4 %

At € 287.3 million, we were not quite able to repeat the previous year's figure of € 292.9 million in the field of old-age provision, despite an extremely dynamic final quarter. The long-term future expectations of German citizens are playing a key part in this field, and these were damped further in 2012 by the intensive debate on the European debt crisis.

In the field of wealth management, on the other hand, we were able to significantly increase our revenue – from € 78.8 million in 2011 to € 117.9 million in the reporting year. This was essentially thanks to the positive business development at our subsidiary Feri. Alongside successful developments in providing consulting services to private and institutional clients, this can also be attributed to the expansion of business at Feri's Luxembourg-based subsidiary, which specialises in fund administration. Assets under management also recorded positive development and reached € 21.2 billion as of December 31, 2012 (€ 20.2 billion).

With revenue of € 63.9 million, the health insurance division was not able to repeat the previous year's high figure of € 79.9 million. This is largely due to a legal amendment which has made it easier for employees to switch to private health insurance since January 1, 2011. This led to a catch-up effect in the previous year. Revenue in 2012 was still higher than in the financial years 2009 and 2010.

In the field of non-life insurance, sales revenue increased by 7.6 % to € 31.1 million (€ 28.9 million). Here, it is evident that risk protection continues to be of critical importance for our clients. At € 13.4 million, revenue in the field of loans and mortgages remained at the previous year's level (€ 13.5 million) thanks to the high level of ongoing demand for home financing. This was supplemented by investment income of € 1.0 million for the subsidiary MLP Hyp (€ 1.2 million).

Administration costs significantly reduced

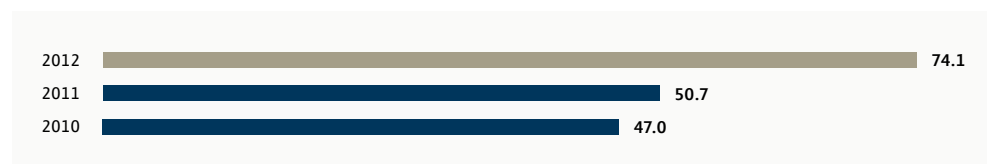
In the financial year 2012, MLP consistently continued its efficiency management. Since 2008, we have reduced our administration costs (defined as the sum of personnel expenses, depreciation and amortisation and other operating expenses) by around € 60 million to € 251.7 million. In comparison with 2010, this corresponds to a reduction in operating administration costs (before one-off expenses) of € 27.4 million, € 22.6 million of which was reduced in the last financial year alone.

Development of operating administration costs (adjusted for one-off expenses – all figures in € million)



On the basis of the positive revenue development and our successful efficiency management, EBIT increased considerably to € 74.1 million (€ 17.3 million). Since one-off expenses of € 33.4 million were accrued in the previous year, the increase in operating EBIT is 46.2 % (from € 50.7 million to € 74.1 million). The EBIT margin increased to 13.0 % (operating EBIT margin 2011: 9.3 %).

Operating EBIT (adjusted for one-off expenses – all figures in € million)



Overall statement by management on the performance of the Group

Set against the background of market conditions that remain challenging, we are very satisfied with the way our business developed in 2012. The high degree of volatility still being felt on the capital markets and the intensive debate on the European debt crisis led to reservations among many investors throughout the market. Yet MLP still succeeded in increasing total revenue by providing holistic client support and covering a broad scope of services. At the same time, we continued our successful efficiency management and thereby significantly improved the net income situation. Group net profit increased to € 52.7 million (€ 11.5 million).

Company management very satisfied with development

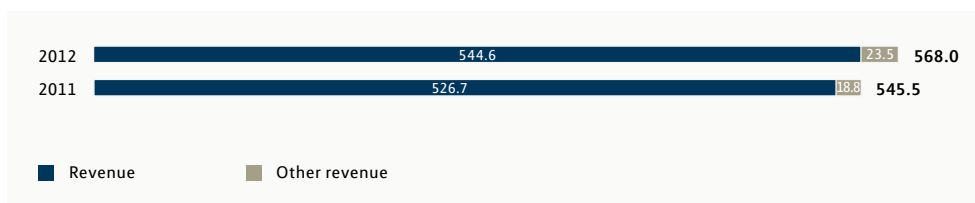
The competitive situation in the German financial services sector did not see any appreciable changes in 2012 compared to the previous year. With a large number of banks, insurance companies, free investment advisers and finance brokers, the sector continues to display a heterogeneous structure. The quality of our consulting, our full-scope approach, including support for corporate clients and institutional investors, our focus on selected client groups and our independence are all factors that contribute to the excellent competitive position we enjoy in this environment.

Excellent competitive position

Analysis of the change in revenue (continuing operations)

In the past financial year, our revenue increased by 3.4 % from € 526.7 million to € 544.6 million. Other revenue rose to € 23.5 million (€ 18.8 million), although this was largely due to the reversal of provisions. We generated total revenue of € 568.0 million (€ 545.5 million).

Total revenue from continuing operations (all figures in € million)



MLP observed two opposing developments in terms of the breakdown of sales revenues. While revenue from commission and fees increased by 3.9 % to € 518.0 million, revenue from the interest rate business fell from € 28.2 million to € 26.6 million due to the low interest rate. As the table shows, the field of old-age provision represented the largest share of revenue from commission and fees, although the field of wealth management actually displayed the strongest growth (see “Significant events that affect business”).

Breakdown of revenue (continuing operations)

All figures in € million	2012	2011	Change in %
Old-age provision	287.3	292.9	-1.9%
Wealth management	117.9	78.8	49.6%
Health insurance	63.9	79.9	-20.0%
Non-life insurance	31.1	28.9	7.6%
Loans and mortgages	13.4	13.5	-0.7%
Other commission and fees	4.6	4.4	4.5%
Commission and fees	518.0	498.5	3.9%
Interest income	26.6	28.2	-5.7%
Total	544.6	526.7	3.4%

Order situation

MLP is a pure service provider. The company offers a comprehensive consulting service that covers questions and issues of finance for private and corporate clients, as well as institutional investors. In contrast to a production company, an organisation operating under this business model is unable to calculate a key performance indicator comparable to order intake or order backlog that can be used to estimate future revenue or earnings.

Analysis of the results of operations and the change in key items in the income statement (continuing operations)

Commission expenses are the largest single expense item. This item is primarily used to record performance-linked commission payments to our consultants. However, commissions paid in the Feri segment also played a significantly more important role in the reporting year. These result from the expansion of business at the Luxembourg-based subsidiary that specialises in fund administration. Primarily due to this effect, commissions paid increased from € 213.3 million to € 235.8 million. We therefore recorded a commission result of € 282.2 million here (€ 285.2 million).

Interest expenses fell from € 8.4 million to € 7.4 million. Our net interest also decreased slightly from € 19.8 million to € 19.2 million.

Gross profit increased to € 324.8 million in the reporting period (€ 323.8 million).

Administration costs significantly reduced

Administration costs were reduced by a total of € 56.0 million in the reporting year. Since one-off expenses of € 33.4 million were accrued in the same period of the previous year, the reduction in operating administration costs is € 22.6 million. Overall, our cost structure reflects the success of our efficiency management.

If we examine the individual items in detail and compare them to the adjusted figures from the previous year, we can observe a drop in personnel expenses from € 116.4 million to € 102.5 million. Depreciation and amortisation decreased from € 18.3 million to € 12.6 million. The greatest savings were made in other operating expenses, which fell from € 173.0 million to € 136.6 million. Important changes in this regard were primarily based on lower expenses for IT operations, as well as a reduction in amortisation expenses and receivables associated with other assets.

Breakdown of expenses

All figures in € million	2012	In % of total expenses	2011	In % of total expenses	Change in %
Commission expenses	235.8	47.7 %	213.3	40.3 %	10.5 %
Interest expenses	7.4	1.5 %	8.4	1.6 %	-11.9 %
Personnel expenses	102.5	20.7 %	116.4	22.0 %	-11.9 %
Depreciation and amortisation	12.6	2.5 %	18.3	3.5 %	-31.1 %
Other operating expenses	136.6	27.6 %	173.0	32.7 %	-21.0 %
Total	494.8		529.4		-6.5 %

Business development at MLP Hyp GmbH remained satisfactory. We have a 49.8 % stake in this company, which is a joint venture with the mortgage broker Interhyp. Having recorded very positive development in the previous years, our allotted earnings from the company decreased slightly in the reporting year from € 1.2 million to € 1.0 million (“earnings from investments accounted for using the equity method”). Business conducted indicates that interest in financing property remains high.

EBIT increased to € 74.1 million in the financial year 2012 (2011: € 17.3 million). Since one-off expenses of € 33.4 million were accrued in the previous year, the increase in operating EBIT is 46.2 %. The EBIT margin increased significantly to 13.0 % (operating EBIT margin 2011: 9.3 %) – the highest level since 2007.

EBIT records significant increase to € 74.1 million

EBIT from continuing operations



The finance cost increased from € 0.0 million in the previous year to € 0.5 million in the reporting year. This can essentially be attributed to a reduction in interest from € 3.7 million to € 1.5 million. This was offset by the € 1.8 million lower interest income. Earnings before tax (EBT) increased from € 17.3 million to € 74.6 million. The tax rate also fell from 34.9 % to 29.4 %, primarily due to a higher relative proportion of business at Feri's Luxembourg-based subsidiary. Income tax expenditure is € 21.9 million (€ 6.0 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 (continuing operations)

All figures in € million	2012	2011	Change in %
Total revenue	568.0	545.5	4.1%
Gross profit	324.8	323.8	0.3%
Gross profit margin (%)	57.2%	59.4%	-3.7%
EBIT	74.1	17.3	328.3%
EBIT margin (%)	13.0%	3.2%	306.3%
Finance cost	0.5	0.0	-
EBT	74.6	17.3	331.2%
EBT margin (%)	13.1%	3.2%	309.4%
Income tax	-21.9	-6.0	265.0%
Net profit	52.7	11.2	370.5%
Net margin (%)	9.3%	2.1%	342.9%

Discontinued operations

MLP no longer receives any significant profit contributions from discontinued operations. Therefore, they are not taken into consideration here.

Group

Overall, we were able to achieve Group net profit of € 52.7 million in the reporting period (€ 11.5 million). The basic earnings per share are therefore € 0.49 (€ 0.11), while the diluted earnings per share are € 0.49 (€ 0.11).

Net profit

All figures in € million	2012	2011	Change in %
Continuing operations	52.7	11.2	370.5%
Discontinued operations	0.0	0.3	-
Group	52.7	11.5	358.3%
Earnings per share in € (basic)	0.49	0.11	345.5%
Earnings per share in € (diluted)	0.49	0.11	345.5%
Number of shares in millions (basic)	107.9	107.9	0.0%

Appropriation of profits

We paid our shareholders € 0.60 per share in the form of a regular dividend for the financial year 2011. The total dividend paid was € 64.8 million, whereby we paid € 0.30 of each dividend on the basis of surplus liquidity no longer needed for the operating business. We did not purchase any treasury stock during the reporting period.

For the financial year 2012, the Executive Board and Supervisory Board will propose a dividend of € 0.32 per share at the Annual General Meeting on June 6, 2013. With the proposed dividend payout, MLP remains one of the most attractive dividend-bearing securities in Germany.

Proposed dividend of € 0.32 per share

FINANCIAL POSITION

Aims of financial management

The financial management of the MLP Group is performed by a 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.

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.

No significant liabilities or receivables in foreign currencies

Financing analysis

MLP is a pure service provider. Our business model is therefore less capital intensive and generates high cash flows. This also has effects on the investments and financing of our Group.

The Group's equity capital backing and liquidity remain good. In the last financial year, shareholders' equity decreased slightly from € 399.6 million to € 387.6 million. Factors which had a significant influence on this development were the total dividend payment of € 64.7 million for the financial year 2011 and Group net profit of € 52.7 million for the financial year 2012. As a result of this, the equity ratio decreased from 26.8 % to 26.0 %. Despite this slight decrease, MLP continues to enjoy a good equity capital backing.

Strong equity base

At present, we are not using any borrowed funds to finance the Group long-term. Changes to the general interest rate or future credit terms therefore have no material effect on the financing of the Group. Total liabilities due to clients and financial institutions from the banking business of € 881.6 million (€ 842.0 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 € 941.9 million in receivables from clients and financial institutions from the banking business (€ 847.7 million).

As provisions only account for 5.3 % (6.0 %) of the balance sheet total, they have no significant financing function for the MLP Group.

Group predominantly
equity-financed

Other liabilities fell from € 147.6 million to € 130.7 million in the reporting period, whereby current liabilities were € 125.5 million (€ 140.0 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 € 40.7 million (€ 31.4 million), financial investments of € 137.1 million (€ 232.0 million), as well as other current assets of € 121.9 million (€ 123.1 million).

Further disclosures on the structure of our liabilities and provisions can be found in the notes.

As of the balance sheet date, financial commitments of € 15.3 million from rental and leasing agreements were in place for the financial year 2013 (€ 14.2 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 € 58.7 million by the year 2018 (€ 55.5 million).

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 € 14.5 million (€ 7.8 million). This increase can be attributed to the investments made within the scope of the investment and efficiency programme. Overall, however, our business model is less capital-intensive and therefore requires only minimal capital expenditure.

Capital expenditure

All figures in € million	2012	2011	2010	2009	2008
Intangible assets	7.8	4.3	2.3	2.4	8.1
Goodwill	–	–	–	–	1.0
Software (created internally)	0.4	0.4	0.5	0.5	0.5
Software (purchased)	0.4	0.2	0.3	0.4	1.2
Other intangible assets	0.0	0.0	–	–	0.4
Payments on account and assets under construction	7.0	3.6	1.4	1.5	5.0
Property, plant and equipment	6.7	3.5	1.6	1.6	4.1
Land, leasehold rights and buildings	0.4	0.2	0.1	0.2	0.4
Other fixtures, fittings and office equipment	5.4	3.2	1.1	1.2	2.2
Payments on account and assets under construction	0.9	0.0	0.4	0.2	1.5
Total capital expenditure	14.5	7.8	3.9	4.0	12.2

The majority of funds we invested in the last financial year were invested in our financial services segment (€ 13.5 million). These essentially involve increased capital expenditure for operating and office equipment, as well as IT systems to support sales. Our primary objective with these investments is to continuously improve our consulting support and client service. 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 intangible assets, as well as operating and office equipment in the reporting year.

Capital expenditure for 2011 and 2012 by segment

All figures in € million	Total capital expenditure		Change in %
	2012	2011	
Financial services	13.5	6.7	>100.0 %
Feri	0.9	0.8	12.5 %
Holding	0.1	0.3	-66.7 %
Total	14.5	7.8	85.9 %

Liquidity analysis

Cash flow from operating activities decreased to € 22.4 from € 50.4 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. The negative change of € 11.3 million results from the change in receivables and liabilities due to banking business. In addition to this, higher advance tax payments and the increased release of provisions had a negative impact on the cash flow from operating activities.

Cash flow from investing activities of continuing operations changed from € -44.0 million to € 50.2 million. In the reporting period, net time deposits of € 45.0 million which reached maturity were not reinvested, whereas in the same period of the previous year time deposits of € 35.0 million net were reinvested.

The change in cash flow from financing activities for continuing operations is substantially attributable to the acquisition of the outstanding Feri shares in the previous period, which is offset by higher dividend payments in the reporting period.

Simplified statement of cash flows (continuing operations)

In € million	2012	2011
Cash and cash equivalents at beginning of period	51.4	125.5
Cash flow from operating activities	22.4	50.4
Cash flow from investing activities	50.2	-44.0
Cash flow from financing activities	-64.7	-84.0
Change in cash and cash equivalents	7.9	-77.5
Cash outflows / inflows due to divestments	-	3.4
Change in cash and cash equivalents due to changes to the scope of consolidation	1.4	-
Cash and cash equivalents at end of period	60.7	51.4

As of the balance sheet date of December 31, 2012, the MLP Group had around € 180 million (€ 171 million) in cash holdings. A good level of liquid funds therefore remains available. Thus, there are sufficient cash reserves available to the MLP Group. In addition to the cash holdings, we have lines of short and medium term credit (one and three years) amounting to around € 64.1 million (€ 64.2 million), which were not drawn on in the reporting period. No liquidity squeeze occurred in the reporting period, nor is any such shortfall expected. There are no limitations which restrict the availability of funds. Weighted capital costs are currently not significant for the MLP Group, as the Group is fully equity-financed.

NET ASSETS**Analysis of the asset and liability structure**

Balance sheet total
slightly increased

As of December 31, 2012, the balance sheet total of the MLP Group was € 1,493.1 million (€ 1,489.8 million). It therefore increased by € 3.3 million or 0.2 %.

Due to greater capital expenditure, intangible assets increased from € 140.3 million to € 141.7 million in the last financial year. Property, plant and equipment was reduced from € 71.6 million to € 68.8 million within the scope of scheduled depreciation and amortisation, as well as the reclassification of a property intended for sale. In 2013, we are also planning to sell the property held as an investment in the previous year. For this reason, the property was reclassified in the reporting year. As of the balance sheet date, these two buildings are recognised as non-current assets held for sale with a value of € 10.5 million.

Receivables from clients and from financial institutions in the banking business together increased by € 94.2 million to € 941.9 million (€ 847.7 million). These investments are essentially refinanced by the deposits of our clients (liabilities due to clients in the banking business) and thereby partially reflect the increased investment volume of our clients on the equity side. However, the increase can also be partially attributed to shifting of funds from other forms of investment. Around 66 % (69 %) of receivables have a remaining term of less than one year.

We reduced our financial investments by € 94.9 million in the reporting period from € 232.0 million to € 137.1 million. This change can essentially be attributed to the dividend payout made to our shareholders, as well as shifting of funds to other forms of investment.

Financial investments
reduced

Assets as of December 31, 2012

All figures in € million	2012	2011	Change in %	As % of the balance sheet total 2012
Intangible assets	141.7	140.3	1.0 %	9.5 %
Property, plant and equipment	68.8	71.6	-3.9 %	4.6 %
Investment property	-	7.5	-	0.0 %
Shares accounted for using the equity method	2.6	2.9	-10.3 %	0.2 %
Deferred tax assets	2.6	4.9	-46.9 %	0.2 %
Receivables from clients in the banking business	431.4	360.1	19.8 %	28.9 %
Receivables from financial institutions in the banking business	510.5	487.6	4.7 %	34.2 %
Financial assets	137.1	232.0	-40.9 %	9.2 %
Tax refund claims	7.4	7.9	-6.3 %	0.5 %
Other accounts receivable and other assets	139.7	143.6	-0.1 %	9.4 %
Cash and cash equivalents	40.7	31.4	29.6 %	2.7 %
Non-current assets held for sale	10.5	-	-	0.7 %
Balance sheet total	1,493.1	1,489.8	0.2 %	100.0 %

Other accounts receivable and other assets decreased from € 143.6 million to € 139.7 million in the reporting year. This item essentially comprises commission receivables from insurance companies resulting from the brokerage of insurance products.

Cash and cash equivalents increased from € 31.4 million to € 40.7 million in the reporting period. You can find detailed information on the change in cash and cash equivalents in the "Financial position" chapter.

The Group's equity capital backing remains good. Shareholders' equity decreased slightly from € 399.6 million to € 387.6 million, which in turn caused the equity ratio to decrease slightly from 26.8 % to 26.0 %. Based on Group net profit of € 52.7 million (€ 11.5 million), we achieved a return on equity of 13.6 % (3.1 %).

Equity ratio remains high

Due to utilisations and reversals, provisions declined from € 89.5 million to € 78.9 million.

The deposits of our clients (liabilities due to clients in the banking business) increased by 5.3 % in the last financial year from € 827.4 million to € 871.1 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 were reduced from € 14.5 million to € 10.5 million. This change is essentially a result of a reduced volume of development loans from the KfW promotion bank being passed on to our clients.

Increase in client deposits

Other liabilities fell from € 147.6 million to € 130.7 million in the reporting year. Current liabilities to our consultants and office managers, resulting from open commission claims, comprise a significant part of this item (see also the “Financial position” chapter).

Liabilities and shareholders' equity as of December 31, 2012

All figures in € million	2012	2011	Change in %	As % of the balance sheet total 2012
Shareholders' equity	387.6	399.6	-3.0%	26.0%
Provisions	78.9	89.5	-11.8%	5.3%
Deferred tax liabilities	9.4	9.4	0.0%	0.6%
Liabilities due to clients in the banking business	871.1	827.4	5.3%	58.3%
Liabilities due to banks in the banking business	10.5	14.5	-27.6%	0.7%
Tax liabilities	4.8	1.6	200.0%	0.3%
Other liabilities	130.7	147.6	-11.4%	8.8%
Total	1,493.1	1,489.8	0.2%	100.0%

General statement on the economic situation

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. Sales revenue increased in the last financial year. Alongside this positive revenue trend, the successful efficiency management also contributed to a significant improvement in the net income situation. We are therefore very satisfied with the business development.

Our financial position also remains positive. Our cash flow and capital expenditure developed as scheduled. Despite the increased dividend payout, the Group's liquidity remains at a healthy level. The equity capital backing also remains good.

SEGMENT REPORT

Financial services segment

In 2012, total revenue in the financial services segment declined from € 502.4 million to € 483.6 million. This can essentially be attributed to a drop in revenue from commission and fees in the field of health insurance. Despite the challenging economic market environment, revenue in the field of old-age provision remained largely stable. Revenue from the interest rate business, on the other hand, declined due to the low interest rate levels.

Total revenue and EBIT in the financial services segment (all figures in € million)



Due to a slight downward trend in total revenue, commission expenses, which are largely variable, decreased from € 208.9 million to € 199.4 million. The somewhat less than proportionate decline in commissions paid is mainly attributable to higher payouts within the scope of a participation programme for our consultants and office managers. At € 7.4 million (€ 8.4 million), interest expenses also fell.

Our efficiency programme continued on its successful course in the last financial year. Personnel expenses dropped considerably from € 82.8 million to € 71.3 million, while other operating expenses decreased from € 160.2 million to € 126.1 million. Depreciation and amortisation fell from € 10.0 million to € 8.0 million. Alongside savings made in the operating business, it is important to note here that the reduction in administration costs is also due to one-off expenses accrued in the previous year.

Overall, EBIT increased significantly to € 72.3 million (€ 33.4 million), resulting in an EBIT margin of 14.95% in the segment. The finance cost improved slightly from € -0.8 million to € 0.0 million, leading to an EBT of € 72.2 million (€ 32.6 million).

At € 4.8 billion, new business in the field of old-age provision in the reporting year was slightly lower than the previous year (€ 5.2 billion). At € 1.3 billion, the financing volume remained at the same high level recorded in the previous year. The Group's assets under management increased to € 21.2 billion as of December 31 (€ 20.2 billion).

EBIT enjoys significant increase

New business in the field of old-age provision lagging slightly behind the previous year

New business

	2012	2011	2010	2009	2008
Old-age provision (premium sum in € billion)	4.8	5.2	5.0	5.1	6.6
Loans and mortgages (volume in € million)	1,301	1,327	1,219	1,119	919

Feri segment

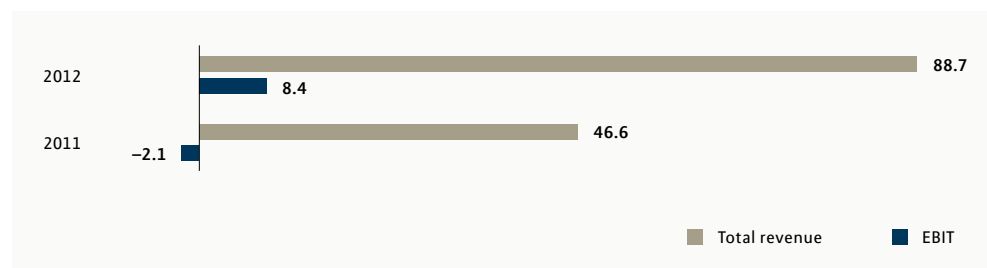
The Feri segment shows the activities of the Feri Group.

Total revenue increased considerably to € 88.7 million in the reporting year (€ 46.6 million). The restructuring work we initiated at Feri AG in September 2011 proved its value here. In addition to this, we benefited from the expansion in fund administration operations at the Luxembourg site and from higher performance fees.

Set against the background of increased revenue in Luxembourg, commission expenses increased sharply from € 7.7 million to € 41.0 million. Administration costs, which had been influenced by one-off expenses in the previous year, displayed a downward overall trend. Other operating expenses fell from € 12.7 million to € 11.2 million. At € 26.1 million, personnel expenses remained at the previous year's level (€ 26.2 million). Depreciation and amortisation decreased from € 2.1 million to € 2.0 million.

Overall, EBIT increased from € -2.1 million to € 8.4 million. Taking into account the finance cost of € -0.1 million (€ 0.0 million), earnings before tax (EBT) were € 8.3 million (€ -2.1 million).

Total revenue and EBIT in the Feri segment (all figures in € million)



Holding segment

Total revenue in the Holding segment was € 11.6 million (€ 10.9 million). This can essentially be attributed to the leasing of buildings to affiliated companies.

The positive effects of our efficiency programme could also be felt in the Holding segment, where personnel expenses fell from € 7.5 million to € 5.1 million. Depreciation and amortisation dropped from € 6.2 million to € 2.5 million. At € 10.3 million (€ 11.1 million), other operating expenses also displayed a downward trend. EBIT increased accordingly from € -13.9 million to € -6.3 million.

Finance costs in this segment decreased from € 3.0 million to € 0.3 million in the reporting period. This can essentially be attributed to the fact that dividend payments are no longer being made to the former shareholders in Feri AG, as we acquired all shares in this company at the end of 2011.

In total, we recorded EBT of € -6.0 million (€ -10.9 million) in the Holding segment.

CLIENT SUPPORT

MLP is Germany's leading independent consulting firm. Its strategy focuses on providing comprehensive consulting that covers all financial questions and is independent of insurance companies, banks and investment companies.

Comprehensive and independent consulting

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. One example of this is the new compensation structure we introduced in 2012 for wealth deposit accounts, which further increases transparency in the field of wealth management. With this new system, MLP Finanzdienstleistungen AG has been passing on all retrocessions associated with new business – the trail commissions from capital investment companies – to its clients since February. Existing clients are also welcome to switch over to the new price model in an easy process. The switchover fees that MLP previously charged when making changes to a portfolio have also been abolished. In 2012, MLP therefore underlined its pioneering role in terms of transparency and client focus, and continues to offer one of the most attractive price-performance ratios in the market.

Transparency and client focus

As a quality provider, we focus on the wishes of our clients. With this in mind, in 2011 MLP was one of the first financial service providers in Germany to implement a pilot project as a way of testing a new system of feedback for clients at consultant and office level. Based on the findings from this pilot project, in the course of the reporting period we took the decision to gradually expand this process. As the basis for this we also drove forward the expansion of our client relationship management system (CRM) in 2012.

In 2012, we further refined our systematic product and partner selection process with a particular focus on the quality of potential product partners (see the "Business model and strategy" chapter).

Securing quality

MLP consultants also regularly rate the service quality of our product partners based on their practical day-to-day experiences. One result of this process was the presentation of our seventh annual MLP Service Awards in the old-age provision, health insurance and non-life insurance segments in May 2012. In addition to this, we also granted several investment funds and asset managers our Investment Award to honour their exceptional performance within the scope of the MLP investment concepts.

As was already the case in previous years, our continuous focus on consulting quality and client satisfaction was once again recognised in 2012 with awards from clients and the media.

For example, MLP took first place on the “WhoFinance.de” online rating portal in both January and September for the quality of its financial advice. Clients use the “WhoFinance.de” portal to assess the quality of their financial consultants at high street banks, savings banks, insurance companies and other financial service providers with regard to consulting expertise and service quality.

In addition to this, three MLP consultants once again secured a place among the top ten in the “Financial consultant of the year” competition held by the magazine “Euro”. The tests associated with the competition include a theoretical knowledge section with complex questions in and around the fields of old-age provision, investment, taxes and insurance policies – five MLP consultants were able to secure a top ten spot here.

In November, Feri won the renowned investment manager test held by “Fuchsbriefe” for the second time in succession. The MLP subsidiary displayed exceptional performance in all disciplines of consultation, investment strategy, portfolio quality and transparency.

Consulting centres
join forces

As already announced in 2011, MLP is implementing further significant improvements to its service with introduction of so-called “MLP Consulting Centres” for clients and consultants. While our dense network of offices in Germany already grants clients fast personal contact, MLP is now also bringing together its offices to create central consulting centres at numerous key locations. This combination of administrative and organisational duties will not only offer improved processes, it will also allow MLP to significantly increase local awareness for its products and services. Consulting centres were already established in five cities in 2012, including Cologne and Frankfurt. The remaining major German cities and several smaller locations are set to follow over the course of the next few years.

Training and further education

Corporate University meets
the highest standards

The qualification of our office managers, consultants and employees is crucial to the success of our business. With the comprehensive financial advice that it provides, MLP operates in a complex and constantly changing environment, in which it needs to repeatedly convince its clientele of the benefits associated with its services. We have therefore permanently anchored continuous training and further development in our corporate mission.

The MLP Corporate University (CU), based in Wiesloch, is at the very heart of our qualification and training program. Internationally recognised seals of approval earned by the University are just one proof that both the University and its range of training courses offered meet the highest of standards. In 2012, the CU successfully completed the complex certification process

of the International Agency for Quality Assurance in Higher Education (FIBAA). Among other things, this FIBAA certification serves to make programs of study comparable and to simplify recognition of study modules among universities.

MLP uses this to document the capability of its CU to interact and link with the external university landscape within the scope of the Bologna process and to design further training modules. Since 2005, this University has also been one of just 15 corporate universities in Europe to be accredited by the European Foundation for Management Development (EFMD).

In January, MLP was accredited by the German Financial Planning Standards Board (FPSB e. V.) to teach the Certified Financial Planner (CFP) qualification. Alongside the European Business School in Oestrich-Winkel and the Frankfurt School of Finance & Management, the MLP CU is therefore the third training institute in Germany that is now authorised to award this qualification. The CFP qualification is the highest internationally recognised training standard for financial consultants. MLP has been providing its consultants with the opportunity to attend further training and work towards the title of Certified Financial Planner since 2010.

Approved for premium education

The CFP qualification is just one module in MLP's diverse portfolio of training and further training courses, that starts for every consultant with the training programme to become a certified insurance expert (IHK Chamber of Commerce) and then gain a Senior Financial Consultant status within the next 21 months. In addition to this, the Corporate University also offers training in classic individual subjects in the fields of finance or personal development and complete subject blocks leading to certificates or licenses. Last year, around 550 events on 82 topics were held at the Corporate University. Training was offered on a total of 21,000 attendance days, as well as in numerous online seminars. With this approach, we secure the continuous further development of our office managers, consultants and employees.

Marketing and communication

The introduction of unisex tariffs was an extremely important client communication topic in 2012. To this end, MLP launched a comprehensive information campaign in spring, under the motto "One man. One woman. One insurance tariff." This campaign showed both clients and the general public the effects associated with switching over to a unisex strategy. An interactive calculator on the MLP website showed users the anticipated changes in premiums associated with the new unisex tariffs.

In 2012, we continued the image campaign launched throughout Germany in Autumn 2011 with targeted advertisements and TV spots. With the message that "Anyone committed to making their career a lifelong goal deserves the same passion from their financial consultant", we are building on our position as a reliable partner and specialist in providing comprehensive financial planning for academics and other discerning clients.

Ongoing image campaign

Within the scope of a new publication strategy, MLP's "Forum" client magazine was also integrated into the homepage in a prominent position. 2012 saw Forum published as an eMagazine for the first time alongside the familiar print edition. In addition to the content of the print edition, the electronic version also offers extended functions and contents, such as multimedia graphics, videos and service tools. The client magazine is set to be published exclusively as an electronic version from 2013 onwards. It can be called up at www.forum-mlp.de and is also available as a free-of-charge app for iPads and other tablets. To complement the client magazine, the "Forum aktuell" news offer has been revised and integrated into the new homepage design.

Digital client communication

The MLP website at www.mlp.de recorded around 6.6 million hits in 2012, with users showing particular interest in the calculation tools and videos on offer. The layout and user friendliness were also further optimised early in the year.

Promoting sport and culture

In the field of sponsoring, MLP focused on initiatives in the sporting and cultural arena. One highlight here is the extension of our commitment to basketball, a sport that is popular among our target group of academics. MLP has been the title sponsor of the Heidelberg-based Pro-A team at the USC Heidelberg club since the start of the new basketball season. The team now competes with the name “MLP Academics Heidelberg”. This partnership with the second division team has been confirmed over five years. We also once again supported the MLP Golf Journal Trophy and the MLP Marathon Mannheim Rhein-Neckar as title sponsor in 2012.

In the cultural arena, MLP is committed to supporting “Heidelberger Frühling”, an annual festival of classic and contemporary music, and has been the main sponsor of the event since 2013.

This year we also began providing support for the “Big Brothers Big Sisters Germany” mentoring initiative, in which volunteer mentors offer their time and attention to help underprivileged children and young people get a better start in life.

The MLP subsidiary Feri honoured volunteer commitment with its Feri Foundation Award again this year. This award, endowed with € 25,000 and held this year under the patronage of Federal President Joachim Gauck, has been presented since 2005 to private foundations with a forward-looking approach that help resolve problems in society. In 2012, it was presented to the Schtifti Foundation from Zurich.

Providing comprehensive support to students

Student sponsorship once again played a key part in 2012. 30 students of mathematics, science, IT and engineering were selected from around 1200 applicants for the “MINT Excellence” scholarship programme for the first time this year. The successful students will each receive € 750 per semester in sponsorship for two years and also be included in a network with many additional benefits, including specialist workshops and lectures.

Alongside these 30 students, 15 further scholarships were awarded within the scope of “Medical Excellence”, the most comprehensive nationwide German scholarship programme for students of medicine. The 15 successful applicants will each receive € 500 per semester for a total of three years. In addition to this, three 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. The application process is run by the Manfred Lautenschläger Foundation, while MLP is responsible for implementation of the two sponsorship programmes.

A total of 19 students were selected for the international “Join the Best” trainee programme early in the year. These students now have the opportunity to take up high-level internships at internationally renowned overseas concerns with the financial support of MLP. MLP has been working with its partners since 2004 to provide support for young academics who are keen to gain experience in foreign countries.

Information technology

In the reporting year, we supported MLP consultants with extensive information technology (IT) resources. 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.

In the course of the investment and efficiency programme approved in 2011, we further optimised our IT systems and prepared them for the gradual introduction of pioneering technologies in the reporting year. These include Group-wide introduction of a new telephone system, centralisation of data storage and applications at our computer centres – which are now bundled at two locations – and preparation of a new workplace environment.

Pioneering technologies

With these and other steps, we have therefore laid key foundations for comprehensive expansion of our cloud computing solutions, in which IT systems are made available via a network. As a first step, in 2012 we introduced internet-based backup services for MLP consultants. Further cloud services are to follow gradually from 2013 onwards. We are also set to grant MLP consultants even greater flexibility in designing their workplace with our comprehensive “Bring your own device strategy”, which is currently being prepared for implementation in 2014.

Overall, we expect the importance of modern IT systems to increase significantly for financial services providers over the course of the next few years. We therefore launched further evaluations in 2012 to help secure the step-by-step expansion of our systems.

PERSONNEL AND SOCIAL REPORT

Thanks to the realignment performed at our HQ in 2011, our company is now benefiting from leaner and more efficient structures. These include shorter decision-making chains and more keenly bundled responsibilities. This allowed us to concentrate on launching new and forward-looking HR projects in the reporting year, an approach which sends out clear and important signals of continuity, trust and further development at both individual and company level.

In the 2012 reporting year, an average of 1,524 employees worked in the MLP Group. This represents 60 fewer employees or 4 % less than in 2011. The slight reduction is essentially due to the fact that, for contractual reasons, some of the HR measures announced and implemented at the company HQ back in April 2011 were only incorporated in the HR KPIs in the third and fourth quarter of 2011 and the first quarter of 2012.

Personnel expenses reduced

The natural employee turnover at the company HQ of 6.2 % in the reporting year (2011: 8.5 %) is at market level.

The proportion of employees in temporary employment was 1.4 % as of December 31, 2012, which is the same level as in previous years. The number of temporary staff or marginal part-time employees was 169, compared to 175 in the previous year.

A total of 57 women took maternity leave at our company HQ and German offices in 2012 (previous year: 49), while 102 women and 13 men took parental leave (2011: 168 and 12 respectively).

The following table shows how the number of employees developed in the individual business segments:

Average number of employees

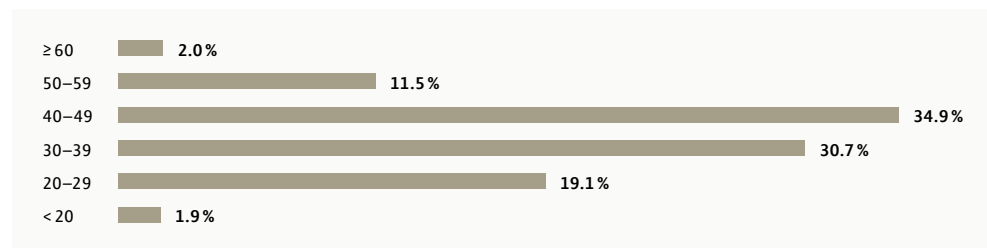
Segment	2012	2011	2010	2009	2008
Financial services	1,265	1,324	1,407	1,624	1,718
Feri	251	249	251	265	257
Holding	8	12	14	11	11
Total	1,524	1,584	1,672	1,900	1,986

Personnel expenses decreased by 11.9 % to € 102.5 million in the reporting year. The previous year's level of € 116.4 million had been higher than usual due to one-off expenses associated with the reorganisation at our HQ.

Among other things, Personnel expenses include € 88.6 million for salaries and wages (previous year: € 102.1 million), € 11.4 million for social security contributions (previous year: € 11.7 million) and employer-based old-age provision allowances of € 2.4 million (previous year: € 2.5 million).

The average age of employees at MLP AG and MLP Finanzdienstleistungen AG is currently 39 years (38 years).

Employee age structure at MLP Finanzdienstleistungen AG and MLP AG



Award as "TOP employer"

We will continue to use the CIP (continuous improvement process) introduced in the reporting year throughout the company 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. We outsourced the handling of standardised wage and salary processes to an external service provider in the reporting year.

Personnel work is per se 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.

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, winning the “Germany’s TOP employer” award for the sixth time in succession in 2012. Our “working conditions and non-monetary benefits” 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.

MLP places great emphasis on first-class qualifications and further training. These training offers are bundled at our own Corporate University located at the HQ in Wiesloch.

Comprehensive range of training courses

In the reporting year, we also further extended the specialist career path that was newly established in 2011 to cater to altered framework conditions. This allows staff to pursue a career alongside the traditional management path. Some 30 colleagues now hold the position of subject specialist.

In addition to this, we support our managers by continually developing their leadership skills. To ensure a common understanding of management practices, together with the interaction and communication derived from this, all managers at the HQ attended corresponding training courses in the reporting year. Newly appointed managers also received special support in a dedicated programme.

Our system for measuring management performance once again proved itself throughout the reporting year. In this process, employees are called upon to provide anonymous ratings of the leadership performance displayed by their respective superior in the form of 180 degree feedback. With a participation rate of 80 %, an encouragingly high number of employees once again took part in the surveys. The results provide us with an important control instrument.

We consider it extremely important to support all MLP employees in combining their family life with their career. Our offers include flexitime, trust-based working hours and individual working hours models. As of December 31, 2012, a total of 161 persons (158 persons) were working part-time at our company HQ (158).

Promoting a healthy work-life balance

With our catalogue of fringe benefits, we offer MLP 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 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 2012, some 20 trainees and 16 dual-study programme students (previous year: 13 and 12 respectively) began 12 training and degree courses at MLP.

Number of applicants on the rise

A big thank you to our
employees

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 very successful financial year in 2012.

We would also like to thank the works council for its constructive collaboration which, among other things, is documented by the signing of two 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.

RISK AND DISCLOSURE REPORT

Scope

The disclosure pursuant to Article 144 of the Banking Directive (DI 2006/48/EC) is executed in line with § 2a (6) of the German Banking Act ("Kreditwesengesetz", KWG) on a consolidated basis. MLP Finanzdienstleistungen AG, as the depository institution and higher-ranking company of the supervisory Financial Holding Group as per § 10a (3) of the German Banking Act (KWG), hereby implements the supervisory disclosure requirements by December 31, 2012 in accordance with § 26a of the German Banking Act (KWG) in connection with §§ 319-337 of the Solvency Ordinance ("Solvabilitätsverordnung", SolvV).

MLP applies 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). MLP Finanzdienstleistungen AG has demonstrated that it has 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, 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, Feri Investment Services GmbH, Bad Homburg v. d. Höhe, Feri Trust (Luxembourg) S.A., Luxembourg (since June 30, 2012), and ZSH GmbH Finanzdienstleistungen, Heidelberg.

Within the scope of risk management, Feri EuroRating Services AG, Bad Homburg v. d. Höhe is also incorporated in the supervisory scope of consolidation pursuant to § 25a (1a) 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 and opportunity management

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. In addition to this, this framework allows business opportunities to be detected early on and followed up. 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.

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 sets out the business strategy and a risk strategy that is consistent with this. 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. 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.

Risk capital management and stress tests

Risk-bearing ability 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 equity capital backing 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.

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.

The MLP Financial Holding Group displayed a solid risk-bearing ability throughout 2012.

Stress tests Regular stress tests are also performed 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 particular account here.

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 investigated here.

Organisation

Group-wide risk management 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). This approach encompasses in particular

- 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.

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.

Group Risk Manager

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 management and controlling processes

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. Corresponding simulations make potential revenue and earnings risks and decisive value drivers transparent for the Executive Board.

Internal controlling system in the accounting process

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 audits

Internal Audit, which assumes monitoring and control tasks in major Group companies on the basis of outsourcing contracts, is 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.

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

Risk reporting

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 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 include the counterparty default risk, the interest risk, the price risk and the liquidity risk. There is no substantial foreign exchange risk, country risk and no other market price risks. Alongside these risks, there are also potential hazards associated with operational and other 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 (risk arising from the typical credit business, 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, 2012, gross loans of the MLP Financial Holding Group amounted to € 1,733.6 million (previous year: € 1,642.4 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 per § 327 (2) No. 2 of the Solvency Ordinance (SolvV), since the majority of lending (97.97 %, previous year: 98.09 %) is limited to borrowers domiciled in the Federal Republic of Germany. The other regions (2.03 %, previous year: 1.91 %) are predominantly in the Netherlands, Luxembourg, France and Austria.

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.

Concentration of risk

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	
	2012	2011	2012	2011	2012	2011
Domestic banks	556.3	609.0	81.3	92.1	0.0	0.0
Deutsche Bundesbank	13.5	21.0	–	–	–	–
Foreign banks	16.5	–	4.9	5.0	–	–
Insurance companies	19.0	10.0	16.1	24.3	–	–
Other financing institutions	6.9	6.7	1.0	0.9	–	–
Other companies	745.5	637.1	–	–	–	–
Self-employed persons	134.6	131.9	–	–	–	–
Employees	69.7	58.7	–	–	–	–
Other private individuals	47.0	29.9	–	–	–	–
Foreign companies and private individuals	18.7	13.2	2.6	2.6	–	–
Total	1,627.7	1,517.5	105.9	124.9	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	
	2012	2011	2012	2011	2012	2011
< 1 year	922.9	934.8	31.1	32.0	–	–
1 year–5 years	317.7	230.3	56.1	73.3	0.0	0.0
> 5 years to open-ended	387.0	352.4	18.7	19.6	–	–
Total	1,627.7	1,517.5	105.9	124.9	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 insurances, 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 avail-ment 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	18.8 (23.8)	5.3 (8.9)	3.2 (4.0)	0.0 (0.1)	– (–)	–3.6 (–1.0)	3.0 (1.8)	0.0 (–)	– (–)
Employees and other individuals	18.2 (20.6)	6.0 (6.7)	7.6 (8.3)	1.4 (1.2)	0.4 (1.1)	–2.7 (–0.8)	1.3 (0.8)	0.3 (0.2)	0.3 (–)
Total	37.0 (44.4)	11.4 (15.5)	10.9 (12.4)	1.4 (1.3)	0.4 (1.1)	–6.3 (–1.8)	4.3 (2.6)	0.3 (0.2)	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	Allocations	Reversals	Utilisation	Other changes	Closing balance
Specific allow-ance for doubt-ful accounts	15.5 (14.9)	1.1 (4.5)	0.7 (0.7)	4.5 (3.4)	– (0.2)	11.4 (15.5)
General allow-ance for bad debts	12.5 (14.2)	0.3 (0.3)	1.4 (1.9)	0.4 (–)	– (–0.1)	10.9 (12.4)
General allow-ance for doubt-ful accounts	1.2 (1.2)	0.3 (0.3)	0.0 (0.2)	– (–)	– (–)	1.4 (1.3)
Provisions	1.1 (1.6)	0.0 (0.2)	0.6 (0.5)	0.2 (0.3)	0.1 (0.2)	0.4 (1.1)
Total	30.3 (31.8)	1.6 (5.2)	2.8 (3.3)	5.1 (3.7)	0.1 (0.3)	24.0 (30.3)

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 standardised approach			
	before credit risk reduction (in € million)		after credit risk reduction (in € million)	
	2012	2011	2012	2011
0	82.7	75.8	82.7	75.8
10	23.8	21.4	23.8	21.4
20	640.7	670.3	640.3	670.3
35	27.7	28.4	27.1	26.5
50	0.2	0.5	0.2	0.5
70	–	–	–	–
75	276.6	257.0	255.7	236.8
90	–	–	–	–
100	532.7	466.3	532.7	465.5
115	–	–	–	–
150	29.2	32.2	26.9	25.0
190	–	–	–	–
250	–	–	–	–
290	–	–	–	–
350	–	–	–	–
370	–	–	–	–
1250	–	–	–	–
Alienation of capital	1,613.6	1,551.9	1,589.4	1,521.7

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 € 289 million (previous year: € 268.5 million), as well as listed securities of € 5.5 million (previous year: € 6.1 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	Latent revaluation gains (losses)					
	realised gains/losses from sales/ liquidations		in total		amounts thereof included in tier 2 capital	
	2012	2011	2012	2011	2012	2011
Total	-0.3	-3.5	-1.3	-0.2	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 € 0.3 million (previous year: € 0.3 million).

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.

Market price 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.

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	
	2012	2011	2012	2011
Total	3.5	3.0	-1.0	-2.0

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.

In order to reduce the cash flow-relevant interest risk, we use derivative financial instruments (interest rate swaps) on a small scale. We currently employ three interest rate swaps as a way of hedging interest risks in the client credit business.

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. The speculative use of financial instruments with a view to making profits in the short term was not conducted in the year under review, nor is it envisaged for the future. The MLP Financial Holding 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.

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.

Operational liquidity control

Structural 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 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, 2012, 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.

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 counter-measures deemed necessary in good time.

The fundamental principles of liquidity control and planning are defined in the internal guidelines. Appropriate short and medium-term credit lines have also been agreed to safeguard against a possible short-term liquidity shortfall.

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. 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.

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.

Risks from internal procedures

The system of business continuity management (BCM) encompasses targeted safeguarding of business processes that are deemed critical and could potentially threaten the continued existence of the company against unplanned operational interruptions as a result of an event occurring that could potentially be very harmful. Here, the BCM system refers to the planning of emergency scenarios that jeopardise the availability of resources for the infrastructure, IT, personnel and service providers. Suitable measures are defined for this which are intended to safeguard regular business operations within set standards. This also includes an emergency plan which reduces losses to a minimum in the event of severe disruptions to operations and safeguards the ongoing business. The critical processes and the effectiveness of the defined measures are subject to the constant monitoring and development of Business Continuity Management.

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.

Human resources risks

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 been awarded the seal of approval by the European Foundation for Management Development.

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

Risks from external events

As our business processes focus 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.

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.

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 (BCM) 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 detected at an early stage 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. It is the opinion of MLP that the claims made following acquisition of the outstanding shares in Feri AG in April 2011 are unfounded and have no legal basis.

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.

Taxation risks

Other 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 also comprehensively documented.

Reputation risks

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

Economic development in Germany – where the MLP Financial Holding Group generates a very large proportion of its revenue – was less dynamic than expected in the reporting year. The European debt crisis had considerable effects on Germany. However, stable domestic demand was able to counteract this and bolster the German economy. According to initial calculations performed by the German Federal Statistical Office, the economy in Germany grew only by 0.7 % in 2012. 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.

Economic experts agree that the debt crisis will continue to have a negative effect on the overall economic environment in Europe in 2013. This will also have a negative impact on economic development in Germany, although moderate growth is still being forecast.

Based on the economic framework data available, the MLP Financial Holding Group can expect little in the way of momentum from the market in the next year. Although our target group of private academic clients will continue to enjoy a comparably good overall financial situation thanks to moderate increases in net income, we do not expect any appreciable stimulus with regard to long-term saving plans – such as those necessary for old-age provision.

Business environment and
sector-related risks

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.

However, we are well prepared for the changes that lie ahead. The quality of our consulting, our focus on selected client groups and our independence give us a strong market position.

The MLP Financial Holding Group is in an excellent position thanks to sustainable diversification of its business activities. This enables us to compensate for temporary difficulties in specific market segments by making use of increased revenue from other business segments. However, the state and debt crisis remain a significant factor for the development of the fields of old-age provision and wealth management. Private clients in particular remain very cautious and are therefore continuing to display reservations in making long-term investment decisions.

The very low interest rate, and the obvious challenge associated with this for life insurance providers in keeping their guaranteed interest rates at a constant level in the long term, is making potential investors even more cautious.

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.

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 2012. The same applies for MLP's internal processes, objectives and measures for investment control.

Supervisory risks/solvency

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 Privat Equity Beteiligungs-Treuhand GmbH, Germany
- FPE Privat Equity Koordinations GmbH, Germany
- HEUBECK-FERI Pension Asset Consulting GmbH, Germany
- TPC THE PENSION CONSULTANCY GmbH, Germany

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

Equity components

Equity components (in € million)	2012	2011
Paid-in capital (business capital, share capital, capital stock, endowment capital and business assets) excluding cumulative preference shares	141.1	140.1
General reserves	347.0	352.9
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)	–282.9	–252.9
Investments of silent partners	–	–
Special items for general bank risks in line with § 340g of the German Commercial Code (HGB)	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)	–14.8	–11.4
Remaining goodwill according to § 10a (6) Sentence 9 of the German Banking Act (KWG)	73.0	85.3
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)	265.9	314.0
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)	–	2.5
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)	265.9	316.5

The special item for general bank risks pursuant to § 340g of the German Commercial Code (HGB) increased by € 2.5 million. The extension of this core capital item results from a reclassification of provisions for general bank risks (§ 340f of the German Commercial Code (HGB)).

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 2012. 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 %	
	2012	2011	2012	2011
Consolidated group of banks				
MLP AG	78.13	104.44	78.13	104.44
MLP Finanzdienstleistungen AG*	7.70	5.82	7.70	5.60
Feri AG	-77.43	-68.91	-77.43	-68.91
Feri Trust GmbH	8.82	8.19	8.82	8.19
Feri Institutional & Family Office GmbH	0.48	0.80	0.48	0.80
Feri Investment Services GmbH	-3.70	-2.03	-3.70	-2.03
Feri Trust (Luxembourg) S.A.**	7.09	-	7.09	-
ZSH GmbH financial services	6.75	7.70	6.75	7.70

* controlling institution

** since June 30, 2012

Equity requirements derived from the application of the standardised approach to credit risk are made up as follows:

Standardised approach to credit risk

	2012	2011
Standardised approach to credit risk (capital adequacy requirements in € million)		
Central governments	-	-
Regional governments and local government bodies	-	-
Other authorities	-	-
Multilateral development banks	-	-
International organisations	-	-
Institutions	10.8	11.0
Backed debentures emitted by financial institutions	0.2	0.2
Companies	24.1	19.3
Retail business	15.3	14.2
Items collateralised by property	0.7	0.8
Fund shares	0.2	0.2
Other items	11.4	9.9
Overdue items	3.2	3.0
Risks from book values of investments in companies		
Book values of investments in the standardised approach	6.8	7.9
Operational risks		
Operational risks according to the basic indicator approach	50.7	52.4
Total	123.4	118.8

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.

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 2012. 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 other risks are known at MLP which could have a significant influence on the continued existence of the MLP Financial Holding Group.

FORECAST

Overall future economic development

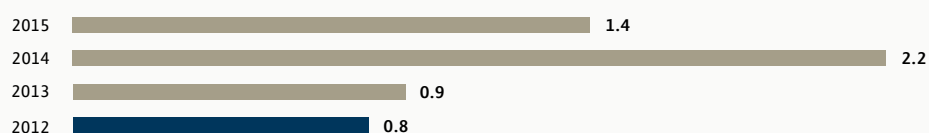
Since MLP generates the majority of its revenue as a consulting firm in Germany, German economic data provide the most important indicators for our business perspectives.

Economic experts agree that the debt crisis will continue to have a negative effect on the overall economic environment in Europe in 2013. For example, in its autumn forecast the EU Commission considers it unlikely that the economy in the Eurozone will do anything other than stagnate in 2013. This is due to the ongoing recession in the crisis states, in which growth is being suppressed by the necessary spending cuts policy. The EU Commission is therefore predicting growth of just 0.1 %. According to experts, an appreciable increase of 1.4 % cannot realistically be expected until 2014.

Leading economic research institutes are, however, predicting moderate growth for Germany. In its annual survey for 2013, the German Council of Economic Experts anticipates growth of 0.8 % in Germany, while the German government is predicting an increase in real GDP of 1.0 % in its forecast (2012: 0.8 %). The Institute of the German Economy (IW) is slightly more pessimistic about the likely development. In their autumn survey of economic activity, the economic researchers are forecasting growth of 0.75 % for 2013. However, this is dependent on the sovereign debt crisis in Europe not escalating any further. The research institutes are more optimistic about 2014. With an anticipated increase in GDP of between 1.5 % and 2.2 %, the experts are predicting that Germany will return to a course of increased growth. This should also continue into 2015. Overall, the researchers at the German Institute for Economic Research (DIW) believe that real GDP in Germany will increase by an average of 1.4 % each year from 2012 to 2017.

General conditions for the German economy remain difficult

Anticipated economic growth in Germany (all figures in %)



Source: German Federal Statistical Office, German Government, German Institute for Economic Research (DIW), Berlin

Weaker export expectations putting pressure on the employment market

The Institute of the German Economy (IW) believes that weaker production and export expectations will have a negative effect on the employment situation in Germany in 2013. According to the autumn survey, only just under 20 % of German companies are predicting a higher number of employees in 2013, while 28 % are expecting a smaller workforce. The Institute for Employment Research of the German Federal Employment Agency is expecting the level of unemployment to increase slightly. In the annual average for 2013, the number of unemployed is likely to reach 2.94 million and therefore be around 40,000 higher than in the previous year.

Salaries continue to see moderate increases – particularly for executive staff

In terms of net wages and salaries, the German government is forecasting an increase of around 2.9 % in its autumn projection. This is largely thanks to the lowering of statutory pension premiums and the bill on the reduction of the fiscal drag. According to estimates, the disposable income of households is likely to increase by around 3.0 %. Based on data published by PMSG PersonalMarkt Services GmbH, managers and executive staff can look forward to relatively high salary increases. The “Salary Development in Germany 2013” survey also suggests that base salaries of managers are set to increase by around 3.3 % and that the increase in total remuneration (salary including bonus and variable payments) will be as high as 3.9 %. The financial situation of academics, MLP’s core target group in the consumer business, should therefore be stable in 2013.

General statement: Ongoing reservations about signing long-term contracts.

Due to the continuing uncertainty caused by the sovereign debt crisis, the weak economic activity in Germany and a slight downward trend in the employment market, we expect to encounter a challenging market environment in 2013. Even if the overall financial situation of our core target group, which is focused on academics, remains good and stable due to a general shortage of skilled specialists, the ongoing crisis continues to generate a sense of uncertainty. We therefore expect our clients to remain somewhat reserved in 2013 when it comes to signing long-term contracts – such as those necessary for the field of old-age provision.

Future industry situation

Old-age provision

Private and occupational pension provision will remain an issue for residents of Germany over the course of the next few years. Most citizens are aware that the statutory pension is no longer sufficient for maintaining their standard of living after retirement. Indeed, a survey performed by the German Trade Union Confederation (DGB) in November 2012 indicated that 38 % of those in active employment now believe that they will no longer be able to live off their statutory pension after retiring. According to the DGB survey, young employees are particularly worried about financial security in their old age. In the 25-to-35 year old bracket, a 51 % majority of those currently in employment believe that their pension will no longer be adequate for retirement, and 44 % of those in the 36-to-45 year old bracket feel the same. Alongside the existing incentives, politicians are therefore working continuously on drawing up new concepts in an attempt to counteract the impending risk of old age poverty, most recently with the much discussed compulsory insurance for self-employed persons.

Lack of trust in the statutory pension

The “German pension provision trend”, employed by the German Pension Institute (DIA) to determine the trust, expectations and willingness to invest in old-age provision in Germany on a quarterly basis, displayed a clear downward trend in the third quarter of 2012. The dwindling trust in the statutory pension system was the main factor with a negative impact on the total comprehensive income. At the same time, some 76 % of respondents are currently worried that they will have to lower their standard of living in their old age. The figure has not been this high since 2009.

Despite increased awareness of the problems, consumers continue to hold back from setting up their own old-age provisions. Alongside general reservations about signing long-running contracts due to the uncertain environment, the reasons for this also include the vast array of products and tax breaks available, as well as the frequent changes in regulatory provisions. As a result of this, high-quality consulting is becoming increasingly important in helping consumers get to grips with this complex topic - a situation that should favour MLP over the course of the next few years.

MLP clearly differentiates itself from competitors through its holistic provision concepts. The key aspect of MLP’s consulting approach is its independence from product partners, such as insurance companies, banks and investment firms. MLP consultants take into account the personal objectives and risk appetite of each client. Decisions as to which product is most suitable are reached on the basis of a systematic product and partner selection process (see the “Business model and strategy” chapter).

Independence as a key pillar of the consulting approach

In the field of private old-age provision, the basic pension as part of the first tier of old-age provision in particular offers a great deal of growth potential over the course of the next few years. Although tax incentives are already in place, data published by the German Insurance Association (GDV) indicate that only around 1.7 million of the approximately 42 million self-employed people and employees in Germany had signed a basic pension policy by the end of 2012 (2011: 1.5 million). Thus, only around 4% of the potential market has been covered. The planned further increase in tax incentives within the scope of the Old-Age Provision Reform Act (“Altersvorsorgeverbesserungsgesetz”) is also likely to provide positive stimulus here. In future, it will be possible to offset the premiums paid into a basic pension against income tax as special expenses up to a level of € 24,000 per person (previously: € 20,000). The Riester pension also still holds potential. To date, almost 16 million citizens have signed one of these pension policies, although the latest estimates of the German Institute for Economic Research (DIW) indicate that between 37 and 42 million people are actually eligible for this state subsidy.

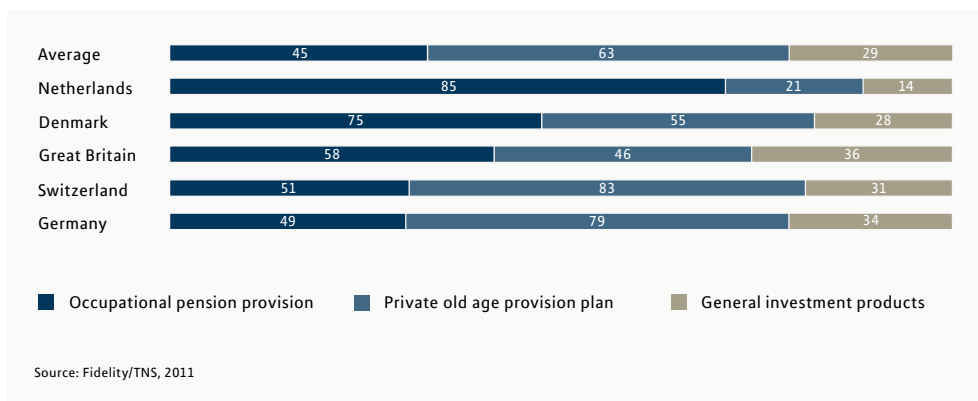
Basic pension and Riester pension still hold potential

Occupational disability insurance remains very much in demand and the legislator is planning to include tax breaks for independent occupational disability insurance in its subsidy framework. Combined pension and additional disability insurance policies currently qualify for tax breaks, whereby at least 50% of the premiums must be allocated to the old-age provision component. We expect the aforementioned changes to have a positive and stimulating effect on the market and with this also on MLP’s business.

Compared to its European neighbours, Germany still has a lot of catching up to do in the field of occupational pension provision. This is underlined in a survey published by Fidelity Worldwide Investment. While the second tier of old-age provision enjoys a share of 85% among savers in the Netherlands, a 75% share in Denmark and a 58% share in Great Britain, only 49% of respondents in Germany stated that they are currently investing in additional old-age provision coverage through their employer. However, thanks to the increased state subsidies, this low percentage is starting to increase in Germany and is likely to continue its upward trend in future.

High backlog demand in the field of occupational pension provision

Share of occupational pension provision in private provision (all figures in %, multiple entries)



According to a survey performed by the Allensbach Institute, around half of the working population in Germany (51 %) that is looking to increase its provision considers occupational pension provision the “ideal form of pension cover”. Four years earlier – in 2008 – this figure was just 40 %. Occupational pension provision also scored highly among the various forms of old-age provision in terms of perceived risk, with 36 % of respondents rating it as a “particularly safe form of provision”. However, according to the German Insurance Association, only around 14 million people have so far signed a policy of this type.

Demographic change, and the greater competition to win highly skilled staff and executives associated with this, is also likely to provide stimulus in this field. Alongside occupational pension provision, the topic of general occupational pension provision is set to become increasingly popular. This includes concepts such as occupational supplementary insurance (treatment by senior consultants, two-bed wards, allowances for glasses and dentures – see the “Health insurance” chapter), yet also demographic concepts for companies with an ageing workforce.

We believe that the market for net salary-optimised systems of this type holds massive growth potential for the next few years. With our subsidiary TPC as an established brand and an important expert (more than 1,200 consultants licensed specially for occupational pension provision and exclusive sector concepts), MLP is in an excellent position to benefit from this development.

Lifelong care pension insurance is another kind of provision that is becoming increasingly important. As many clients become more aware of the need for private long-term care provision, this product will become more important (see “Industry situation, Health insurance”).

Euro debt crisis continues to generate uncertainty

In the short-term, however, the old-age provision market in Germany will continue to be characterised by a degree of uncertainty. The ongoing European debt crisis in particular could motivate citizens to be more cautious about signing long-term contracts.

Overall, the old-age provision market will continue to make progress in terms of transparency, service and the products on offer. In the course of introducing the new unisex tariffs at the end of 2012, many insurers have revised their products and recalculated their prices. Many people will therefore require new advice on the best way to invest their money. With its consulting concepts and extremely well-trained consultants, MLP is in an ideal position to meet these challenges. From today’s perspective, however, in the coming year we do not expect to see any appreciable product innovations in the field of old-age provision that go beyond the revisions made to create the new unisex tariffs.

Health insurance

Although the Act for Sustainable and Socially Balanced Financing of Statutory Health Insurance (“Finanzierungsgesetz der gesetzlichen Krankenversicherung”), which was introduced in 2011, is lightening the load on the statutory health insurance system and the statutory health insurance funds are recording healthy net profits based on economic activity, the ageing population and the increasing healthcare costs associated with this will make further fundamental reforms unavoidable in future. Unfortunately, however, there is doubt among many in the healthcare sector as to whether these necessary reforms will actually be implemented. For example, in the current MLP Health Report, 60 % of physicians surveyed were sceptical about the German government’s ability to secure good healthcare provision for all the country’s residents in the long term. A recent survey performed by the insurance company Continentale also indicated that over half of all German citizens (52 %) believe that it will no longer be possible to finance statutory health insurance in its present form 20 years from now.

Due to the reduced benefits and coverage offered by statutory health insurance policies, we remain convinced that more and more citizens paying into this system will start to look for alternatives in future – either switching over completely to private health insurance or signing private supplementary insurance policies.

To assist them in evaluating the increasingly complex health insurance products, clients will then need sound advice more than ever before. We see great potential for the next few years here, particularly with our systematic product and partner selection process.

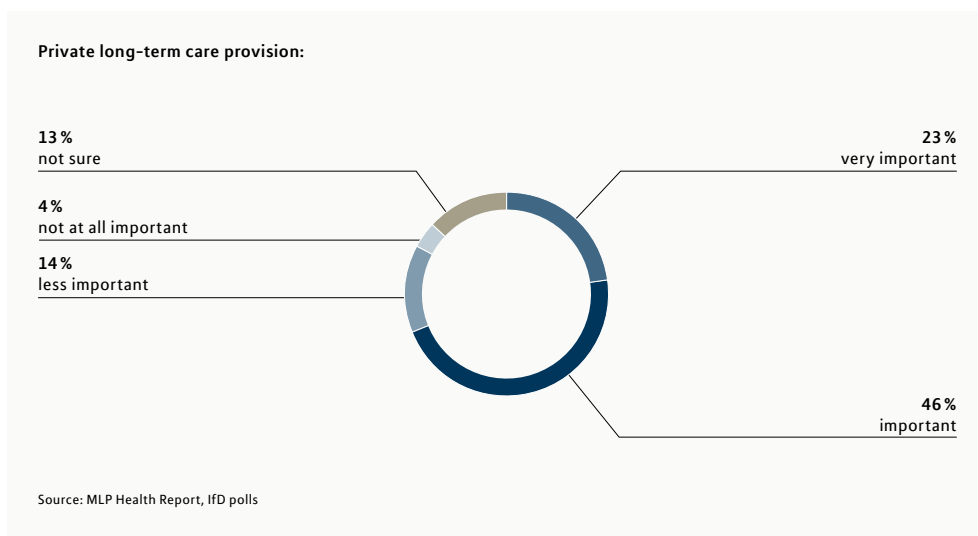
Just like occupational pension provision, we also expect the topic of occupational health provision to become more and more important over the course of the next few years. In the course of the demographic shift, companies will increasingly face the challenge of keeping their workforce healthy and at work for as long as possible. They will also need to do more than ever before to establish themselves as an attractive employer in the “war for the best talents”. A survey performed by Mercer determined that the total funds invested in occupation health services rose more sharply than salaries and inflation in many European countries in 2010. The range of measures stretches from workplace design and preventive healthcare, through sports programmes and stress management, right through to the financing of additional health insurance services such as medical checkups, overseas healthcare coverage or supplementary insurance for inpatient treatment. MLP offers occupational health provision within the scope of comprehensive consulting and will continue to expand this segment in the coming year.

Occupational health provision gaining ground

The debate concerning adequate long-term care provision gained further ground in 2013 through the introduction of state-subsidised private long-term care provision. We expect this to increase awareness among the population of the financial burden associated with long-term care. As underlined by the current MLP Health Report, most citizens are now fully aware that private personal provision is necessary to cover the potentially very high costs associated with long-term care and eliminate the risk of old-age poverty (see Figure).

Private personal provision for long-term care

Personal provision gaining ground in the field of long-term care



According to the MLP Health Report, almost half of all German citizens (47%) welcome the introduction of a state-supported private supplementary long-term care insurance system. With a personal contribution of at least € 10, the state will contribute an additional € 5 per month. We expect to see a large number of new products at all levels here, combined with an increased need for sound advice on the part of clients.

Significant sales potential

We also expect insurance companies to start following the recommendation of the German Association of Actuaries (DAV) and lower the assumed interest rate for new contracts in the field of private health insurance from 3.50% to 2.75%. This will lead to adjustments of the premiums.

The key role of independent consultants in brokering private health insurance policies is confirmed once again this year by the findings of the sales channel survey performed by corporate consultant Towers Watson. With a market share of 42.7%, independent consultants now represent the second most important group of advisors after tied agents, who represent just one single insurance company.

Aside from the revisions made to tariffs to comply with the new unisex requirements and the reduced assumed interest rate, we do not anticipate any significant changes.

Wealth management

Growth potential in wealth management

The need for high-quality wealth management services is set to increase in the long term. In its "Global Wealth 2012" survey, the Boston Consulting Group expects global assets to increase by around 4% to 5% annually and exceed US\$ 150 billion by 2016. For Western Europe, the survey forecasts total asset growth of around 2% for the next few years. According to the "World Wealth Report 2012" published by Capgemini and RBC Wealth Management, the number of "High Net Worth Individuals" (HNWIs) in Germany with investable assets in excess of US\$ 1 million increased by 3% in 2011 to 951,200. Overall, we expect the market in Germany to stagnate or grow only moderately over the course of the next few years.

Shifting of funds due to inheritance

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 billion by the year 2020 in Germany alone. Material assets represent around one tenth of inheritances, while property accounts for 47% and 43% takes the form of monetary assets. For many institutional investors, the investment backlog caused by the debt crisis is now starting to ease. Assets that were primarily parked due to the sense of uncertainty are therefore once again becoming available for investment. Thanks to the structure and development of our target client group, our company will be in a position to benefit from these developments.

With our holistic consulting philosophy for private and institutional clients, we cover a broad scope and firmly believe that, even in a dynamic competitive environment, we will be able to keep our existing clients loyal in the long term and also win over new clients.

With our new compensation structure in the field of wealth management, we are already meeting the ever stricter requirements in terms of clarity, credibility and transparency that our clients demand of an independent and high-quality financial consulting service.

In tune with ever stricter requirements

We expect wealth management to continue contributing a significant percentage of our company revenue over the course of the next few years. Based on the reduction of systematic risks, we anticipate that the tension previously felt on the capital markets will ease further in 2013. This should then provide additional growth stimuli for this business segment.

As the average age of MLP clients is currently around 41, property purchases could represent a valid investment option over the next few years. There is great potential for our company in the field of property financing. Alongside classic financial advice and brokerage, we also believe that clients need sound advice when weighing up a general decision to purchase property, analysing the current situation and assessing the future prospects of a particular investment.

Growth potential in the field of property financing

Competition and regulation

Regulation of the financial advice sector has increased significantly in the last few years. As an independent consulting firm, we generally welcome all improvements in investor protection, even if some of the measures implemented are not really expedient. These regulations will play a key part in terms of the future competitive situation and the ongoing consolidation process in the German financial services market. Changes were made in this regard in the financial year 2012. These are likely to have effects on our business operations in 2013 and subsequent years.

The legislator's general objective is clearly to provide long term protection for consumers and investors. With this in mind, the Investor Protection and Functionality Improvement Act (Anst-FuG) was introduced back in 2011. The full impact of this legislation will filter through gradually over time and its effects will continue to shape the market in the coming months and years. The provisions of this legislation apply to institutes such as MLP (see the "Industry situation and competitive environment" chapter). For the year 2013, the new legislation will, for example, force investment advisors, compliance officers and sales managers to provide evidence of their professional expertise from May onwards. MLP already complies with this requirement thanks to the established qualifications and further training offered at its Corporate University.

The Act Reforming the Laws on Intermediaries for Financial Investments and on Investment Products was already introduced in 2011. This legislation stipulates that commercial brokers who – unlike MLP – do not possess a banking licence must also comply with an extensive system of rules and standards when providing advice on open and closed funds. These include professional requirements, but also information, consultancy and documentation duties, all of which came into force on January 1, 2013. The changes will make it harder for less quality-driven providers to do business and will also provide further stimulus for the ongoing consolidation of the market.

The topic of "fee-based consulting" has also become a focus of public discussion in the last few years. In November 2012, the German Federal Ministry of Finance published a draft bill of the "Act on Promoting and Regulating Fee-Based Advice on Financial Instruments". This legislation will ultimately establish the legal framework conditions for fee-based investment advisory services, which will be available to clients as an alternative to commission-based investment advice.

Legal framework conditions for fee-based consulting

MLP is generally open to fee-based consulting. In fact, we already offer fee-based consulting in those fields in which our clients have corresponding requirements - including parts of occupational pension provision, property and medical practice financing and the consulting services performed by Feri. With the new compensation structure introduced in the field of wealth management in February 2012, MLP already complies with large sections of the requirements that this legislation prescribes for fee-based investment consultants. However, we remain firmly convinced that the quality of investment advice does not depend on the type of compensation, but rather on correct consultant training, the quality of the product selection and transparency for the client.

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. Initial drafts by the EU Commission are already available for both of these new directives, although they are currently still in discussion by the EU committees and have yet to be passed. They are unlikely to be implemented as national legislation before 2015.

Even greater transparency in the field of old-age provision

In addition to this, the government is planning on introducing standardised product information sheets for state-supported old-age provision products such as the Riester pension within the scope of the Old-Age Provision Reform Act ("Altersvorsorge-Verbesserungsgesetz"). Among other things, these should provide consumers with comparable cost information. MLP already has a massive head start here. In the course of securing permanent improvements to our partner and product selection process, we have already started work on implementing the future transparency requirements for financial advisory services through concepts such as the introduction of risk-return profiles for old-age provision products and ratings for insurance companies and products (see also the "Business model and strategy" chapter).

New capital requirements based on Basel III

With the objective of stricter bank regulation following the financial and economic crisis, the financial institutes in Europe expect that a package of reforms will be introduced gradually and revise the current regulations from 2013 onwards. Among other things, these proposals from the Basel Committee of the Bank for International Settlements (Basel III) require equity ratios to be increased by 2019. The objective here is for bank transactions to be underpinned by greater equity as a way of covering potential losses more effectively. The core equity ratio that is currently required at European level is set to be gradually increased up to January 1, 2019. As an institute with a full banking licence, these regulations also apply to MLP Finanzdienstleistungen AG and thereby to the MLP Group.

Quality advantage extended even further

In summary, we consider the current competitive position of MLP and the prerequisites for our future growth to be good. We have manoeuvred ourselves into an excellent position through sustainable diversification. Therefore we are able to compensate for market segments that are currently experiencing difficulties with the positive developments being enjoyed in other business segments. Our position as an independent consulting house with a full banking licence also allows us to clearly differentiate ourselves from the market.

We have already implemented several requirements that the legislator is now stipulating with new sets of rules and standards. However, new legal stipulations will also entail additional costs. Our successful approach to efficiency management therefore remains important in this regard.

MLP also sees potential through its position as an independent financial and investment consulting firm. In the current 2012 sales channel survey published by the corporate consultancy Towers Watson, industry experts expect the market share of independent brokers to increase further in the field of old-age provision.

Growing significance for independent brokers

Anticipated business development

MLP cannot expect much in the way of positive stimulus from economic development in the next three financial years. Due to the European debt crisis, research institutes are predicting only moderate growth in real gross domestic product for 2013. However, economic development in Germany is then likely to show some improvement in the years 2014 and 2015.

Hardly any positive stimulus from economic development

Alongside this moderate to weak economic development, we also face further challenges in our core markets of old-age provision, health insurance and wealth management. Consumers require a certain degree of trust and confidence in the future when making investment decisions – particularly with long-term saving processes. However, this confidence has been damaged both by the financial crisis that started in 2008 and by the current discussions concerning national debt levels. The situation has also been compounded by a continuously high level of volatility on the capital markets, which is contributing to a feeling of even greater uncertainty among investors. Market conditions therefore remain challenging in the immediate future, particularly in the field of old-age provision – despite the high level of demand.

Set against this background, MLP expects revenue in the old-age provision area for the financial years 2013 and 2014 to stagnate or even decline slightly, which should be followed by a slight increase in 2015 compared to the previous year. In the field of health insurance, we expect to maintain the revenue level achieved in 2012, which was higher than in 2009 and 2010 and was only significantly exceeded in 2011 due to a one-off catch-up effect. For the years 2014 and 2015, we are currently anticipating a moderate increase in revenue in the field of health insurance – not least due to the increasing potential in the field of long-term care provision. We are optimistic about business in the field of wealth management. Based on business already commissioned in Luxembourg, which was for the most part only recorded as income starting in the second quarter of the financial year 2012, in addition to the potential of our subsidiary Feri and of MLP Finanzdienstleistungen AG, we expect sales revenue to rise in the financial year 2013 and the two years thereafter. However, a degree of uncertainty remains in all fields of consulting due to the challenging market environment.

Sales revenue estimates – markets remain difficult

Sales revenue estimates: 2013–2015 (in comparison to the previous year)

	2013	2014	2015
Old-age provision	0	0	+
Health insurance	0	+	+
Wealth management	+	+	+

Very positive: ++, Positive: +, Neutral: 0, Negative: –, Very negative: --

Continuous cost
management

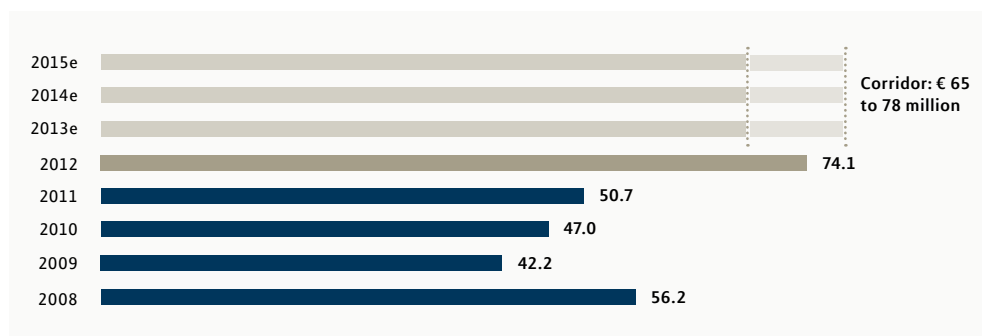
MLP has significantly reduced its administration costs in the last few years. The baseline achieved by the end of the financial year 2012 provides excellent foundations for us to sustainably generate sufficient earning power, even in difficult market conditions. Over the course of the next few years, MLP will carry on with its continuous efficiency management to ensure that administration costs remain under control. However, MLP will still allow increased expenditure – in particular to make important investments in our future or to relieve expenses in subsequent financial years through non-recurring start-up costs. Around € 8 million in temporary expenses will be accrued in the financial year 2013, some of which will offer permanent relief in the subsequent years.

Forecast: EBIT between € 65 and 78 million in the years 2013 to 2015

Overall, MLP expects to record EBIT in the range of € 65 million to € 78 million in the financial years 2013 to 2015. This corridor is a reflection of the uncertainties that remain in place in view of the still difficult market conditions faced by MLP Finanzdienstleistungen AG in particular in the consumer business. Due to the increased one-off expenses, we expect to be at the lower end of this range in the financial year 2013.

With our outlook, we are documenting our claim of maintaining the high level of earnings we once again recorded in 2012 over the next few years – despite the fact that we are operating in difficult markets. MLP can also make targeted investments into future topics – thereby securing the continuous and early further development of our business model under framework conditions that are changing fast.

Development of operating EBIT (before one-off expenses, all figures in € million)



As was already the case in the financial year 2012, we also expect to record a slightly negative financial result in the three subsequent years.

The taxation rate was around 29 % for the financial year 2012. For the years 2013 to 2015, we currently expect to see a slightly lower tax rate.

The market has been characterised by consolidation over the last few years. From today's perspective, we do not intend to make any acquisitions in our core business at MLP Finanzdienstleistungen AG (see the "Business model and strategy" chapter). However, we could generally envisage making minor acquisitions or entering into joint ventures, particularly in the market of our subsidiary Feri AG.

Smaller acquisitions possible at our subsidiary Feri

Based on what we know today, we are not currently planning any significant changes to our corporate policy or Group structure for the next three financial years.

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.

Dividends of € 0.32 per share

From the financial year 2008 onwards we have distributed 100% of our net profit, in order to be able to pay a constant dividend to our shareholders, despite the decline in earnings caused by market-related factors. In 2011, MLP paid out a total dividend of € 0.60, although 30 cents of this was a one-off payment based on surplus liquidity not needed for the operating business. Furthermore we have announced that we will return to our long-standing dividend payout ratio of between 60 and 70% in the financial year 2012.

Based on this dividend payout policy, the Executive Board and Supervisory Board will therefore propose a dividend of € 0.32 per share at the Annual General Meeting on June 6, 2013. This equates to a distribution rate of 65% of net profit. With the proposed dividend payout, MLP remains one of the most attractive dividend-bearing securities in Germany.

For the coming financial years, we will continue to aim for a distribution rate of 60% to 70% of net profit.

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 of 2013 - 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 and to strengthen the Group's financial power.

Our investment volume was € 14.5 million in the last financial year. This value is likely to remain at a comparable level in the financial year 2013. 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.

Slight increase in investment volume

Return on equity developed from 3.1 % to 13.6 % in the financial year 2012. By returning to our original dividend payout policy of 60 % to 70 % of net profit, and the partial retention of profit associated with this, we expect to record a slight downward trend in return on equity for the coming financial years based on the forecast earnings trends.

Good level of liquid funds available

The Group's liquidity rose slightly from € 171 million to € 180 million in the financial year 2012. However, the overall liquidity situation remains good. Liquidity will be reduced by the intended dividend payment of € 34.5 million for the financial year 2012. It will increase again in the second half of 2013 thanks to the typical year-end business. Smaller 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 following three financial years.

Prospects

Opportunities from changing framework conditions

The economic forecasts for the years 2013 to 2015 only provide limited opportunities for MLP. The economy is likely to see further growth – albeit at a significantly lower level. And the aforementioned reservations on the part of clients when it comes to signing long-term savings contracts are also having a negative impact. 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.

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 (see Figure). Alongside support for private clients, we are now increasingly focusing 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 over the course of the next few years. Interlinking these areas with one another and with the consumer business will furthermore enable us to create corresponding revenue potential. At Feri, the separation of wealth management and consulting services, which was completed in 2011, will provide us with further opportunities, as it caters to current client and market requirements very effectively.

MLP – A well-established, full-scope consulting firm



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

Business performance opportunities

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-trained 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.

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.

Sales support improved
even further

Over the last few years, we have introduced 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 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.

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

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

Successful operating
development in 2012

We are very satisfied with the operating results recorded in 2012. Although we did not quite hit our target of achieving an EBIT margin of 15.0 %, it is important to note that we were operating under significantly more difficult framework conditions than we could ever have anticipated when communicating our forecast at the start of 2010. These difficult conditions were primarily caused by the European debt crisis. However, with a total revenue of € 568 million and an EBIT of € 74.1 million, we recorded considerable growth in both revenue and earnings.

Based largely on the reservations of many investors to sign long-term provision contracts, we expect the market environment to remain difficult in 2013 and the subsequent years. In concrete terms, we do not anticipate any appreciable growth in the field of old-age provision in the short term. In the field of health insurance, we expect to maintain 2012 revenue levels in 2013, followed by moderate growth in the two subsequent years. We are optimistic regarding business development in the field of wealth management, where we expect to record continually increasing revenue.

In addition to this, MLP will sustain its continuous efficiency management to ensure that administration costs remain under control. Overall, our objective is to record EBIT in the range of € 65 to 78 million in the financial years 2013 to 2015.


Positive development of the
Group anticipated

The Group's equity capital backing and liquidity remain good. This makes us financially strong and in combination with our unique positioning as an independent consulting firm it will enable us to further expand our competitive position. We therefore expect to see continued positive overall development within the Group.

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.

Wiesloch, February 25, 2013



Dr. Uwe Schroeder-Wildberg



Manfred Bauer



Reinhard Loose



Muhyddin Suleiman

Prognoses

This documentation includes certain prognoses and information on future developments founded on the conviction of MLP AG's Executive Board and on assumptions and information currently available to MLP AG. Terms such as "expect", "anticipate", "estimate", "assume", "intend", "plan", "should", "could", "might", "project" and any other phrases used in reference to the company describe prognoses based on certain factors subject to uncertainty.

Many factors can contribute to the actual results of the MLP Group differing significantly from the prognoses made in such statements.

MLP AG accepts no liability to the public for updating or correcting prognoses. All prognoses and predictions are subject to various risks and uncertainties, which can lead to the actual results differing from expectations. The prognoses reflect the points of view at the time when they were made.

Investor Relations

Stock market year 2012 – Development of the markets

Volatility and uncertainty on the financial markets

The stock markets around the globe were characterised by an extremely high level of volatility in 2012. This volatility in particular reflected the uncertainty felt among investors due to the discussion regarding the safety and stability of the euro currency caused by the European sovereign debt crisis. The situation was made even more acute by the concerns regarding the economic development in Europe and also the relevant national economies worldwide. While the stock markets were still benefiting from positive economic data from the US, China and also Germany at the beginning of the year, the focus once again turned to the European financial crisis at the start of the second quarter. Alongside the ongoing problems being faced by Greece, the debt problems in Spain and Italy also began to attract more attention. The credit default swaps put in place for Spanish pensions reached a new record high. At the same time, 10-year German federal bonds delivered their lowest ever return of 1.213 %, which served to underline the assessment of many investors that German state bonds are a safe haven. Germany's leading index, the DAX, lost just under 18 % in this phase and reached its annual low of 5,914.44 points on June 5, 2012.

Central banks and IMF stand ready

The central banks, led by the European Central Bank (ECB), yet also the Federal Reserve Bank, the Bank of England and the International Monetary Fund, made large-scale and concentrated interventions in the markets at the start of the second half of the year. ECB President Mario Draghi made a pledge to provide all available means to maintain the euro union. Despite this, the rating agency Moody's still corrected its outlook for several European countries, including Germany, to "negative". However, confidence in the effect of the announced rescue measures prevailed and stimulated new trust among investors. The German stock market began to see significant increases. This dynamic, albeit still very volatile development carried the DAX index to a provisional annual high of 7,440.49 points at the end of September. This represented an increase of more than 25 % for the index compared to its lowest point. Although course corrections repeatedly put pressure on the market, an impressive year-end rally started around mid-November. Shortly before the end of the year, the DAX index reached its highest level of 7,682.89 points. With an increase of 29 % for the year, Germany's leading index recorded its greatest rise in nine years. The development observed was therefore significantly above that of both the European and the US indices. Indeed, the Dow Jones ended the year with a gain of 7.3 %.

Second-tier shares less in demand in the second half of the year

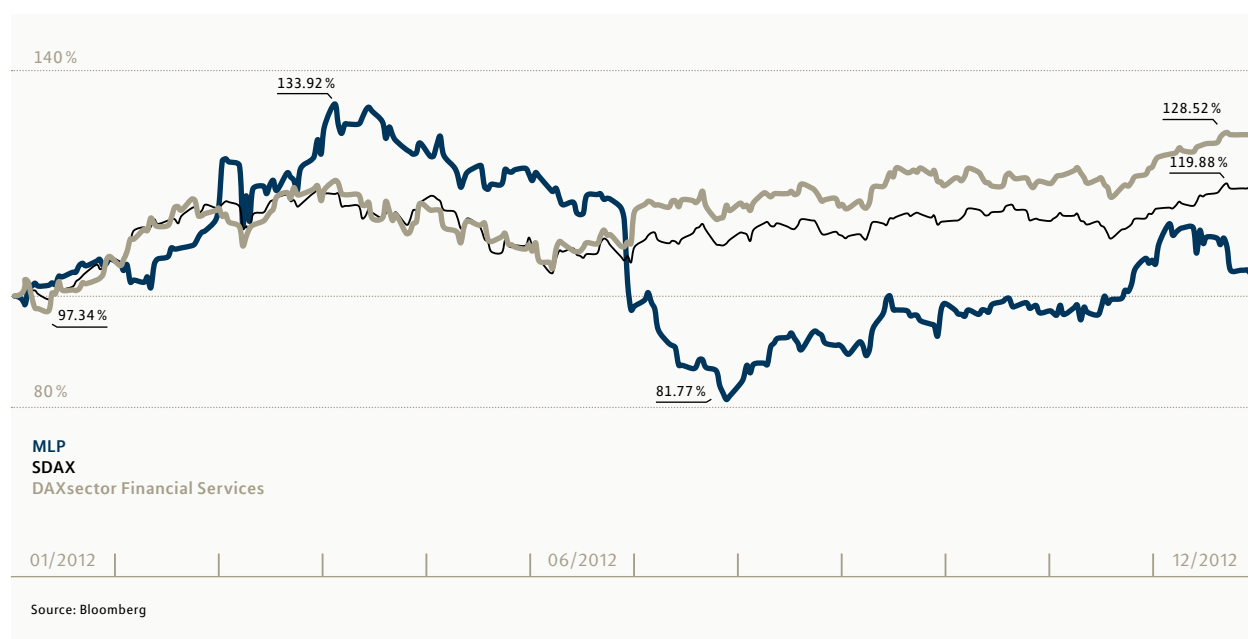
The German second-tier index, the SDAX, was only able to partially keep pace with the price increases in the second half of the year. With a gain of 15.4 %, however, it also recorded a successful end to the 2012 stock market year.

The MLP share

MLP share tracks the overall market with greater dynamics

Overall, the MLP AG share essentially tracked the volatile developments of market in 2012, albeit with greater dynamics. Following steep rises in the first three months, the share reached its annual high of € 6.88 on April 3. In the run-up to the Annual General Meeting on June 26, and in particular following the dividend payout of € 0.60, the share price declined and hit its annual low of € 4.17 on July 26. However, it was quickly able to regain this ground and then confidently maintain its position. At € 5.84, the share price had returned to its level prior to the dividend distribution by the start of December. It therefore left the annual low in its wake, having improved 40 %. The share's 2012 year-end price was € 5.00, which was only slightly below the previous year's year-end price of € 5.12.

MLP share, SDAX and DAXsector Financial Services 2012



Dividend

MLP also continues its consistent dividend policy for the financial year 2012. At the Annual General Meeting on June 6, 2013, the Executive Board and Supervisory Board will therefore propose a dividend of 0,32 cent per share. This equates to a payout ratio of 65% of net profit. In the previous year MLP paid out dividends of 60 cent in total; however, 30 cent thereof was a one-off payment based on surplus liquidity not needed for the operating business. The proposed dividend payout makes MLP one of the most attractive dividend-bearing securities in Germany.

Attractive dividend payout

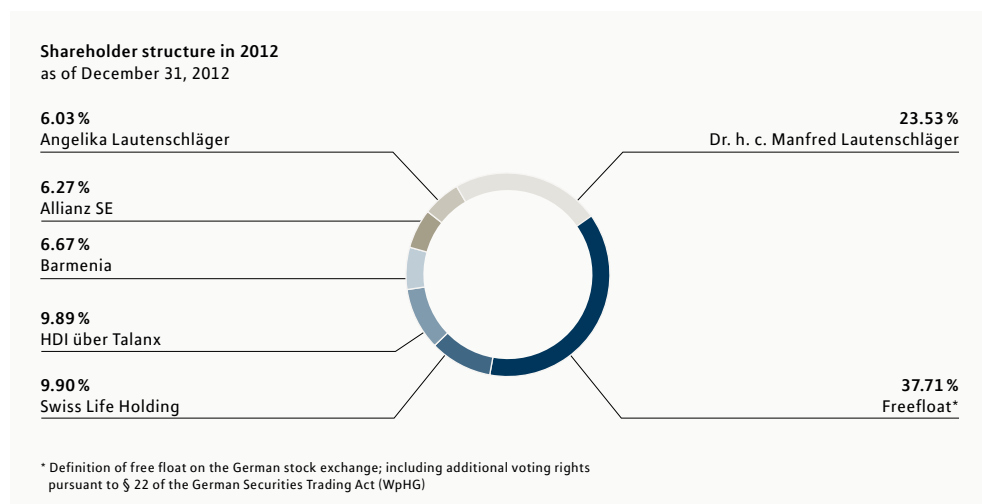
Key figures compared to previous year

		2012	2011	2010	2009	2008
Shares in circulation at the end of the year	in units	107,877,738	107,877,738	107,877,738	107,877,738	107,861,141
Share price at the beginning of the year	in €	5.07	7.64	8.27	9.80	10.74
Share price at the end of the year	in €	5.00	5.12	7.60	8.06	9.80
Share price high	in €	6.89	7.85	8.27	10.98	14.25
Share price low	in €	4.17	4.25	6.21	5.25	8.18
Market capitalisation at the end of the year	in € billion	0.5	0.6	0.8	0.9	1.1
Average daily turnover of shares	in units	31,011	39,673	87,274	106,927	728,053
Dividend per share	in €	0.32*	0.60	0.30	0.25	0.28
Total dividend	in € million	34.5*	64.7	32.4	27.0	30.2
Return on dividend	in %	6.4*	11.8	4.0	3.1	2.6
Earnings per share	in €	0.49	0.11	0.32	0.22	0.24
Diluted earnings per share	in €	0.49	0.11	0.31	0.22	0.24

* Subject to the consent of the Annual General Meeting on June 6, 2013.

There were no significant changes to the shareholder structure in the financial year 2012. The figure below provides an overview of the major shareholders.

MLP shareholder structure



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.

Award for the MLP Annual
Report 2011

The "Manager Magazin" publication presented its "Best Annual Report" awards for the 18th time this year. In collaboration with the University of Münster and under the academic leadership of Prof. Bätge, 40 experts were commissioned by the magazine to rate 160 annual and interim reports from the most important listed companies in Germany. Just as we had done in past years, we were once again able to secure ourselves a spot among the best reports and were delighted to receive the 2nd place award in the SDAX category. The experts placed particular emphasis on the conciseness of the reports, credibility and reporting efficiency in their ratings.

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

		2012	2011
Equity ratio	in %	26.0	26.8
Return on equity	in %	13.6	3.1
Net liquidity	in € million	179.7	170.7
Market capitalisation at the end of the year	in € million as of Dec. 31	539.4	552.8
Total revenue from continuing operations	in € million	568.0	545.5
EBIT continuing operations	in € million	74.1	Operating EBIT: 50.7 EBIT: 17.3

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 ("Aktengesetz"), 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 15, 2012) since the last Declaration of Compliance was issued. Only the recommendations specified in Section 4.1.5, Section 4.2.3 (4) and (5), 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 will test the effectiveness of these 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, taking into account the company's specific situation.

The analysis of the current situation in terms of diversity among executive staff, commissioned in 2012 by the Executive Board, contains detailed work assignments and also includes ongoing reporting to the Executive Board. Since this package of measures has not yet been finalised or implemented throughout the Group, it currently does not comply in full with every aspect of the requirements as per Section 4.1.5 of the Code. As was also the case in the financial year 2012, MLP has taken the prudent approach of declaring not to follow this recommendation in the financial year 2013.

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. Having completed this switchover, MLP now complies 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 2012, MLP has therefore once again elected not to comply with this recommendation in 2013.

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 of respecting diversity, and, in particular, ensuring appropriate consideration of women for future appointments of Executive Board members. The Supervisory Board gives specific consideration to applications from suitable women in its selection procedures. It will continue to address this topic in the financial year 2013, making any changes to the existing selection processes deemed necessary or introducing further measures to ensure that appropriate consideration is given to women, including on the company's Executive Board. This is in keeping with the Group-wide overall concept, still to be finalised by the Executive Board, for implementation of the recommendation given in Section 4.1.5 of the Code (taking into account diversity when filling managerial positions), while also taking into account 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 2012, MLP has taken the prudent approach of declaring not to follow this recommendation in the financial year 2013.

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 2012. 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 2012, MLP has therefore also opted not to follow this recommendation in 2013.

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 2012. 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 the case in 2012, MLP has therefore also opted not to follow this recommendation in 2013.

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 2012. 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 equivalent professional and personal suitability of the candidates is available. 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 2012, MLP therefore chose not to follow this recommendation in the financial year 2013."

In December 2012, the Executive and Supervisory Boards issued the above Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG) and made it permanently available to shareholders via the company's website. The text of the Declaration of Compliance dated December 13, 2012 can also be viewed online 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

By mainly complying with the stipulations of the German Corporate Governance Code in the version of May 15, 2012, 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.

Responsible and value-adding management

Management and controlling structure

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.

Executive Board

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.

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 (“Aktiengesetz”), MLP AG’s Articles of Association and a set of rules of procedures for the Supervisory Board.

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.

The Supervisory Board currently consists of six members. These are four shareholder representatives, elected by the Annual General Meeting, and two employees’ representatives, elected by employees. The Supervisory Board is currently made up of Dr. Peter Lütke-Bornefeld, Dr. h.c. Manfred Lautenschläger, Dr. Claus-Michael Dill, Mr. Hans Maret, Mr. Norbert Kohler and Mrs. Maria Bähr.

Supervisory Board composition

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 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 (AktG). 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.

Efficiency of the Supervisory Board

In the absence of the Executive Board, the Supervisory Board also reviewed the efficiency of its own activities in 2012. 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.

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. Dr. Peter Lütke-Bornefeld, Dr. h.c. Manfred Lautenschläger, Dr. Claus-Michael Dill and Mr. Hans Maret are members of the three aforementioned committees.

Supervisory Board
committees

In 2012, 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 15, 2012 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.

Corporate governance in the
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.

Cooperation between
Executive Board and
Supervisory 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, 2012, the shares held by the members of the company's Executive and Supervisory Boards were distributed as follows:

Shares held by the members of the Supervisory Board

Supervisory Board member	Number of shares as of Dec. 31, 2011	Number of shares as of Dec. 31, 2012
Dr. Peter Lütke-Bornefeld	50,000	75,000
Dr. h.c. Manfred Lautenschläger ¹	25,205,534	25,383,373
Johannes Maret	100,000	100,000
Dr. Claus-Michael Dill	-	-
Maria Bähr	11,503	11,503
Norbert Kohler	94	94

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

Shares held by the members of the Executive Board

Executive Board member	Number of shares as of Dec. 31, 2011	Number of shares as of Dec. 31, 2012
Dr. Uwe Schroeder-Wildberg	-	-
Manfred Bauer	11,254	11,254
Muhyddin Suleiman	-	-
Reinhard Loose	5,000	5,000

Directors' Dealings

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.

Pursuant to § 15a of the German Securities Trading Act ("Wertpapierhandelsgesetz"), two transactions were reported to us in the financial year 2012. These 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. The Compliance department controls the continuous further development of our internal codes of conducts and monitors implementation of the 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. Taking into account an amendment to the German Banking Act (KWG), focus was placed on identifying and evaluating potential risks associated with "other criminal activity, which could lead to economic loss for MLP" within the scope of the risk analysis performed in the financial year 2012. Any potential 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. These in particular include web-based training sessions on compliance and avoiding money laundering, financing terrorist activities and criminal conduct. The Compliance department also acts as a point of contact for employees who wish to report suspicious activities relating to criminal offences or infringements against the respective 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. The compliance guidelines also ensure that sensitive information is handled responsibly at MLP and provide our employees with the legal framework for accepting 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. Information on this can be found in the “Our promise” chapter of the Annual Report. 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 and consultants, as well as all stakeholders. The guidelines can be found in the chapter “Guidelines on consulting and supporting private clients” of the Annual Report and are also 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.com, where the Chairman's speech can also be accessed online.

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 also use the internet. 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 2012 Group financial statements and reviewed both the condensed financial statements and the interim management report in 2012 (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.

Our Promise

MLP's Corporate Mission

MLP is by far the leading independent financial and investment adviser in Germany for academics and other discerning clients.

We are committed to providing the highest quality and excellent services that will impress our clients.

Our individually tailored and holistic financial plans enable our clients to achieve their objectives in and around the fields of health and old-age provision, insurance cover, wealth management, financing and banking.

We strive to build on and expand our market position and sustainably increase our company value – for the benefit of our clients, employees and shareholders.

“Performance” and “trust” are at the heart of our company values. They shape our relationships with one another and with all of our stakeholders.

Our consultants and employees represent our company's greatest asset and we place great emphasis on their selection and further development.

We encourage and expect entrepreneurial thinking and action from our consultants and employees, whose participation in our company's success forms part of our promise.

We unite successful entrepreneurship with social commitment.

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Income statement and statement of comprehensive income

Income statement for the period from January 1 to December 31, 2012

All figures in €'000	Notes	2012	2011*
Revenue	(9)	544,569	526,679
Other revenue	(10)	23,477	18,795
Total revenue		568,046	545,474
Commission expenses	(11)	-235,808	-213,265
Interest expenses	(12)	-7,401	-8,391
Personnel expenses	(13)	-102,493	-116,412
Depreciation and amortisation	(14)	-12,573	-18,311
Other operating expenses	(15)	-136,601	-173,033
Earnings from investments accounted for using the equity method	(16)	956	1,219
Earnings before interest and tax (EBIT)		74,125	17,280
Other interest and similar income		1,928	3,687
Other interest and similar expenses		-1,465	-3,717
Finance cost	(17)	462	-29
Earnings before tax (EBT)		74,587	17,251
Income taxes	(18)	-21,905	-6,027
Earnings from continuing operations after tax		52,683	11,224
Earnings from discontinued operations after tax		-	298
Net profit		52,683	11,522
Of which attributable to			
owners of the parent company		52,683	11,522
Earnings per share in €	(19)		
From continuing operations			
basic		0.49	0.10
diluted		0.49	0.10
From continuing and discontinued operations			
basic		0.49	0.11
diluted		0.49	0.11

* 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, 2012

All figures in €'000	2012	2011*
Net profit	52,683	11,522
Other comprehensive income		
Gains/losses from changes in the fair value of available-for-sale securities	-99	-777
Deferred taxes recognised on components of other comprehensive income	57	8
Other comprehensive income after tax	-42	-769
Total comprehensive income	52,641	10,753
Total comprehensive income attributable to		
owners of the parent company	52,641	10,753

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

Statement of financial position

Assets as of December 31, 2012

All figures in €'000	Notes	Dec. 31, 2012	Dec. 31, 2011*	Jan. 1, 2011*
Intangible assets	(20)	141,713	140,331	148,157
Property, plant and equipment	(21)	68,782	71,569	74,403
Investment property	(22)	–	7,481	11,178
Investments accounted for using the equity method	(23)	2,601	2,863	2,910
Deferred tax assets	(18)	2,597	4,880	3,283
Receivables from clients in the banking business	(24)	431,396	360,148	343,453
Receivables from banks in the banking business	(25)	510,510	487,557	485,023
Financial assets	(26)	137,118	232,024	252,687
Tax refund claims	(18)	7,428	7,908	12,504
Other accounts receivables and other assets	(27)	139,749	143,640	139,896
Cash and cash equivalents	(28)	40,682	31,350	50,470
Assets held for sale	(29)	10,532	–	–
Total		1,493,108	1,489,751	1,523,965

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

Liabilities and shareholders' equity as of December 31, 2012

All figures in €'000	Notes	Dec. 31, 2012	Dec. 31, 2011*	Jan. 1, 2011*
Shareholders' equity	(30)	387,554	399,640	421,212
Provisions	(31)	78,921	89,511	77,691
Deferred tax liabilities	(18)	9,449	9,428	10,551
Liabilities due to clients in the banking business	(32)	871,110	827,413	819,294
Liabilities due to banks in the banking business	(32)	10,498	14,540	16,391
Tax liabilities	(18)	4,831	1,585	1,109
Other liabilities	(33)	130,745	147,635	177,716
Total		1,493,108	1,489,751	1,523,965

* 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, 2012

All figures in €'000	2012	2011*
Net profit (total)	52,683	11,522
Income taxes paid	-15,883	-4,172
Interest received	29,029	31,053
Interest paid	-8,957	-11,353
Earnings from investments accounted for using the equity method	-956	-1,219
Dividends received from investments accounted for using the equity method	1,219	1,265
Dividends received	1	122
Write-downs/impairments/write-ups of intangible assets and property, plant and equipment	12,573	18,311
Depreciation/impairments/write-ups of financial assets	-418	3,859
Allowances for bad debts	710	3,401
Earnings from the disposal of intangible assets and property, plant and equipment	-247	-3,402
Earnings from the disposal of financial assets	0	-338
Adjustments from income taxes, interest and other non-cash transactions	-2,198	-11,457
Changes in operating assets and liabilities		
Receivables from banks in the banking business	7,047	-2,533
Liabilities due to banks in the banking business	-4,042	-1,851
Receivables from banking clients	-72,129	-17,845
Liabilities due to banking clients	43,697	8,119
Other assets	5,456	-841
Other liabilities	-14,272	-31,770
Purchase price liability for the acquisition of additional shares in subsidiaries	-	51,140
Provisions	-10,881	11,819
Cash flow from operating activities	22,429	53,829
of which from discontinued operations	-	3,406
Purchase of intangible assets and property, plant and equipment	-14,524	-7,754
Proceeds from disposal of intangible assets and property, plant and equipment	59	212
Repayment of/Investment in time deposits	45,000	-35,000
Repayment of/Investment in held-to-maturity securities	18,338	-20,527
Purchase of other financial assets	-984	-787
Proceeds from disposal of other financial assets	2,344	19,869
Cash flow from investing activities	50,233	-43,988
of which from discontinued operations	-	-
Dividends paid to shareholders of MLP AG	-64,727	-32,363
Payments for the acquisition of additional shares in subsidiaries	-	-51,140
Payments for the repayment of bonds and redemption of loans	-	-453
Cash flow from financing activities	-64,727	-83,956
of which from discontinued operations	-	-
Change in cash and cash equivalents	7,935	-74,115
Change in cash and cash equivalents from changes to the scope of consolidation	1,397	-
Cash and cash equivalents at beginning of period	51,350	125,465
Cash and cash equivalents at end of period	60,682	51,350
Composition of cash and cash equivalents		
Cash and cash equivalents	39,285	31,350
Loans ≤ 3 months	20,000	20,000
Change in cash and cash equivalents from changes to the scope of consolidation	1,397	-
Cash and cash equivalents at end of period	60,682	51,350

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

The Notes on the statement of cash flow appear in note 34.

Statement of changes in equity

Equity attributable to MLP AG shareholders						
All figures in €'000	Share capital	Capital reserves	Gains/losses from changes in the fair value of available-for-sale securities	Statutory reserve	Other retained earnings	Total shareholders' equity
As of Jan. 1, 2011 (as reported)	107,878	142,184	1,193	3,117	165,614	419,984
Retrospective adjustment*	–	–	–	–	1,228	1,228
As of Jan. 1, 2011 (adjusted)*	107,878	142,184	1,193	3,117	166,842	421,212
Dividend	–	–	–	–	–32,363	–32,363
Changes to the scope of consolidation	–	–	–	–	37	37
Transactions with owners	–	–	–	–	–32,326	–32,326
Net profit (adjusted)*	–	–	–	–	11,522	11,522
Other comprehensive income	–	–	–769	–	–	–769
Total comprehensive income	–	–	–769	–	11,522	10,753
As of Dec. 31, 2011 (adjusted)*	107,878	142,184	424	3,117	146,037	399,640
As of Jan. 1, 2012	107,878	142,184	424	3,117	146,037	399,640
Dividend	–	–	–	–	–64,727	–64,727
Transactions with owners	–	–	–	–	–64,727	–64,727
Net profit	–	–	–	–	52,683	52,683
Other comprehensive income	–	–	–42	–	–	–42
Total comprehensive income	–	–	–42	–	52,683	52,641
As of Dec. 31, 2012	107,878	142,184	382	3,117	133,993	387,554

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

The Notes on the statement of changes in equity appear in note 30.

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, 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 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 Adjustments to the accounting policies, error corrections 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 2012, MLP became aware of two cases which were recorded inappropriately in the previous years. In one case this concerned a tax receivable and in the other a provision including deferred taxes thereon was allocated to the wrong period of time. The correction is made retrospectively in line with IAS 8. The revised amounts of affected balance sheet items are illustrated in the table below:

All figures in €'000	As of Jan. 1, 2011	As of Dec. 31, 2011
Increase of deferred tax assets	–	192
Increase in tax refund claims	1,229	1,768
Change in shareholders' equity	1,229	298
Increase in other provisions	–	1,661

The table below illustrates the effects of the error correction with regard to the previous year's figures:

All figures in €'000	2011 as reported	Adjustment provision	Adjustment tax receivable	2011 adjusted
Other operating expenses	171,456	–1,577	–	–173,033
Earnings before interest and tax (EBIT)	18,857	–1,577	–	17,280
Other interest and similar income	3,349	121	217	3,687
Other interest and similar expenses	–3,539	–205	28	–3,717
Finance cost	–190	–84	245	–29
Earnings before tax (EBT)	18,667	–1,661	245	17,251
Income taxes	–6,513	–	486	–6,027
Earnings from continuing operations after tax	12,155	–1,661	731	11,224
Earnings from discontinued operations after tax	298	–	–	298
Net profit (total)	12,453	–1,661	731	11,522

Furthermore, in the financial year 2012 the following new or amended standards and interpretations were to be applied for the first time.

The IASB published its amendment to IFRS 7 “Financial Instruments: Disclosures” in October 2010.

The amendments were adopted by the EU in November 2011. The extended disclosure requirements are intended to allow anyone reading the balance sheet to understand the relationships between transferred financial assets and the corresponding financial liabilities. In addition to this, readers of the balance sheet should also be able to assess the type and, in particular, the risks of continued involvement with financial assets derecognised in their entirety. The amendments also require additional disclosures to be made when a disproportionately large number of transfers is made around the end of a reporting period. The amended version of IFRS 7 is to be adopted for the first time for reporting periods beginning on or after July 1, 2011. The changes have no effect on the consolidated financial statements.

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, 2012. 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.

Adoption of the following new or revised standards and interpretations was not yet binding for the financial year commencing on January 1, 2012. They were not adopted early:

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. 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 – which affects the presentation of the other comprehensive income. As per the amendment, companies will have to split the items recorded under other comprehensive income into two categories - based on whether or not they are to be recognised in profit or loss in future. The option of presenting items of other comprehensive income either before or after tax remains. If the items of other comprehensive income are presented before tax, companies must then disclose the corresponding tax amount separately for each of the two categories. Within the scope of the amendment to IAS 1, MLP anticipates effects on the presentation of items of other comprehensive income.

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 and measurement of changes to pension obligations in profit and loss and directly in equity. The option to use the corridor method for actuarial gains and losses has been removed with this amendment. In addition there are extended disclosure obligations. Within the scope of the amendments to IAS 19, MLP anticipates effects on the level of net interest and the items of other comprehensive income.

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” replaces the consolidation guidelines in IAS 27 “Consolidated and Separate Financial Statements” and SIC-12 “Consolidation – Special Purpose Entities” through the introduction of a single consolidation model for all companies on the basis of control, irrespective of the nature of the investee. Under IFRS 10, control will be based on whether an investor has power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the returns.

IFRS 11 “Joint Arrangements” replaces IAS 31 “Interests in Joint Ventures”. The option to apply the proportional consolidation method when accounting for jointly controlled entities has been removed. Based on the new concept, it is necessary to differentiate between whether a company is a joint operation or a joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities.

A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets.

IFRS 12 “Disclosure of Interests in Other Entities” requires improved disclosures of both consolidated and non-consolidated entities in which an entity has involvement. The objective of IFRS 12 is to require information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders’ involvement in the activities of consolidated entities.

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”. The objective of the amendment is to clarify the transitional provisions in IFRS 10. The amendments also include 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). 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 January 1, 2014. Adoption of the amendments in European law is still pending.

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 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. Instead, subsidiaries must generally be measured at fair value through profit and loss within the financial statements of an investment company pursuant to IFRS 9 “Financial Instruments”. Insofar as the investment company is itself a subsidiary of a non-investment company, however, the exemption for consolidation of subsidiaries in the financial statements of the parent company does not apply. As a parent company, a non-investment company must therefore consolidate both controlled investment companies and their subsidiaries pursuant to IFRS 10. 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 January 1, 2014. Adoption of the amendments in European law is still pending. As it stands today, MLP does not anticipate any effects on the scope or methods of consolidation from the introduction of IFRS 10, 11 and 12.

The IASB also published 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 are to 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 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”. IAS 28 “Investments in Associates and Joint Ventures” takes into account adjustments resulting from the publication of IFRS 10, IFRS 11 and IFRS 12. The revised standards are unlikely to have any appreciable effects on the consolidated financial statements.

The IASB also 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.

IFRS 13 offers support in measuring fair value, insofar as this is prescribed by other IFRSs as the measurement method to be used. The objective is the application of a harmonised definition of the term “fair value” throughout all standards and of the methods applied for the measurement of fair value, including in particular disclosures on the measurement of fair value made in the notes to financial statements. MLP expects the adoption of IFRS 13 to have an influence on certain carrying amounts in the consolidated financial statements and potentially lead to more detailed disclosures.

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 offsetting financial assets and financial liabilities. In this context, an addition was also made to **IFRS 7 “Financial Instruments: Disclosures”** with regard to offsetting financial instruments. The amended version of IFRS 7 is to be adopted for the first time for reporting periods beginning on or after January 1, 2013. This addition contains more detailed obligatory disclosures on all financial instruments recognised in the balance sheet which are offset pursuant to IAS 32 “Financial Instruments: Presentation”. Furthermore, disclosures are required on all financial instruments recognised in the balance sheet that are subject to enforceable master netting arrangements and similar agreements. The revised standards are unlikely to have any appreciable effects on the consolidated financial statements.

The IASB published its **improvements to IFRS 2009–2011** in May 2012. Implementation of the amendments in the standards IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34 by the EU is still pending. If accepted in their current form by the EU, the majority of amendments are to be adopted for the first time for reporting periods beginning on or after January 1, 2013. The amendments eliminate inconsistencies and clarify certain formulations. The revised standards are unlikely to have any appreciable effects on the consolidated financial statements.

The IASB published its amendment to **IFRS 9 (2009) “Financial Instruments”** in November 2009. The aim is for this standard – together with two further supplements – to gradually replace IAS 39 “Financial Instruments: Recognition and Measurement”. Pursuant to IFRS 9 (2009), all financial assets are to be measured either at their amortised costs or their fair value. Amortised costs provide decision-supporting information on financial assets that are primarily held for the collection of cash flows, which show interest and principal payments on the outstanding principal amount. For all other financial assets, including assets held for trading, the fair value is used as the primary basis for measurement.

The IASB published IFRS 9 (2010) “Financial Instruments” in October 2010. Supplementing IFRS 9 (2009), IFRS 9 (2010) includes regulations for the classification and measurement of financial liabilities, as well as for derecognition of financial assets and liabilities. With the exception of the fair value option, IFRS 9 (2010) does not contain any significant changes for financial liabilities. Fair value changes under the fair value option due to the own credit risk are to be recognised under other comprehensive income, while all other fair value changes are to be recognised in the income statement. With regard to derecognition, IFRS 9 (2010) applies the same ruling as the currently valid IAS 39. If accepted by the EU in the form as published by the IASB on December 16, 2011, adoption of IFRS 9 is to be applied for the first time for periods beginning on or after January 1, 2015. Adoption of the amendments in European law is still pending. MLP expects that the new IFRS 9 will lead to changes with regard to the classification and measurement of financial assets.

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

With the resolution from March 22, 2012, the Luxembourg-based subsidiaries Family Private Fund Management Company Sàrl, Ferrum Fund Management Company Sàrl, Ferrum Pension Management Sàrl and Private Trust Management Company Sàrl, which were previously not consolidated for reasons of materiality, were merged retroactively on January 1, 2012 with Feri Trust (Luxembourg) S.A., which itself has been fully consolidated since 2011 (operating as Institutional Trust Management Company Sàrl until March 22, 2012).

With the resolution from May 10, 2012, the German subsidiary MLP Media GmbH, which was previously not consolidated for reasons of materiality, was retroactively merged with the fully consolidated MLP Finanzdienstleistungen AG on January 1, 2012.

Subsidiary

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.

Alongside MLP AG as the parent company, eight (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.

Listing of shareholding for the consolidated financial § 313 of the German Commercial Code (HGB) statements as per

As of Dec. 31, 2012	Share of capital in %	Shareholders' equity (€'000)	Net profit (€'000)
Fully consolidated subsidiaries			
MLP Finanzdienstleistungen AG, Wiesloch ¹	100.0	109,548	68,804
TPC THE PENSION CONSULTANCY GmbH, Hamburg ¹	100.0	314	348
ZSH GmbH Finanzdienstleistungen, Heidelberg ¹	100.0	1,190	1,798
Feri AG, Bad Homburg v.d. Höhe ¹	100.0	19,862	4,726
Feri Trust GmbH, Bad Homburg v.d. Höhe ¹	100.0	5,458	-137
Feri Investment Services GmbH, Bad Homburg v.d. Höhe ¹	100.0	27	30
Feri Institutional and Family Office GmbH, Bad Homburg v.d. Höhe ¹	100.0	25	464
Feri EuroRating Services AG, Bad Homburg v.d. Höhe ¹	100.0	958	1,024
Feri Trust (Luxembourg) S.A. (Institutional Trust Management Company Sàrl until March 22, 2012), Luxembourg	100.0	4,812	9,767
Associates consolidated at equity			
MLP Hyp GmbH, Schwetzingen	49.8	4,471	1,471
Companies not consolidated due to immateriality			
MLP Consult GmbH, Wiesloch	100.0	2,400	18
Academic Networks GmbH, Wiesloch	100.0	-659	0
Feri Trust AG (Switzerland), St. Gallen ²	100.0	CHF -443 thsd	CHF 36 thsd
Feri Corp. (USA), New York ³	100.0	USD 87 thsd	USD -24 thsd
Heubeck Feri Pension Asset Consulting GmbH, Bad Homburg v.d. Höhe ²	50.0	371	161
CORESIS Management GmbH, Bad Homburg v.d. Höhe ²	25.0	11	-75
FPE Private Equity Beteiligungs-Treuhand GmbH, Munich ²	100.0	315	143
FPE Private Equity Koordinations GmbH, Munich ²	100.0	84	59
FPE Direct Coordination GmbH, Munich ²	100.0	55	11
Feri Private Equity GmbH & Co. KG, Munich ²	100.0	40	0
Feri Private Equity Nr. 2 GmbH & Co. KG, Munich ²	100.0	6	-5

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, 2011.

³ Shareholders' equity and net profit as of December 31, 2010.

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.

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.

6 Significant discretionary decisions, estimates and changes in estimates

On occasion, 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 40 – classification and measurement of financial instruments
- Notes 7, 27, 31 and 39 – provisions and corresponding refund claims as well as contingent assets and liabilities
- Notes 7 and 36 – measurement of defined benefit obligations
- Notes 7 and 38 – classification of leases
- Notes 21, 22 and 29 – classification of assets held for sale

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 commissions 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. Interest income from investment of funds from other Group companies is a constituent of the finance cost.

Interest income 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 is earned for the duration of the capital investment in line with the effective interest method; **dividends** are recognised the moment an entitlement to payment arises.

Rental income from investment property is realised by the Group on a straight-line basis over the duration of the tenancy agreement.

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 impairment losses. 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 the useful life periods. Useful life periods are defined on the particular basis of empirical values. A change in underlying economic conditions might require the choice of a different useful life period. This can have a significant effect on the amount of amortisation. 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.

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.

Useful lives of intangible assets

	Useful life as of Dec. 31, 2012	Useful life as of Dec. 31, 2011
Acquired software/licences	3–7 years	3–7 years
Software created internally	3–6 years	3–6 years
Acquired trademark rights	10–15 years	10–15 years
Client relations/contract inventories	5–25 years	5–25 years
Goodwill/Brand Names	indefinite	indefinite

Property, plant and equipment

Items of property, plant and equipment are measured at cost and, if applicable, less straight-line depreciation and impairment losses. 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.

Useful lives of property, plant and equipment

	Useful life/residual value as of Dec. 31, 2012	Useful life/residual value as of Dec. 31, 2011
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

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 operating income or 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 shutdown or the disposal of an investment property are recognised in other revenue or other operating expenses at the time of their shutdown or sale.

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. Impairment losses are shown in the income statement under "Depreciation and amortisation".

Goodwill acquired within the scope of business combinations is tested for impairment losses at least once a year and also at any time when there is indication of potential impairment losses 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 impairment losses 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 impairment losses may be made to goodwill.

For the allocation of goodwill, MLP identified the groups of cash generating units of financial services, occupational pension provision and ZSH (all three of which are included in the "financial services" reporting segment), as well as the groups of cash generating units "Feri Asset Management Private Clients", "Feri Asset Management Institutional Clients", "Feri Consulting Private Clients", "Feri Consulting Institutional Clients" and "Feri EuroRating Services" (all of which are included in the "Feri" reporting segment).

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 significant assumptions for the respective business segments presented in the following represent the management's assessment and are based on both internal and external sources:

Financial Services

	2012	2011
Weighted average (in %)		
Discount rate (before tax)	11.6	10.0
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (average of the next 4 years)	4.1	23.2

Occupational pension provision

	2012	2011
Weighted average (in %)		
Discount rate (before tax)	11.6	10.0
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (average of the next 4 years)	5.2	8.5

ZSH

	2012	2011
Weighted average (in %)		
Discount rate (before tax)	10.9	11.0
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (average of the next 4 years)	11.6	1.2

Feri Euro Rating Services

	2012	2011
Weighted average (in %)		
Discount rate (before tax)	11.4	10.7
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (average of the next 4 years)	26.7	3.7

Feri Asset Management

	2012	2011
Weighted average (in %)		
Discount rate (before tax)	11.5	10.9
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (average of the next 4 years)	9.3	9.0

Feri Consulting

	2012	2011
Weighted average (in %)		
Discount rate (before tax)	11.9	10.7
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (average of the next 4 years)	58.2	13.3

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.

As in the previous year, 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 impairment losses for recorded goodwill at any cash-generating unit, even under these assumptions.

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" reporting 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.

Leases

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 38.

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 the amount which can be obtained in an arm's length transaction between knowledgeable willing and independent parties under prevailing market conditions. 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”. 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 impairment losses 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 impairment losses 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
- 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 classes 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, impairment losses 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 impairment losses 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 other 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 the factors of amount and age structure. In cases where MLP institutes enforcement or where insolvency proceedings are imminent or have already started, impairment losses 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 office managers in individual offices on the basis of an experience-based reference balance. Impairment of receivables from office managers no longer active for the company are established individually. For further explanations, please refer to Notes 24 and 27, as well as the risk report.

Available for sale financial assets represent non-derivative financial assets which, subsequent to initial recognition, are measured at their fair value. Gains 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.

Impairment losses 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 accounts receivable and other 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 recognised in the income statement immediately and included in revenue or expenses from the interest rate business.

Other accounts receivables and other assets

Non-financial assets included in other accounts receivable and other 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.

In accordance with IAS 19 "Employee Benefits", the provisions for pension obligations from defined benefit plans are measured using the projected-unit credit method. For this purpose, the future obligations are measured on the basis of the pro rata employee benefit entitlements acquired up to the balance sheet date. Pension provisions are calculated taking into account development assumptions (e.g., salary developments) for those factors which affect the amount of the benefit.

To avoid recognition in the income statement of expenses and income resulting from amendments made to actuarial assumptions as per balance sheet date (actuarial gains and losses), MLP uses the so-called corridor method to measure its pension obligations. Actuarial gains and losses are only recognised as income or expenses when the balance of the accumulated, non-recognised actuarial gains and losses exceed 10% of the maximum present value of the defined-benefit obligation or the fair value of the pension scheme assets. As of the following year, the exceeding amount is spread over the residual service time of active employees and is recognised in the income statement.

The benefit obligations are partly covered by reinsurance. As of 2010 almost all reinsurance policies fulfil the conditions of plan assets. For this reason the claims from reinsurance policies are netted against corresponding pension provisions in the balance sheet in accordance with IAS 19. Accrued interest expenses for pension benefits and interest income from plan assets are disclosed in the income statement under other interest and similar expenses. The total of insurance premiums, other income from pension scheme assets and current service costs are recorded in other operating expenses.

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 in terms of discount rates, anticipated income from fund assets, mortality, as well as future salary and pension increases. The interest rate used to discount post-employment benefit obligations is derived from the interest rates of senior, fixed-rate corporate bonds. The anticipated long-term return on fund assets is set out on the basis of historic long-term returns and the structure of the portfolio. Due to the long-term nature of these plans, such assumptions are subject to a considerable degree of uncertainty.

Further details of pension provisions are given in Note 36.

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 incurrance 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 accordance with IFRS 2 “Share-Based Payment” comprise remuneration systems that are financed partially with equity instruments and partially with cash funds.

The expense incurred as a result of equity-settled payments is recognised at the grant-date fair value of the equity instruments granted. The fair value is determined using the Black-Scholes formula and is recognised on a straight-line basis as personnel expenses or other operating expenses over the period during which the vesting conditions are to be met. This time period ends as soon as the eligible employee is irrevocably entitled to receive the awards. In return capital reserves are increased by a corresponding amount.

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 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 participation programme in Note 35.

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 Notes on Group reporting by segment

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 has merged the business segments "financial services", "occupational pension provision" and "ZSH" to form a single, reportable "Financial services" business segment.

To form the reportable business segment “Feri”, MLP combined the business segments “Feri Asset Management Private Clients”, “Feri Asset Management Institutional Clients”, “Feri Consulting Private Clients”, “Feri Consulting Institutional Clients” and “Feri EuroRating Services”.

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 THE PENSION CONSULTANCY GmbH, ZSH GmbH Finanzdienstleistungen and the associate MLP Hyp GmbH.

The business operations of the **Feri** business segment cover wealth and investment consulting. This segment is made up of Feri AG, Feri Trust GmbH, Feri Institutional and Family Office GmbH, Feri Investment Services GmbH, Feri EuroRating Services AG and the Feri Trust (Luxembourg) S.A. (Institutional Trust Management Company Sàrl until March 22, 2012).

The **Holding** business segment consists of MLP AG, Wiesloch. The main internal services and activities are combined in this segment.

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 segment also operates in Luxembourg.

Revenue of € 86,173 thsd and € 57,535 thsd is generated in the financial services segment with two product partners. The same business segment generated a revenue of € 80,294 thsd and € 68,896 thsd with two product partners in the previous year.

Information on the reportable business segments

All figures in €'000	Financial services		Feri	
	2012	2011*	2012	2011
Revenue	466,885	490,543	83,146	39,746
of which total inter-segment revenue	4,951	3,269	511	341
Other revenue	16,741	11,813	5,588	6,845
of which total inter-segment revenue	1,777	1,667	14	–
Total revenue	483,626	502,356	88,734	46,592
Commission expenses	–199,448	–208,882	–41,028	–7,692
Interest expenses	–7,403	–8,394	–	–
Personnel expenses	–71,324	–82,756	–26,109	–26,154
Depreciation and amortisation	–8,047	–9,351	–1,992	–2,120
Impairment	–	–646	–	–
Other operating expenses	–126,109	–160,156	–11,159	–12,745
Earnings from investments accounted for using the equity method	956	1,219	–	–
Segment earnings before interest and tax (EBIT)	72,250	33,390	8,446	–2,118
Other interest and similar income	564	410	196	76
Other interest and similar expenses	–572	–1,221	–307	–44
Finance cost	–8	–811	–111	32
Earnings before tax (EBT)	72,242	32,579	8,335	–2,086
Income taxes	–	–	–	–
Earnings from continuing operations after tax				
Earnings from discontinued operations after tax	–	298	–	–
Net profit				
Investments accounted for using the equity method	2,601	2,863	–	–
Investments in intangible assets and property, plant and equipment	13,472	6,667	916	808
Major non-cash expenses:				
Impairment charges/reversal of impairment charges for receivables and financial assets	277	6,823	42	773
Increase/decrease of provisions/accrued liabilities	26,621	40,678	7,169	5,693

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

	Holding		Consolidation		Total	
	2012	2011*	2012	2011	2012	2011*
	-	-	-5,462	-3,610	544,569	526,679
	-	-	-5,462	-3,610	-	-
	11,566	10,858	-10,418	-10,722	23,477	18,795
	8,628	9,055	-10,418	-10,722	-	-
	11,566	10,858	-15,880	-14,332	568,046	545,474
	-	-	4,667	3,308	-235,808	-213,265
	-	-	2	2	-7,401	-8,391
	-5,060	-7,502	-	-	-102,493	-116,412
	-2,534	-2,763	-	-	-12,573	-14,234
	-	-3,432	-	-	-	-4,077
	-10,309	-11,085	10,977	10,954	-136,601	-173,033
	-	-	-	-	956	1,219
	-6,338	-13,924	-234	-68	74,125	17,280
	1,261	5,692	-94	-2,490	1,928	3,687
	-947	-2,703	361	251	-1,465	-3,717
	314	2,989	267	-2,239	462	-29
	-6,023	-10,935	33	-2,307	74,587	17,251
					-21,905	-6,027
					52,683	11,224
	-	-	-	-	-	298
					52,683	11,522
	-	-	-	-	2,601	2,863
	137	273			14,524	7,748
	-	-	-	-	320	7,596
	3,752	4,275	-	-	37,541	50,647

NOTES TO THE INCOME STATEMENT

9 Revenue

All figures in €'000	2012	2011
Old-age provision	287,282	292,934
Wealth management	117,850	78,789
Health insurance	63,875	79,941
Non-life insurance	31,076	28,941
Loans and mortgages	13,356	13,522
Other commission and fees	4,578	4,359
Commission and fees	518,017	498,486
Interest income	26,552	28,193
Total	544,569	526,679

10 Other revenue

All figures in €'000	2012	2011
Income from the reversal of provisions	5,123	908
Reversal of impairment losses/income from written-off receivables	2,604	3,511
Income from the reversal of deferred obligations	2,163	859
Cost transfers to commercial agents	1,760	1,956
Remuneration of management	1,475	1,659
Rent	1,268	1,337
Own work capitalised	1,259	596
Income from investments	1,113	1,651
Income from securities of the participation programme	768	310
Sundry other income	5,943	6,008
Total	23,477	18,795

For more information on income from the reversal of provisions, please refer to Note 31.

The item "Reversal of impairment losses/income from written-off receivables" relates to the items "Receivables from clients in the banking business" and "Other accounts receivable and other assets". Revenue is offset against allowances for bad debts, which are recorded under "Other operating expenses".

The sub-item “Cost transfers to commercial agents” essentially comprises income from cost transfers of insurance companies, services and material costs.

The item “Remuneration for management” contains pre-allocated profits due to management tasks for private equity companies.

The item “Income from investments” can primarily be attributed to companies in the Feri Group which are not consolidated for reasons of materiality.

The rental income essentially results from rental of the property that is held for sale.

Sundry other income includes interest income on tax credit, income from the disposal of investments, cost reimbursement claims, offset remuneration in kind and income from the performance of IT services.

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	2012	2011
Interest and similar expenses		
Financial instruments measured at amortised cost	7,324	7,868
Available-for-sale financial instruments	2	29
Change fair value option		
Financial instruments at fair value through profit and loss	74	494
Total	7,401	8,391

Interest expenses of € 6,920 thsd (previous year: € 7,220 thsd) are attributable to interest charges for liabilities due to clients in the banking business.

13 Personnel expenses

All figures in €'000	2012	2011
Salaries and wages	88,626	102,132
Social security contributions	11,422	11,749
Expenses for old-age provisions and benefits	2,445	2,531
Total	102,493	116,412

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 and amortisation

All figures in €'000	2012	2011
Depreciation and amortisation		
Intangible assets	6,458	8,568
Property, plant and equipment	6,037	5,400
Investment property	78	266
	12,573	14,234
Impairment		
Intangible assets	-	-
Property, plant and equipment	-	646
Investment property	-	3,432
	-	4,077
Total	12,573	18,311

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	2012	2011*
IT operations	43,561	54,667
Rental and leasing	14,343	16,096
Consultancy	13,630	17,039
Administration operations	12,758	13,222
Representation and advertising	9,130	11,368
External services – banking business	7,183	7,060
Premiums and fees	4,821	4,252
Other external services	3,148	3,753
Expenses for commercial agents	3,076	5,023
Travel expenses	2,941	4,066
Training and further education	2,877	3,947
Insurance	2,683	2,854
Entertainment	2,513	2,883
Write-downs and impairments of other receivables from clients in the banking business	2,312	2,759
Maintenance	1,772	2,966
Other employee-related expenses	1,244	1,321
Audit	875	942
Supervisory Board remuneration	791	809
Write-downs and impairments of other receivables and other assets	616	3,832
Sundry other operating expenses	6,329	14,174
Total	136,601	173,033

* 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. Expenses for representation and advertising include costs incurred due to media presence and client information activities. The item "External services – banking business" mainly contains securities settlement and transaction costs in connection with the MLP credit card. 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 allocations to provisions for economic loss and vehicle costs.

16 Earnings from investments accounted for using the equity method

Earnings from investments accounted for using the equity method were € 956 thsd in the financial year (previous year: € 1,219 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	2012	2011*
Other interest and similar income	1,928	3,687
Other interest and similar expenses	-1,465	-3,717
Finance cost	462	-29

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

Other interest and similar income of € 810 thsd (previous year: € 1,590 thsd) is attributable to interest income from deposits with financial institutions which were not included in the banking business segment and € 517 thsd (previous year: € 138 thsd) is attributable to income from the discounting of provisions. Other interest and similar expenses of € 1,333 thsd (previous year: € 1,282 thsd) are attributable to accrued interest on pension provisions.

18 Income taxes

All figures in €'000	2012	2011*
Income tax attributable to continuing operations	21,905	6,027
of which current taxes on income and profit	19,568	8,739
of which deferred taxes	2,336	-2,712
Income tax attributable to discontinued operations	-	2
Total	21,905	6,029

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

The current taxes on income and profit from continuing operations include expenses of € 1,412 thsd (previous year: € 218 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: 13.4 %) and amounts to 28.98 % (previous year: 29.25 %). The slight reduction in the municipal trade tax rate results from a revised average rate of assessment in the scope of consolidation.

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	2012	2011*
Earnings before tax from continuing operations	74,587	17,251
Earnings before tax from discontinued operations	–	301
	74,587	17,552
Group income tax rate	28.98 %	29.25 %
Calculated income tax expenditure in the financial year	21,615	5,134
Tax-exempt earnings and permanent differences	–717	–2,246
Non-deductible expenses	802	2,641
Divergent trade taxation charge	392	485
Effects of other taxation rates applicable abroad	–20	–6
Income tax not relating to the period	–134	–223
Tax effects from tax rate changes	–52	358
Other	19	–114
Income taxes	21,905	6,029

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

The effective income tax rate applicable to the earnings before tax from continuing and discontinued operations is 29.4 % (previous year: 34.3 %).

The tax-exempt earnings and permanent differences include investment income of the Feri Group, the tax-free dividends of MLP Hyp GmbH and income from the divestment in MLP FDL AG, Vienna.

Non-deductible expenses are due to entertainment costs, gifts and other such matters.

The tax deferrals result from the balance sheet items as follows:

All figures in €'000	Deferred tax assets		Deferred tax liabilities	
	Dec. 31, 2012	Dec. 31, 2011*	Dec. 31, 2012	Dec. 31, 2011
Intangible assets	1,548	2,802	10,472	11,188
Property, plant and equipment	284	281	2,811	2,577
Financial assets	380	63	49	2
Investment property	–	–	403	150
Other assets	2,002	2,043	252	30
Provisions	3,288	3,839	739	10
Liabilities	372	381	–	–
Gross value	7,874	9,409	14,726	13,957
Netting of deferred tax assets and liabilities	–5,277	–4,529	–5,277	–4,529
Total	2,597	4,880	9,449	9,428

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

The deferred tax income recognised outside the income statement in the statement of other comprehensive income is € 57 thsd (previous year: € 8 thsd).

Tax refund claims include € 4,747 thsd (previous year: € 7,166 thsd; Jan. 1, 2011: € 10,162 thsd) of corporation tax and € 2,681 thsd (previous year: € 742 thsd; Jan. 1, 2011: € 2,342 thsd) of trade tax. The major portion of € 7,136 thsd (previous year: € 7,720 thsd) is attributable to MLP AG. The previous year's values were adjusted. The adjustments are disclosed under Note 3.

Tax liabilities are made up of € 3,235 thsd (previous year: € 925 thsd) of corporation tax and € 1,596 thsd (previous year: € 659 thsd) of trade tax, of which € 2,990 thsd (previous year: € 1,035 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 for the total earnings for continuing and discontinued operations is based on the following data:

All figures in €'000	2012	2011*
Basis of the basic earnings per share (net profit)	52,683	11,522
Effect of the potential share dilution: Interest on convertible debentures (after tax)	-	12
Basis of the diluted earnings per share	52,683	11,534
All figures in number of units		
Weighted average number of shares for the basic earnings per share	107,877,738	107,877,738
Effect of the potential share dilution: Convertible debentures	-	-
Weighted average number of shares for the diluted earnings 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 for continuing and discontinued operations are € 0.49 (previous year: € 0.11).

The calculation for the basic and diluted earnings per share for the total earnings for continuing operations is based on the following data:

All figures in €'000	2012	2011*
Basis of the basic earnings per share (net profit)	52,683	11,224
Effect of the potential share dilution: Interest on convertible debentures (after tax)	–	12
Basis of the diluted earnings per share	52,683	11,236
All figures in number of units		
Weighted average number of shares for the basic earnings per share	107,877,738	107,877,738
Effect of the potential share dilution: Convertible debentures	–	–
Weighted average number of shares for the diluted earnings 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 for continuing operations are € 0.49 (previous year: € 0.10).

The basic and diluted earnings per share for the earnings from discontinued operations were € 0.00 in the previous year.

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, 2011	91,229	16,851	80,515	1,482	47,359	237,436
Adjustment of purchase price allocation	-200	-	-	-	-	-200
Additions	-	409	236	3,624	27	4,297
Disposals	-414	-9,488	-9,127	-2,866	-608	-22,503
Transfers	-	-	477	-477	-	-
As of Dec. 31, 2011	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
Amortisation and impairment						
As of Jan. 1, 2011	3	16,293	64,511	-	8,473	89,280
Amortisation	-	332	6,028	-	2,208	8,568
Disposals	-	-9,488	-9,064	-	-597	-19,149
As of Dec. 31, 2011	3	7,137	61,475	-	10,085	78,699
Amortisation	-	422	4,041	-	1,996	6,458
Disposals	-	-	0	-	-	0
As of Dec. 31, 2012	3	7,558	65,515	-	12,080	85,156
Carrying amount Jan. 1, 2011	91,227	558	16,004	1,482	38,886	148,157
Carrying amount Dec. 31, 2011	90,613	635	10,626	1,764	36,693	140,331
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

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 2012 complied in full with the criteria for capitalisation pursuant to IAS 38 "Intangible assets" (2012: € 1,259 thsd; 2011: € 596 thsd).

The item “Other intangible assets” also comprises € 15,829 thsd (previous year: € 15,829 thsd) in the brand name of “Feri” as well as client relations and contract inventories.

As in the previous year, there was no need for an impairment of capitalised goodwill in the financial year 2012 (see Note 7). Cash-generating units were allocated the following goodwill values arising from business combinations:

All figures in €'000	Dec. 31, 2012	Dec. 31, 2011
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 EuroRating Services	6,812	6,812
Feri Asset Management	44,925	44,925
Feri Consulting	2,807	2,807
Feri	54,544	54,544
Total	90,613	90,613

Amortisation of intangible assets is disclosed in Note 14.

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 € 520 thsd as of December 31, 2012 (previous year: € 402 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
<i>Acquisition costs</i>				
As of Jan. 1, 2011	85,583	63,737	92	149,412
Changes to the scope of consolidation	–	25	–	25
Additions	247	3,175	35	3,457
Disposals	–569	–2,269	–41	–2,879
Transfers	58	–	–58	0
As of Dec. 31, 2011	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
<i>Amortisation and impairment</i>				
As of Jan. 1, 2011	25,534	49,475	–	75,009
Changes to the scope of consolidation	–	11	–	11
Amortisation	2,092	3,308	–	5,400
Impairment	84	562	–	646
Disposals	–515	–2,104	–	–2,619
As of Dec. 31, 2011	27,194	51,252	–	78,447
Amortisation	1,981	4,056	–	6,037
Disposals	–1,678	–3,271	–	–4,949
Reclassification IFRS 5	–973	–	–	–973
As of Dec. 31, 2012	26,524	52,037	–	78,562
Carrying amount Jan. 1, 2011	60,049	14,262	92	74,403
Carrying amount Dec. 31, 2011	58,125	13,416	28	71,569
Carrying amount Jan. 1, 2012	58,125	13,416	28	71,569
Carrying amount Dec. 31, 2012	54,146	14,534	102	68,782

Depreciation/amortisation and impairment are disclosed in Note 14.

The company premises of ZSH GmbH Finanzdienstleistungen at Vangerowstr. 14, Heidelberg, were reclassified with € 3,129 thsd as “Non-current assets held for sale” in line with IFRS 5.

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 € 19 thsd net as of December 31, 2012 (previous year: € 553 thsd).

22 Investment property

Pursuant to IFRS 5, the investment property was reclassified with € 7,403 thsd under “Non-current assets held for sale” on December 31, 2012.

The property held by MLP AG concerns an office and administration building which is rented out under an operating lease.

Rent income from the letting of investment property held by the Group amounts to € 1,154 thsd in 2012 (previous year: € 1,261 thsd). The expenses in connection with the investment property totalled € 321 thsd in the financial year 2012 (previous year: € 333 thsd) for their activities in 2010.

As a lessor, MLP is obliged to maintain the exterior of the building and the technical equipment and facilities.

The minimum term of the rental agreement is 10 years, and will end no earlier than October 6, 2015. The total of minimum leasing payments due to irredeemable operating leases breaks down as follows:

	≤ 1 year	> 1–5 years	> 5 years	Total
Dec. 31, 2012	€ 1,199 thsd	€ 2,099 thsd	–	€ 3,299 thsd
Dec. 31, 2011	€ 1,261 thsd	€ 3,469 thsd	–	€ 4,731 thsd

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, Schwetzingen, and have developed as follows:

All figures in €'000	2012	2011
Share as of Jan. 1	2,863	2,910
Dividend payouts	–1,219	–1,265
Pro rata profit after tax	956	1,219
Share as of Dec. 31	2,601	2,863

The following table contains summarised financial information on MLP Hyp GmbH:

All figures in €'000	Dec. 31, 2012	Dec. 31, 2011
Revenue	7,497	8,175
Net profit/loss	1,471	1,875
Assets	5,074	5,622
Debts	603	747
Shareholders' equity	4,471	4,875
Equity attributable to MLP (49.8%)	2,227	2,428

24 Receivables from clients in the banking business

All figures in €'000	Dec. 31, 2012	Dec. 31, 2011
Originated loan	181,201	162,475
Corporate bond debts	134,500	97,500
Receivables from current accounts	52,931	40,338
Receivables from credit cards	77,357	75,649
Receivables from wealth management	355	263
Total, gross	446,345	376,225
Impairment	-14,949	-16,077
Total, net	431,395	360,148

As of December 31, 2012, accounts receivable (net) with a term of more than one year remaining to maturity are € 293,746 thsd (previous year: € 230,340 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, 2012	446,345	446,345	425,682	1,468	193	815
Receivables from clients (gross) as per Dec. 31, 2011	376,225	376,225	353,909	1,025	90	567

At € 2,477 thsd (previous year: € 1,682 thsd), receivables for which no specific allowance has been made but which are overdue as of December 31, 2012 are secured with customary banking collaterals.

Receivables from clients due to originated loans are generally secured by mortgages (December 31, 2012: € 27,259 thsd; December 31, 2011: € 27,656 thsd), assignments (December 31, 2012: € 21,784 thsd, December 31, 2011: € 17,812 thsd) or liens (December 31, 2012: € 21,454 thsd, December 31, 2011: € 12,635 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.

Receivables from banking business for which new terms were agreed and which would otherwise have been overdue or impaired amounted to € 211 thsd on the closing date (previous year: € 316 thsd).

Due to defaults of debtors, financial and non-financial assets of € 1,965 thsd (previous year: € 1,800 thsd) which served as collateral for originated loans and receivables were acquired in the financial year. 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. Impairment losses 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 31).

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
	2012	2011	2012	2011	2012	2011
All figures in €'000						
As of Jan. 1	6,558	5,667	9,520	9,763	16,077	15,429
Allocation	624	1,391	509	514	1,132	1,905
Reclassification	792	682	–	–	792	682
Utilisation	–1,716	–832	–	–	–1,716	–832
Reversal	–388	–350	–948	–757	–1,336	–1,107
As of Dec. 31	5,869	6,558	9,080	9,520	14,949	16,077
Of which allowances for bad debts measured at amortised cost	5,869	6,558	9,080	9,520	14,949	16,077

For reasons of materiality, a decision was taken not to determine the interest income from impaired receivables from clients (unwinding) in accordance with IAS 39.A93 (Unwinding).

Taking into account direct write-offs of € 1,152 thsd (previous year: € 685 thsd) and income from written-off receivables of € 318 thsd (previous year: € 218 thsd), the total direct write-down and reversals performed in the reporting year resulted in a net cost of allowances for losses of € 630 thsd (previous year: € 1,265 thsd).

Receivables for which specific allowances have been made amount in total to € 7,561 thsd (previous year: € 9,045 thsd). For € 1,679 thsd of these (previous year: € 2,373 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 € 5,869 thsd (previous year: € 6,558 thsd). This corresponds to a percentage of 78 % (previous year 73 %).

Accounts receivable for which a specific allowance has been made are secured as per December 31, 2012 with customary banking collaterals amounting to € 1,091 thsd (previous year: € 1,426 thsd).

Further information on receivables from clients in the banking business is disclosed in Note 40.

25 Receivables from banks in the banking business

All figures in €'000	Dec. 31, 2012	Dec. 31, 2011
Domestic financial institutions		
Due on demand	179,578	175,915
Other receivables	320,398	281,708
	499,976	457,623
Foreign financial institutions		
Due on demand	500	515
Other receivables	10,035	29,419
	10,534	29,934
Total	510,510	487,557

As of December 31, 2012, receivables with a term of more than one year remaining to maturity are € 29,500 thsd (previous year: € 34,500 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 40.

26 Financial assets

All figures in €'000	Dec. 31, 2012	Dec. 31, 2011
Debenture and other fixed income securities		
By public-sector issuers	4,999	4,999
By other issuers	90,582	108,375
	95,582	113,374
Shares and other variable yield securities		
Shares and certificates	5,570	7,783
Investment fund shares	2,962	2,828
	8,532	10,611
Fixed and time deposits	30,248	105,265
Investments in non-consolidated subsidiaries	2,756	2,774
Total	137,118	232,024

As of December 31, 2012, MLP has portfolios amounting to € 79,458 thsd (previous year: € 109,753 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, 2012	Dec. 31, 2011
Debenture and other fixed income securities		
Held-to-maturity investments	90,456	108,768
Financial assets at fair value through profit and loss	5,126	4,606
	95,582	113,374
Shares and other variable yield securities		
Available-for-sale financial assets	6,692	8,522
Financial assets at fair value through profit and loss	1,840	2,089
	8,532	10,611
Fixed and time deposits (loans and receivables)	30,248	105,265
Investments in non-consolidated subsidiaries (available-for-sale financial assets)	2,756	2,774
Total	137,118	232,024

Valuation changes of € -278 thsd made to shares and other variable yield securities that are available for sale (previous year: € 3,951 thsd) were recognised directly in equity under the revaluation reserve. Due to the disposal of financial assets and recording of impairments, € 377 thsd (previous year: € -3,173 thsd) was withdrawn from the revaluation reserve in the reporting period and recognised under net income for the period.

In the financial year 2012, no impairments (previous year: € 2,823 thsd) were recorded for any of the 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 € 390 thsd (previous year: € -948 thsd) were recognised in the net income for the period.

Assets pledged as collateral

A security of € 1,012 thsd (previous year: € 1,024 thsd) with a face value of € 1,000 thsd was pledged to Deutsche WertpapierService Bank AG, Frankfurt am Main, as collateral for liabilities arising from security transactions. All collaterals transferred can only be utilised by the collateral taker in the event that MLP Finanzdienstleistungen AG is not able to meet its payment obligations on a permanent basis. The availability of liquidity facilities provided by Deutsche Bundesbank is collateralised by marketable securities of € 41,122 thsd (previous year: € 41,178 thsd) with a face value of € 42,500 thsd (previous year: € 44,000 thsd).

For further disclosures regarding financial assets, please refer to Note 40.

27 Other receivables and assets

All figures in €'000	Dec. 31, 2012	Dec. 31, 2011
Trade accounts receivable	79,659	72,457
Receivables from commercial agents	21,937	28,048
Refund receivables from recourse claims	21,392	26,455
Advance payments	10,039	11,430
Purchase price receivables for MLP Finanzdienstleistungen AG, Austria	3,562	4,135
Other assets	12,895	15,279
Total, gross	149,484	157,803
Impairment	-9,735	-14,163
Total, net	139,749	143,640

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

As of December 31, 2012, accounts receivable (net) with a term of more than one year remaining to maturity are € 17,842 thsd (previous year: € 20,529 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.

	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 accounts receivables and other assets as of Dec. 31, 2012	149,484	121,456	108,965	3,286	393	2,033
Other accounts receivables and other assets as of Dec. 31, 2011	157,803	122,167	105,701	3,222	1,013	1,448

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	
	2012	2011	2012	2011	2012	2011
All figures in €'000						
As of Jan. 1	9,984	9,979	4,180	5,665	14,163	15,644
Utilisation	-2,827	-2,614	-437	-	-3,264	-2,614
Allocation	461	3,468	1	46	462	3,514
Reversal	-321	-293	-513	-1,387	-834	-1,680
Reclassification of other statement of financial position items	-792	-538	-	-144	-792	-682
Discontinued operations	-	-17	-	-	-	-17
As of Dec. 31	6,505	9,984	3,230	4,180	9,735	14,163

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, 2012, receivables for which specific allowances have been made amount to a total of € 7,271 thsd (previous year: € 10,826 thsd). For € 493 thsd of these (previous year: € 516 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 € 6,505 thsd (previous year: € 9,984 thsd). This corresponds to an average impairment rate of 89 % (previous year: 92 %).

Additional disclosures on other receivables and assets are disclosed in Note 40.

28 Cash and cash equivalents

All figures in €'000	Dec. 31, 2012	Dec. 31, 2011
Bank deposits	27,064	10,225
Deposits at Deutsche Bundesbank	13,526	21,017
Cash on hand	93	108
Total	40,682	31,350

Changes in cash and cash equivalents during the financial year are shown in the cash flow statement.

29 Assets held for sale

With effect from December 31, 2012, the investment property of MLP AG and the property owned and used by ZSH GmbH Finanzdienstleistungen, which is recorded under "property, plant and equipment", was reclassified and is now included in "Assets held for sale" with a value of € 10,532 thsd (see note 21 & 22). These two real estate objects are both expected to be sold within the next 12 months. The search to find a buyer has already begun. The items of real estate are recognised at the lower value of the carrying amount or the fair value, minus selling costs. There were no earnings effects within the scope of the reclassification.

30 Shareholders' equity

All figures in €'000	Dec. 31, 2012	Dec. 31, 2011*	Jan. 1, 2011*
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	133,993	146,037	166,842
Revaluation reserve	382	424	1,193
Total	387,554	399,640	421,212

* 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

Based on a resolution passed at the Annual General Meeting on May 20, 2010, and with the Supervisory Board's consent, the Executive Board is authorised to increase the company's share capital by up to € 22,000,000 in total by issuing new ordinary bearer shares in exchange for cash or non-cash contributions on one or more occasions until May 19, 2015. 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 € 424 thsd (previous year: € 523 thsd), the provision includes unrealised gains and losses from the change in fair value of securities available for sale, taking into account deferred taxes of € -42 thsd (previous year: € -99 thsd).

Proposed appropriation of profit

The Executive Board and Supervisory Board of MLP AG will propose a dividend of € 34,521 thsd (previous year: € 64,727 thsd) for the financial year 2012 at the Annual General Meeting. This corresponds to € 0.32 (previous year: € 0.60) per share.

31 Provisions

Pension provisions amount to € 11,827 thsd as of December 31, 2012 (previous year: € 12,718 thsd) and are explained in more detail in Note 36. Other provisions are made up as follows:

All figures in €'000	Dec. 31, 2012			Dec. 31, 2011*		
	Current	Non-current	Total	Current	Non-current	Total
Cancellation risks	14,111	16,637	30,749	19,014	17,468	36,482
Bonus schemes	16,867	1,214	18,081	14,467	–	14,467
Economic loss	5,149	–	5,149	7,006	–	7,006
Share-based payments	1,254	2,361	3,616	2,372	1,723	4,095
Litigation risks/costs	2,968	578	3,546	3,876	659	4,535
Rent	362	914	1,276	1,833	418	2,250
Phased retirement	169	340	509	144	465	609
Lending business	259	138	397	963	200	1,162
Anniversaries	87	261	348	111	219	330
Other	2,892	531	3,423	5,362	494	5,856
Total	44,119	22,975	67,094	55,147	21,645	76,793

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

Other provisions have changed as follows:

All figures in €'000	Jan. 1, 2012*	Utilisation	Reversal	Compounding/ Discounting	Allocation	Netting	Dec. 31, 2012
Cancellation risks	36,482	-6,321	-	288	300	-	30,749
Bonus schemes	14,467	-14,451	-16	-149	18,230	-	18,081
Economic loss	7,006	-2,616	-217	-	976	-	5,149
Share-based payments	4,095	-893	-686	70	1,030	-	3,616
Litigation risks/ costs	4,535	-797	-655	29	434	-	3,546
Rent	2,250	-655	-545	28	198	-	1,276
Phased retirement	609	-317	-7	1	266	-44	509
Lending business	1,162	-239	-607	53	28	-	397
Anniversaries	330	-86	-19	-2	124	-	348
Other	5,856	-435	-2,457	-11	470	-	3,423
Total	76,793	-26,810	-5,208	307	22,056	-44	67,094

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

The provisions for cancellation risks allow for the risk of having to refund earned commissions due to a premature loss of brokered insurance policies.

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 € 4,481 thsd (previous year: € 6,633 thsd).

The other provisions that are expected to be used within the next twelve months are classified as current. The payments for non-current provisions are expected to be incurred within the next two to five years.

32 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.

All figures in €'000	Dec. 31, 2012			Dec. 31, 2011		
	Current	Non-current	Total	Current	Non-current	Total
Liabilities due to clients	870,854	256	871,110	827,157	256	827,413
Liabilities due to banks	667	9,831	10,498	1,658	12,882	14,540
Total	871,521	10,087	881,607	828,814	13,138	841,951

The change in liabilities due to banking business from € 841,951 thsd to € 881,607 thsd is essentially attributable to the increase in short-term client deposits in current accounts.

As of December 31, 2012, liabilities due to clients from savings deposits with an agreed notice period of three months amounted to € 12,873 thsd (previous year: € 12,937 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 40.

33 Other liabilities

All figures in €'000	Dec. 31, 2012			Dec. 31, 2011		
	Current	Non-current	Total	Current	Non-current	Total
Liabilities due to commercial agents	58,560	1,049	59,609	57,443	1,692	59,135
Trade accounts payable	20,771	–	20,771	31,116	–	31,116
Advance payments received	16,115	–	16,115	19,629	–	19,629
Purchase price liability Feri AG	809	–	809	809	–	809
Interest derivatives	164	181	345	–	343	343
Liabilities due to other taxes	2,956	–	2,956	4,178	–	4,178
Liabilities from social security contributions	87	–	87	84	–	84
Other liabilities	26,245	3,807	30,052	26,691	5,650	32,341
Total	125,707	5,037	130,745	139,950	7,685	147,635

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 39.

Other liabilities comprise commissions withheld from MLP consultants due to cancellations amounting to € 5,396 thsd (previous year: € 7,325 thsd). Commissions withheld are charged with interest. Their term is mainly indefinite.

MLP has agreed upon non-utilised lines of credit amounting to € 64,102 thsd (previous year: € 64,157 thsd).

Further disclosures on other liabilities can be found in Note 40.

NOTES TO THE CASH FLOW STATEMENT

34 Notes on the consolidated cash flow statement

The consolidated cash flow statement 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 the consolidated net profit for the year. 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 investment of cash and cash equivalents in time deposits, as well as time deposits which have reached maturity.

Cash flow from financing activities includes cash-relevant equity changes, loans used and paid back, as well as payments for the acquisition of additional shares in subsidiaries.

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, 2012	Dec. 31, 2011
Cash and cash equivalents	39,285	31,350
Loans ≤ 3 months	20,000	20,000
Liabilities to banks due on demand	-	-
Change in cash and cash equivalents from changes to the scope of consolidation	1,397	-
Cash and cash equivalents	60,682	51,350

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

35 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 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 2009 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. Due to the switchover of contracts for all members of the Executive Board to the new Executive Board remuneration system with effect for 2011, participation in the LTI programme has been discontinued from the 2011 tranche onwards. With the 2011 tranche, the LTI programme was granted to executive staff for the last time. The programme has been dropped completely from 2012 onwards.

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 2010	Tranche 2011
Performance shares at time of allocation (units)	277,687	121,480
of which Executive Board	145,889	–
of which others (units)	131,798	121,480
Performance shares as of Dec. 31, 2011 (units)	204,742	121,480
of which Executive Board (units)	106,101	–
of which others (units)	98,641	121,480
Performance shares expired in 2012	–	–
Performance shares paid out	–	–
Performance shares as of Dec. 31, 2012 (units)	204,742	121,480
of which Executive Board (units)	106,101	–
of which others (units)	98,641	121,480
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
Parameters for fair value as of Dec. 31, 2011		
Dividend yield (%)	2.91	5.28
Expected volatility (%)	31.53	28.11
Risk-free interest rate (%)	1.40	1.31
Anticipated remaining term of option (years)	1	2

The costs included in the 2012 income statement arising from the Long Term Incentive Programme are € 58 thsd (previous year: € 115 thsd). As of December 31, 2012 a provision of € 173 thsd (previous year: € 115 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 2 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 has been dropped 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, 2012 (units)	276,070	185,322	151,134	–	612,526
Virtual SARs allocated in 2012 (units)	156,730	–	–	181,950	338,680
SARs expired in 2012 (units)	–17,805	–18,224	–11,828	–2,423	–50,280
Paid out in 2012 (units)	–101,535	–	–	–	–101,535
Inventory on Dec. 31, 2012 (units)	313,460	167,098	139,306	179,527	799,391
Guaranteed share price (€)	–	7,40	7,80	5,36	
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	246
Expenses recognised in 2011 (€'000)	668	344	226	159	1,397
Income recognised in 2011 (€'000)	–40	–16	–	–	–56
	628	328	226	159	1,341
Provision as of Dec. 31, 2011 (€'000)	2,349	974	498	159	3,980
Provision as of Dec. 31, 2012 (€'000)	1,005	1,237	769	433	3,444
Inventory certificates on Dec. 31, 2011 (units)	828,210	555,966	–	–	
Inventory certificates on Dec. 31, 2012 (units)	470,190	501,294	–	–	

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.

36 Pension schemes

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 partly covered by reinsurance. In the financial year 2012, the total expenses for defined pension plans amounted to € 2,068 thsd (previous year: € 2,147 thsd).

Total expenses for defined benefit schemes break down as follows:

All figures in €'000	2012	2011
Current service cost	1,092	1,162
Accrued interest on pension entitlements	1,333	1,282
Expected return on plan assets	-364	-297
Actuarial gains/losses	7	-
Total	2,068	2,147

The defined benefit obligation for retirement income, funded only by means of provisions, amounts to € 14,679 thsd (previous year: € 12,893 thsd). All other pension obligations (defined benefit obligation of € 19,436 thsd; previous year: € 16,062 thsd) are covered by reinsurance contracts, which substantially fulfil the conditions of plan assets. The reconciliation of pension obligations to pension provisions is shown in the table below: Pension provisions recognised in the balance sheet of € 166 thsd (previous year: € 334 thsd) are attributable to Executive Board members active at the end of the reporting period.

	2012	2011
All figures in €'000		
Defined benefit obligation		
Benefit obligations as of Jan. 1	28,955	26,382
Current service cost	1,092	1,162
Actuarial interest	1,333	1,282
Actuarial losses	3,142	577
Benefits paid	-408	-448
Defined benefit obligation (DBO) as of Dec. 31	34,115	28,955
Fair value of the plan assets as of Dec. 31	-17,505	-14,736
Net obligation as of Dec. 31	16,610	14,219
Unrecognised actuarial gains and losses	-4,783	-1,501
Pension provisions recognised in the statement of financial position as of Dec. 31	11,827	12,718

Plan assets saw the following developments:

	2012	2011
All figures in €'000		
Fair value of the plan assets as of Jan. 1	14,736	11,337
Expected return on plan assets	364	297
Employer's contributions	2,635	3,677
Benefits paid	-84	-283
Actuarial gains and losses/experience adjustments	-146	-292
Fair value of the pension scheme assets as of Dec. 31	17,505	14,736

The actual income from pension scheme assets is the balance of anticipated income and actuarial gains and losses. In the financial year they total € 218 thsd (previous year: € 5 thsd).

Actuarial calculations incorporate the following assumptions:

	2012	2011
Assumed interest rate	3.80%	4.60%
Anticipated annual salary development	2.00%	2.00%
Anticipated annual pension adjustment	2.00% or 1.80%	2.00% or 1.80%
Anticipated income from the plan assets	2.25%	2.25%
Assumed retirement age	60, 62 or 65	60, 62 or 65

Experience adjustments of defined benefit obligations are as follows:

All figures in €'000	2012	2011	2010	2009	2008
Anticipated defined benefit obligation as of Dec. 31	30,973	28,378	25,279	22,449	19,985
Experience adjustments	-630	-482	-1,028	-54	24
Change in the assumption on which calculations were based	3,773	1,059	2,131	774	-724
Defined benefit obligation as of Dec. 31	34,115	28,955	26,382	23,169	19,285
Anticipated fair value of the pension scheme assets as of Dec. 31	17,651	15,028	11,608	7,848	-
Experience adjustments	-146	-292	-271	-187	-
Fair value of the pension scheme assets as of Dec. 31	17,505	14,736	11,337	7,661	-
Net obligation/underfunding as of Dec. 31	16,610	14,219	15,045	15,508	19,285

In 2013 we anticipate payments with regard to net pension provisions of € 3,032 thsd (of which € 395 thsd is attributable to anticipated pension payments of the company and € 2,636 thsd to expected premiums to reinsurance companies).

In addition there are defined contribution plans. 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 2012 they total € 8,906 thsd (previous year: € 9,336 thsd).

37 Discontinued operations/disposal groups

In the previous year, earnings before tax from the sale of operations included expenses and income of € 345 thsd in connection with the sale of the subsidiary in Austria in 2009 and the branch in the Netherlands in 2010. The item also included € -44 thsd in subsequent expenses and income from the earlier discontinuation of operations and divestments, as well as income taxes of € -2 thsd.

38 Leasing

The Group has concluded operating leases for various motor vehicles, administration buildings and office machines. The average term of the contracts is four 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 2013	Due 2014–2017	Due from 2018	Total
Rent on buildings	13,967	33,787	8,398	56,152
Other rental/leasing liabilities	1,372	1,205	–	2,577
Total	15,339	34,992	8,398	58,729

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.

39 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. The decision of the Frankfurt Regional Court is still pending. It is the opinion of MLP that the claims being asserted have no legal foundation.

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 € 4,067 thsd in contingent liabilities on account of sureties and warranties (face value of the obligation) (previous year: € 9,910 thsd) and irrevocable credit commitments (contingent liabilities) of € 39,037 thsd (previous year: € 19,798 thsd).

Reinsurance has been arranged for benefit obligations for the 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 depositor's 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.

40 Additional information on financial instruments

The carrying amounts and fair values of financial assets and financial liabilities are broken down into the financial instrument classes and categories as shown in the following tables:

All figures in €'000	Dec. 31, 2012			Dec. 31, 2011		
	Carrying amount	Fair value	No financial instruments according to IAS 32/39	Carrying amount	Fair value	No financial instruments according to IAS32/39
Financial assets measured at fair value	17,795	17,795		19,706	19,706	
Fair Value Option	11,103	11,103		11,184	11,184	
Receivables from banking business – clients	4,137	4,137	–	4,489	4,489	–
Financial investments (share certificates and structured bonds)	6,966	6,966	–	6,695	6,695	–
Available-for-sale financial assets	6,692	6,692		8,522	8,522	
Financial investments (share certificates and investment fund shares)	6,692	6,692	–	8,522	8,522	–
Financial assets measured at amortised cost	1,210,876	1,263,886		1,196,602	1,242,234	
Loans and receivables	1,120,420	1,171,331		1,087,834	1,133,724	
Receivables from banking business – clients	427,258	476,195	–	355,659	395,544	–
Receivables from banking business – banks	510,510	512,485	–	487,557	493,561	–
Financial investments (fixed and time deposits)	30,248	30,248	–	105,265	105,265	–
Other accounts receivables and other assets	111,721	111,721	28,028	108,003	108,003	35,636
Cash and cash equivalents	40,682	40,682	–	31,350	31,350	–
Held-to-maturity investments	90,456	92,555		108,768	108,510	
Financial assets (bonds)	90,456	92,555	–	108,768	108,510	–
Financial assets measured at cost	2,756	2,756		2,774	2,774	
Available-for-sale financial assets	2,756	2,756		2,774	2,774	
Financial assets (investments)	2,756	2,756	–	2,774	2,774	–
Financial liabilities measured at fair value	345	345		343	343	
Financial instruments held for trading	345	345		343	343	
Other liabilities	345	345	–	343	343	–
Financial liabilities measured at amortised cost	987,988	985,585		963,824	956,594	
Liabilities due to banking business – clients	871,110	867,761	–	827,413	818,913	–
Liabilities due to banking business – banks	10,498	11,443	–	14,540	15,809	–
Other liabilities	106,381	106,381	24,364	121,872	121,872	25,763
Liabilities due to financial guarantees and credit commitments	43,104	43,104		29,708	29,708	

Insofar as there is an active 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.

If there is no active market on the closing date, the fair value is determined using recognised valuation models. The fair value for the client receivables from the banking business measured at fair value is calculated as the present value of the payments using the current yield curve.

For the financial assets available for sale, MLP applies the share price in an active market, if available. With investment shares, the fair value corresponds to the redemption prices published by the capital investment companies.

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.

Cash and cash equivalents, trade accounts receivable, receivables from companies in which the Group holds an interest and other assets have mainly short remaining terms. Their carrying amounts on the balance sheet date are therefore almost identical to the fair values. The same applies to the trade accounts payable.

The fair values of other non-current receivables, held-to-maturity financial assets due after one year and of liabilities due to banks correspond to the present values of the payments related to the assets, taking into account the current interest rate parameters that reflect market and partner-based changes to terms, conditions and expectations.

The fair values of other financial liabilities are calculated as the present values of the payments related to debts, based on the applicable yield curve.

Liabilities due to clients in the banking business comprise € 12,873 thsd (previous year: € 12,937 thsd) of savings deposits with a fair value of € 12,901 thsd (previous year: € 12,730 thsd).

The market value of interest derivatives (interest rate swaps) is determined by discounting the anticipated future cash flows over the remaining term of the derivative on the basis of current market interest rates and the yield curve. Compensation effects from the hedged item are not taken into account when determining the market value of derivative financial instruments.

IAS 39 provides the following three hierarchy levels for determining fair values. Fair values at hierarchy level 1 are determined using prices available in active markets for the identical financial instrument (quoted market prices). 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. When using valuation techniques, which incorporate a key parameter that cannot be observed in the market, fair values are assigned to hierarchy level 3.

The fair values determined for measurement in the balance sheet are broken down into the following hierarchy levels:

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	–
All figures in €'000 (As of Dec. 31, 2011)			
Assets – measured at fair value			
Receivables from clients in the banking business	–	4,489	–
Financial assets	15,217	–	–
Financial liabilities – measured at fair value			
Other liabilities – Interest derivatives	–	343	–

No reclassifications of the measurement between level 1 and 2 were made in the financial year 2012.

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	2012	2011
Fair Value Option	1,743	352
Available-for-sale financial assets	2,009	-357
Loans and receivables	25,942	27,849
Held-to-maturity investments	892	1,298
Financial liabilities measured at amortised cost	-7,399	-9,812
Held-for-trading financial instruments	-219	441

Net gains or net losses comprise gains and losses on fair value measurement through profit and loss, impairment losses and reversals of impairment losses, 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 € 24,923 thsd (previous year: € 26,528 thsd) and interest costs of € 7,399 thsd (previous year: € 9,812 thsd) were incurred in the last financial year.

For impairment losses we refer to the note for the items "Receivables from the banking business" and "Other accounts receivables and other assets". In the reporting year and the previous year, no impairment losses were charged for financial instruments held to maturity. For the disposal of available-for-sale financial assets, no impairments had to be recognised in the reporting year (previous year: € 3,194 thsd). With regard to commission income and expenses not included in the calculation for determining the effective interest rate, we refer to the notes on income and expenses due to the banking business.

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		Start of term	End of term
	Dec. 31, 2012	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2011		
Interest rate swap 1	1,000	-64	1,000	-71	Jan. 1, 2005	July 1, 2014
Interest rate swap 2	1,500	-91	1,500	-99	Jan. 1, 2005	July 1, 2014
Interest rate swap 3	2,500	-190	2,500	-172	Aug. 4, 2005	April 1, 2015
Total	5,000	-345	5,000	-343		

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, 2012, the accumulated fair value of the interest derivatives was € -345 thsd (previous year: € -343 thsd). The valuation is based on the market values on the balance sheet date. The instruments with an accumulated negative market value totalling € 345 thsd (previous year: € 343 thsd) are reported under other liabilities. The changes in fair value of derivatives of € -74 thsd (previous year: € -96 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, 2012, 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 increased by € 1 thsd (previous year: increased by € 3 thsd) or reduced by € 2 thsd (previous year: reduced by € 3 thsd). Accordingly, the net profit would then have increased by € 1 thsd (previous year: increased by € 3 thsd) or reduced by € 2 thsd (previous year: reduced by € 3 thsd).

41 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 39.

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, 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

Total cash flow (principal and interest) in €'000 as of Dec. 31, 2011	Due on demand	Up to 1 year	1 to 5 years	More than 5 years	Total
Financial liabilities	884,771	72,249	11,506	4,441	972,967
Liabilities due to banking business – clients	828,216	12	272	–	828,499
Liabilities due to banking business – banks	1,443	1,066	9,416	4,441	16,366
Other liabilities	55,114	71,169	1,818	–	128,102
of which negative market values from derivative financial instruments	–	96	257	–	354
Financial guarantees and credit commitments	29,708	–	–	–	29,708
Sureties and warranties	9,910	–	–	–	9,910
Irrevocable credit commitments	19,798	–	–	–	19,798
Total	914,479	72,249	11,506	4,441	1,002,675

42 Declaration of Compliance with the German Corporate Governance Code pursuant to § 161 of the 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-ag.com and in the corporate governance report of this Annual Report.

43 Related parties

Executive Board

Dr. Uwe Schroeder-Wildberg, Heidelberg

Chairman responsible for Internal Audit, Communication/Investor Relations, Marketing, HR, Legal, Strategy

Reinhard Loose, Heidelberg

responsible for Controlling, IT and Purchasing, Accounting, Risk Management

Manfred Bauer, Leimen

responsible for Product Management

Muhyddin Suleiman, Rauenberg

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)

Maria Bähr, Sandhausen

Employees' Representative, employee at MLP Finanzdienstleistungen AG, Wiesloch

Norbert Kohler, Hockenheim

employees' representative, employee at MLP Finanzdienstleistungen AG, Wiesloch

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)	–
Feri AG, Bad Homburg v.d.H (until August 10, 2012)	–
–	MLP Hyp GmbH, Schwetzingen (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 · General Reinsurance AG, Cologne (until March 8, 2012) · Delvag Rückversicherungs-AG, Cologne · DB Capital & Assetmanagement Kapitalanlagegesellschaft mbH, Cologne · VHV Vereinigte Hannoversche Versicherung a. G., Hanover (since July 4, 2012) · MLP Finanzdienstleistungen AG, Wiesloch (Chairman) 	Deutsche Insurance Asset Management, Cologne (until December 31, 2012) (Member of the Advisory Board)
–	University Hospital Heidelberg, Heidelberg (Supervisory Board)
<ul style="list-style-type: none"> · General Reinsurance AG, Cologne (Chairman) · Damp Holding AG, Hamburg/Ostseebad Damp (until March 31, 2012) · HUK-COBURG AG, Coburg · HUK-COBURG a.G., Coburg 	Polygon AB, Stockholm, Sweden (Non-executive Member of the Board)
–	<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) · BEX Beteiligungs GmbH, Bad Oeynhausen (Chairman of the Advisory Board)
–	–
–	–

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 € 290 thsd (previous year: € 326 thsd). The legal transactions were completed under standard market or employee conditions.

As of December 31, 2012, members of the Executive Bodies had current account credit lines and surety loans totalling € 617 thsd (previous year: € 606 thsd). Surety loans are charged an interest rate of 1.0 % (previous year: 1.0 %) and the current account debits 7.25 % to 8.45 % (previous year: 7.25 % to 8.7 %).

The total remuneration for members of the Executive Board active on the reporting date is € 3,789 thsd (previous year: € 3,463 thsd), of which € 1,627 thsd (previous year: € 1,558 thsd) is attributable to the fixed portion of remuneration and € 2,162 thsd (previous year: € 1,905 thsd) to the variable portion of remuneration. In the financial year, expenses of € 290 thsd (previous year: € 278 thsd) were accrued for occupational pension provision. As of December 31, 2012, pension provisions of € 10,034 thsd (previous year: € 11,842 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 2009 tranche expired in the financial year. Participation in the Long Term Incentive programme was terminated with the switchover of contracts for all members of the Executive Board to the new Executive Board remuneration system with effect for 2011. Refer to the following table for the number and values of the phantom shares, insofar as these have not been paid out or have expired:

	Tranche 2010
Fair value at grant date	€ 7.54
All figures in number of units	
Dr. Uwe Schroeder-Wildberg	66,313
Muhyddin Suleiman	39,788
Total	106,101

The costs included in the profit and loss account arising from the Long Term Incentive Programme for Executive Board members during the financial year 2012 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 2012 (previous year: € 500 thsd). In addition, € 21 thsd (previous year: € 25 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. 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 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, 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.

Related companies 2011

All figures in €'000	Receivables	Liabilities	Income	Expenses
Academic Networks GmbH, Wiesloch*	705	–	–	–
MLP Consult GmbH, Wiesloch	1	2,027	–	18
MLP Media GmbH, Wiesloch	7	–	8	523
MLP Hyp GmbH, Schwetzingen	29	–	3,795	–
Feri Trust AG (Switzerland), St. Gallen	482	–	85	59
Private Trust Management Company Sàrl, Luxembourg	175	–	2,661	–
Family Private Fund Management Company Sàrl, Luxembourg	152	–	2,248	–
Heubeck-Feri Pension Asset Consulting GmbH, Bad Homburg v.d. Höhe	433	171	517	216
Ferrum Fund Management Company Sàrl, Luxembourg	377	–	2,385	–
Ferrum Pension Management Sàrl, Luxembourg	7	–	622	–
Total	2,367	2,198	12,322	816

* Receivable adjusted to € 0.

44 Number of employees

The average number of staff employed decreased from 1,584 in 2011 to 1,524 in 2012.

	2012		2011	
		of which marginal part-time employees		of which marginal part-time employees
Financial services	1,265	107	1,324	116
Feri	251	62	249	58
Holding	8	–	12	1
Total	1,524	169	1,584	175

An average of 87 people (previous year: 93) underwent vocational training in the financial year.

45 Auditor's fees

The total fees for services performed by the auditing firm KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt in the financial year 2012 (including expenses, but excluding statutory value added tax) are as follows:

All figures in €'000	2012	2011
Audit services	508	479
Other assurance services	206	91
Tax advisory services	–	–
Other services	351	151
Total	1,066	721

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.

46 Disclosures on equity capital

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, Feri Investment Services GmbH, Bad Homburg v.d. Höhe, Feri Trust (Luxemburg) S. A., Luxembourg (since June 30, 2012) and 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, € 2,500 thsd in Tier 2 capital held as a contingency reserve as per section 340f of the German Commercial Code (HGB) was reclassified as core capital held as a contingency reserve as per Section 340g of the German Commercial Code (HGB) in 2012.

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 2012. 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 2012. The relationship between the risk assets and core capital at year-end closing is illustrated below.

All figures in €'000	2012	2011
Core capital	265,949	313,984
Tier 2 capital, class 1	–	2,500
Tier 3 capital	–	–
Eligible own funds	265,949	316,484
Capital adequacy requirements for counterparty default risks	72,693	66,118
Capital adequacy requirements for operational risk	50,721	52,429
Equity ratio min. 8%	17.24	21.36
Core capital ratio min. 4%	17.24	21.19

47 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.

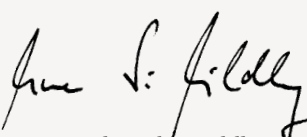
48 Release of consolidated financial statements

The Executive Board has prepared the consolidated financial statements on February 25, 2013 and will present them to the Supervisory Board on March 21, 2013 for publication.

Wiesloch, February 25, 2013

MLP AG

Executive Board



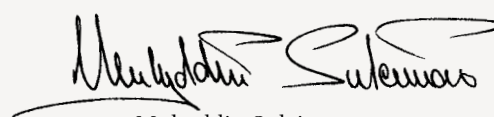
Dr. Uwe Schroeder-Wildberg



Manfred Bauer



Reinhard Loose



Muhyiddin Suleiman

Auditor's Report

We have audited the consolidated financial statements prepared by the MLP AG, comprising the consolidated income statement and statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and notes to the financial statements, together with the group management report for the business year from January 1 to December 31, 2012. The preparation of the consolidated financial statements and the group 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 group 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 the applicable financial reporting framework and in the group 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 group 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 group 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 group 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 am Main, February 28, 2013

KPMG AG
Wirtschaftsprüfungsgesellschaft



Dr. Hübner
Wirtschaftsprüfer



Fust
Wirtschaftsprüfer

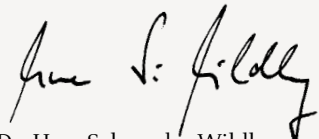
Responsibility statement

“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 Group 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 25, 2013

MLP AG


Executive Board




Dr. Uwe Schroeder-Wildberg



Reinhard Loose



Manfred Bauer



Muhyiddin Suleiman

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Glossary

Amortised cost

Amortised cost is the historical cost less scheduled depreciation and amortisation and impairment losses.

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 14, 2013

Publication of the financial results for the first nine months and the third quarter
MLP publishes the Interim Report for the first nine months and the third quarter.

AUGUST

August 14, 2013

Publication of the financial results for the first half of the year and the second quarter
MLP publishes the Interim Report for the first half of the year and the second quarter.

JUNE

June 6, 2013

Annual General Meeting of MLP AG in Mannheim
MLP AG convenes for the Annual General Meeting at the Rosengarten Mannheim.

MAY

May 15, 2013

Publication of the financial results for the first quarter
MLP publishes the Interim Report for the first quarter.

MARCH

March 27, 2013

Publication of the Annual Report 2012
MLP publishes the Annual Report for 2012.

FEBRUARY

February 28, 2013

Annual press conference and analyst conference in Frankfurt
MLP announces preliminary results for the business year 2012.



More information at

www.mlp-ag.com, Investor Relations, Calendar

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