ANNUAL REPORT

2015

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MLP

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MLP key figures – multi year overview

All figures in € million	2015	2014	2013[1]	2012[1]	2011[1]	2010[1]	2009	2008
Continuing operations								
Total revenue	557.2	531.1	499.0	563.6	545.5	522.6	532.1	595.2
Revenue	535.7	509.7	480.5	538.1	526.7	497.3	503.8	552.3
Other revenue	21.5	21.4	18.5	25.5	18.8	25.3	28.4	42.9
Pro forma earnings before interest and tax (Pro forma EBIT) (before acquisitions)	32.5	39.0	30.7	70.5	17.3	47.0	42.2	56.2
Earnings before interest and tax (EBIT) (before one-off exceptional costs)	30.7	39.0	30.7	70.5	50.7	47.0	42.2	56.2
Earnings before interest and tax (EBIT)	30.7	39.0	30.7	70.5	17.3	47.0	42.2	56.2
EBIT margin (%)[4]	5.5%	7.3%	6.2%	12.5%	3.2%	9.0%	7.9%	9.4%
Earnings from continuing operations	19.8	29.0	23.9	50.5	11.2	34.1	27.2	30.7
Earnings per share (diluted) in €	0.18	0.27	0.22	0.47	0.10	0.32	0.25	0.30
MLP Group								
Net profit (total)	19.8	29.0	23.9	50.5	11.5	34.1	15.8	24.6
Earnings per share (diluted) in €	0.18	0.27	0.22	0.47	0.11	0.31	0.15	0.24
Dividend per share in €	0,12[2]	0.17	0.16	0.32	0.60	0.30	0.25	0.28
Cash flow from operating activities	58.8	32.3	67.6	22.4	53.8	91.0	72.5	81.0
Capital expenditure	12.8	15.4	22.5	14.5	7.8	3.9	4.0	12.2
Total shareholders' equity	385.8	376.8	370.5	381.7	399.6	421.2	410.0	425.9
Equity ratio	22.0%	23.2%	24.2%	25.6%	26.8%	27.6%	27.4%	27.8%
Balance sheet total	1,752.7	1,624.7	1.533,6	1.491,3	1.489,8	1.524,0	1.498,4	1.534,0
Clients[3]	858,700	847,600	830,300	816,200	794,500	774,500	785,500	728,000
Consultants[3]	1,935	1,952	1,998	2,081	2,132	2,273	2,383	2,413
Branch offices[3]	156	162	169	174	178	192	238	241
Employees	1,802	1,542	1,559	1,524	1,584	1,672	1,900	1,986
Brokered new business[3]								
Old-age provision (premium sum in € billion)	3.5	4.1	3.6	4.8	5.2	5.0	5.1	6.6
Loans and mortgages	1,798.0	1,415.0	1.513,0	1,301.0	1.327,0	1.219,0	1.119,0	919,0
Assets under management in € billion	29.0	27.5	24.5	21.2	20.2	19.8	17.0	14.0

[1] Values adjusted.
[2] Subject to the consent of the Annual General Meeting on June 16, 2016.
[3] Continuing operations.
[4] EBIT in relation to total revenue.

THE EXECUTIVE BOARD

Dr. Uwe Schroeder-Wildberg
Chairman and CEO MLP AG

Strategy,
Communication,
Policy/Investor Relations,
Marketing,
Sales

Appointed until December 31, 2017

Manfred Bauer
Member of the Executive Board of MLP AG

Product Management

Appointed until April 30, 2020

Reinhard Loose
Member of the Executive Board of MLP AG

Compliance,
Controlling,
Purchasing,
IT,
Group Accounting,
Risk Management,
Internal Audit,
Legal,
Human Resources

Appointed until January 31, 2019

LETTER TO OUR SHAREHOLDERS

Dear Shareholders,

In 2015 we once again demonstrated that we are on the right track – despite all of the adversities in the markets. With one exception, we increased revenue in all fields of consulting and set new record levels in the fields of wealth management and loans. Contrary to market trends we also enjoyed growth in the field of health insurance and virtually doubled revenue in the category of other commission and fees, which essentially comprises real estate brokerage, for the second year in succession. Furthermore, with the acquisition of DOMCURA we have opened up another strategic business segment.

This is all good news and was essential for MLP to record a solid profit in 2015. However we are still not satisfied with our level of earnings. This can largely be attributed to one factor - the markets in the field of old-age provision, which remain extremely difficult. Our sector has now been reporting on this phenomenon for quite some time. However, in 2015 the reservations displayed by many German citizens reached a level that even the greatest sceptics would have considered unimaginable just a few years ago. Life and pension insurance policies will never again assume the role they enjoyed during the times of full tax privileges. Yet the market will bounce back – albeit in an altered form – and MLP will benefit to a greater degree.

We anticipated early on that life and pension insurance policies could not permanently assume the role they played for many years and have been preparing the company for this since 2005. Today, MLP is therefore a significantly different company than it was some ten years ago. We have expanded certain business segments and established new ones. Where necessary we have supported and driven this process through targeted acquisitions.

In terms of client groups this means that while MLP exclusively catered to private clients until 2006, significant revenue is today contributed by our business with corporate clients and institutional investors. Insurance brokers, who use the services of our subsidiary DOMCURA, came on board as a further client group in the past year.

If we compare the year 2005 with 2015, we can see an unmistakable development: we have increased recurring revenue from around 30 % to around 60 %. This makes MLP a far more stable company today. However, it is also clear that we are not yet where we want to be.

An overview of the development of total revenue over the last five years shows that only 2012, the year in which the switchover to unisex tariffs took place and many clients with corresponding requirements were able to secure better conditions by signing up in advance, delivered better results than the past financial year. Compared to 2014, total revenue rose from € 531.1 million to € 557.2 million. However, the breakdown of sales revenue has shifted considerably compared to the previous year. At € 215.7 million, revenue generated in the old-age provision segment declined by 10 % year-on-year. This development has a direct effect on net profit.

In contrast, the trend in all other consulting fields is very pleasing. With revenue of € 166 million, the MLP Group set a new record in the field of wealth management. Both the subsidiary FERI and the private client business at MLP made an important contribution here. In the non-life insurance segment, revenue rose from € 34.6 million to € 54.9 million. This figure includes the € 19.2 million revenue of DOMCURA as of August 1. Although the health insurance market remains challenging, MLP recorded 5.5 % growth to € 45.9 million in this sector. Demand remains high in the real estate sector. Against this background, revenue from the loans and mortgage business increased by 19 % to € 16.2 million. Other commission and fees, which primarily include the brokerage of real estate objects, virtually doubled to € 15.6 million.

While we are already effectively compensating for the declines in revenue in the old-age provision segment, these are having a greater impact on earnings due to higher margins. Yet despite this, at € 32.5 million we still recorded solid earnings before interest and taxes and prior to acquisitions (pro forma EBIT). EBIT including the DOMCURA acquisition was € 30.7 million. This is due to the seasonality of the DOMCURA business model, which has been described several times. Based on this, our subsidiary achieves a very strong result in the first quarter of the year, but then makes an arithmetic loss in quarters two to four. Overall, the result is, as anticipated, highly positive. The finance cost and the tax rate were both impacted by one-time costs. These two effects can both be attributed to an additional tax expense that originates primarily from MLP's international activities, which were already terminated by 2007. Accordingly, net profit declined to € 19.8 million. Based on an assumed acquisition of DOMCURA with effect from January 1, 2015, net profit is € 23.3 million.

As announced, the KPI is also the basis of our dividend decision. This is because MLP acquired DOMCURA in July 2015, but is entitled to a share of profits on 100 % of the shares from the beginning of 2015. On this basis, the Executive Board proposes a dividend of 12 cents per share. This puts us within the announced framework in terms of the distribution rate and allows us to strike a healthy balance between offering our shareholders a high degree of reliability and securing ourselves the flexibility we need – not only for increasing capital requirements, but also for capital expenditure and potential acquisitions.

To sustainably increase earnings in the old-age provision markets despite the ongoing downward trend observed, we will seek to accelerate the further development of MLP even more keenly from 2016. In addition to our growth initiatives, we will be pursuing two targeted additions to our strategy of the last few years. Firstly, we will become even more active in terms of acquisitions and cooperations. Secondly, we will further streamline our cost management system.

With DOMCURA, we successfully completed an acquisition in 2015, while at the same time repeatedly stressing that we are open to further acquisitions in the FERI segment. As such, MLP is now once again taking a closer look at acquisition opportunities in the private client business. Alongside this, we are also keen to further broaden the horizon of our business through organic growth and are focusing on the following three central approaches here: the further broadening of our revenue basis, the ongoing implementation of our digitalisation strategy and the recruitment of new consultants.

In terms of broadening our revenue structure, we have already made good progress. In 2016, the focus is on the fields of non-life insurance, wealth management and real estate. We also anticipate a healthy boost in the field of non-life insurance through DOMCURA.

In the field of wealth management, in which MLP and FERI now manage total assets of € 29 billion, sales revenues have displayed very positive development both at FERI and in MLP's private client business over the last few years. This field of consulting will remain a key focus in 2016. In addition to this, we will further expand the real estate business segment.

The recruitment of new consultants also remains an important strategy in 2016. In 2015, the number of consultants increased in the final quarter from 1,914 to 1,935. This key figure therefore increased slightly for two consecutive quarters, and the measures for attracting consultants initiated in the second quarter of 2015 are beginning to bear fruit.

We are keen to take up these positive signals and recruit even more consultants – although obviously only if we can find the right candidates. Our new package of benefits and the training allowance, which makes it much easier for new consultants to make the transition into self-employment, are being well received. We will also open new offices in the university segment and further intensify our recruiting activities in 2016.

Our digitalisation strategy will also help us expand our business. MLP has been offering online sales for electronics insurance and travel health insurance policies since the start of 2016. One of the next steps will be to significantly expand our client portal to increase digital interaction with existing clients. With this step, we are intelligently combining the online and offline worlds with one another. The key here is to remove any notion of "either or" and instead focus on bringing the two concepts together.

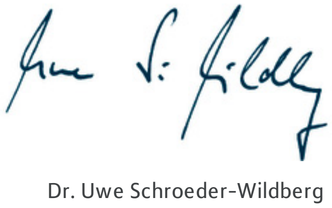
Alongside the measures on the revenue side, we will further streamline our cost management system. MLP has considerably reduced its administration expenses since 2008. The aim of the measures approved at the start of 2016 is to once again significantly reduce costs in the financial year 2017 and in the following years. This will incur one-off expenses of approximately € 15 million in the financial year 2016. As of the financial year 2017 we anticipate a considerable increase in EBIT compared to 2015. The focus in terms of the earnings trend is therefore on 2017, i.e. the year in which our cost-saving measures will deliver their full effects.

We therefore feel certain that our strategic outlook and the measures introduced to increase earnings will also drive up our share price again. After all, we are neither satisfied with the current price level nor does it represent our true potential.

We would be delighted if you – our shareholders – continued to join us on our journey. On behalf of the entire Executive Board, I would like to express my sincere thanks for the trust you showed in us throughout the last financial year.

I would also like to express my sincere thanks to all consultants and employees in the Group. You achieved everything possible in these markets, while also initiating many important future projects throughout 2015.

Your sincerely



Dr. Uwe Schroeder-Wildberg

THE SUPERVISORY BOARD

Dr. Peter Lütke-Bornefeld
Chairman

Elected until 2018

Dr. h. c. Manfred Lautenschläger
Vice Chairman

Elected until 2018

Alexander Beer
Employees' Representative

Elected until 2018

Dr. Claus-Michael Dill
Elected until 2018

Johannes Maret
Until June 2015

Tina Müller
From June 2015
Elected until 2018

Burkhard Schlingermann
Employees' Representative

Elected until 2018

REPORT BY THE SUPERVISORY BOARD

In the financial year 2015, the Supervisory Board reviewed the development of the company in depth and performed its supervisory duties to the full. It regularly advised and monitored the Executive Board in running the business 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 2015 focused in particular on supporting the Executive Board in the strategic development of the company and of the MLP Group, implementing further measures to increase efficiency and improving the opportunity and risk position of the company and of the Group. The Supervisory Board in particular supported and advised the Executive Board on the acquisition of the DOMCURA Group, approving the acquisition and associated capital increase through contributions in kind during the first half of the year.

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 corporate governance by the Executive Board. In 2015, the Executive Board also reported and the Supervisory Board advised on the content and anticipated effects of legislative or regulatory proposals at national German or EU level, such as the legislation to secure stable and fair services for life insurance policyholders (Life Insurance Reform Act (LVRG)).

In 2015, two personnel changes were made to the Supervisory Board. Mr. Johannes Maret resigned as a member of the Supervisory Board with effect from the close of the Annual General Meeting on June 18, June 2015. The Annual General Meeting elected Ms. Tina Müller to the company's Supervisory Board for the remainder of Mr. Maret's term in office. Ms. Müller was also elected to the company's Personnel and Nomination Committee by the Supervisory Board. No changes to the company's Executive Board were made in the last financial year.

The Supervisory Board held five regular meetings and two extraordinary meetings in the financial year 2015, which were attended by all members of the Supervisory Board in person with the exception of one meeting. Individual members of the Supervisory Board participated via telephone in the two extraordinary Supervisory Board meetings held. 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 Audit Committee was also held this year. All committee members took part in this meeting.

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

Supervisory Board meetings and important resolutions

Following preparations in the meeting of the Audit Committee, the Supervisory Board meeting on March 18, 2015 focused on the audit and approval of the financial statements and the consolidated financial statements as of December 31, 2014. 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, 2014. In addition, the Supervisory Board also reviewed the appropriateness of the remuneration of the Executive Board – as required in accordance with the Corporate Governance Code – as well as the variable remuneration components of the Executive Board for the financial year 2014 and approved these. The proposed resolutions for the company's Regular Annual General Meeting were another item on the agenda.

The regular Supervisory Board meeting on May 11, 2015 focused primarily on discussing the results and business development from the first quarter of 2015. The potential acquisition of the DOMCURA Group was discussed as well.

In an extraordinary meeting of the company's Supervisory Board, held on June 15, 2015, the intentions of the Executive Board to acquire the entire DOMCURA Group were discussed and reviewed in detail. This focused in particular on the opportunities and risks, as well as the future strategy associated with the intended takeover. The company's Supervisory Board then approved the acquisition of the DOMCURA Group in this meeting. After the German Federal Cartel Office had issued its approval for the acquisition of the DOMCURA Group in July 2015, in a further extraordinary Supervisory Board meeting held at the end of July 2015, the Supervisory Board then approved the Executive Board resolution to increase the company's share capital by € 1,456,948.00 by issuing 1,456,948 ordinary bearer shares in MLP AG in return for shares in Schwarzer Familienholding GmbH, the parent company of the DOMCURA Group.

The results of the second quarter, the business development in the first half of the year, reporting on the internal audit and risk controlling (including report on the notion of materiality, risk strategy and risk-bearing capacity concept) were all on the agenda of the regular Supervisory Board meeting on August 11, 2015. In the August meeting, a resolution was also passed on establishing a quota for the proportion of women on the company's Supervisory Board and Executive Board.

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

At the meeting on December 16, 2015, discussions focused on the resolution regarding the Declaration of Compliance as per § 161 of the German Stock Corporation Act (AktG), 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 2016.

Supervisory Board committees

The Supervisory Board was regularly informed of the work carried out by its committees in 2015.

The Audit Committee held one regular meeting in the financial year 2015. Representatives of the audit firm also took part in the meeting, providing the committee with detailed reports. In the presence of the auditors, the Chairman of the Executive Board and the Chief Financial Officer, the Audit Committee discussed the financial statements of MLP AG and the MLP Group as well as the proposed appropriation of earnings. Furthermore, the relationship to the auditor, proposals for selecting the auditor, auditor fees, audit assignment and monitoring of the auditor's independence were the subject of extensive discussions. The Audit Committee received regular reports on the work of the Internal Audit and of the Compliance and Risk Management department and was informed on legal and regulatory risks and risks to reputation.

The Nomination Committee did not hold any regular meetings in the financial year 2015, as the election nominations for the shareholder representatives to be newly elected to the Supervisory Board had already been drawn up for the 2013 Annual General Meeting in the plenary meeting of the Supervisory Board in December 2012.

Corporate governance

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

Last year, the Supervisory Board dedicated its meeting on December 16, 2015 in particular to in-depth discussions on the amendments to the German Corporate Governance Code (DCGK) in the version dated May 5, 2015.

In the meeting held on December 16, 2015, the Supervisory Board reviewed 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.

During the same meeting, MLP AG's Supervisory Board also satisfied itself that the company had met the recommendations of the German Corporate Governance Code (DCGK) as per its Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG) in the last financial year and will continue to comply strictly with the recommendations of the Government Commission on the German Corporate Governance Code in the version dated May 5, 2015. In December, the Supervisory Board and Executive Board issued a Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG) for the financial year 2015 and made it permanently available to the shareholders via its website.

In accordance with the German Corporate Governance Code government commission, we understand conflicts of interest to mean any special professional or private interests of any member of the Supervisory Board that could potentially pose a threat to or contradict the interests of the company. Conflicts of interest in this sense do not include plurality or the existence of various streams of interests when these express diversity in terms of the Supervisory Board composition desired by the legislator or the German Corporate Governance Code government commission. There were no conflicts of interest in this sense in the last financial year. A summary of corporate governance at MLP, including the Declaration of Compliance from December 16, 2015, 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 2015

The financial statements and the joint management report of MLP AG as of December 31, 2015 have been compiled by the Executive Board pursuant to the German Commercial Code (HGB). The consolidated financial statements and the joint management report as of December 31, 2015 were drafted as per § 315a of the German Commercial Code (HGB) in line with international financial reporting standards (IFRS) as applied in the EU. As of December 31, 2015, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin audited the financial statements and the joint management report of MLP AG in accordance with the principles of commercial law, as well as the Group financial statements and the joint management report in accordance with the principles of IFRS, issuing an unqualified auditor's opinion in each case. The auditor performed the audit in compliance with the basic principles of sound auditing practices determined by the Institut der Wirtschaftsprüfer (German Institute of Auditors).

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

The Audit Committee of the Supervisory Board reviewed 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 the internal monitoring system, the risk management system nor with regard to the Compliance. The Audit Committee also reviewed 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 reviewed in detail in the Supervisory Board meeting held on March 16, 2016. At this meeting, the Executive Board explained the financial statements of MLP AG and of the MLP Group, the risk management system, the accounting processes and the effectiveness of the internal monitoring, risk management system, audit system and of the compliance, as well as giving detailed reports on the scope, focuses and costs of the audit.

The Supervisory Board concurred with the outcome of the auditor’s audit and, on the basis of the final outcome of the Audit Committee’s audit and its own audit, found no grounds for raising an objection. Accordingly, at its meeting on March 16, 2016, the Supervisory Board approved the annual financial statements and the joint management report MLP AG, as well as the consolidated financial statements and the joint management report in accordance with IFRS prepared by the Executive Board. The annual financial statements are therefore adopted.

After performing its own reviews, the Supervisory Board agreed with the Executive Board’s proposal to pay out a dividend of € 0.12 per share for the financial year 2015. The equity and liquidity situation, future regulatory requirements and the company’s budget, as well as the shareholders’ interest in an appropriate dividend were included and weighed up against one another in its considerations.

The Supervisory Board would like to thank the Executive Board, the Management of the respective Group companies, as well as all employees and consultants of the MLP Group for their exemplary personal commitment and achievements in the financial year 2015.

Wiesloch, March 2016

The Supervisory Board

Dr. Peter Lütke-Bornefeld

Chairman

OUR GOALS AND STRATEGIES

Our goals are to achieve a sustainable increase in company value and constantly build on our market position. To this end, we continuously strengthen our strategic success factors. We allow our shareholders, clients, employees and MLP consultants to participate in this long-term increase in value.

An important USP in our traditional private client business is that we support our clients as a partner in all financial matters – from old-age provision and wealth management, through health and non-life insurance, right through to financing. Unlike most players in the market, however, we do not offer our own products. Instead, we rely on the products of all relevant providers in the market. In addition to this, clients can take care of all their important banking business with MLP. Gaining a profound understanding of our clients and their life situation also represents a highly important part of our philosophy. Each of our approximately 2,000 client consultants therefore focuses on one professional group, above all physicians, economists, engineers and lawyers.

In the last few years, we have established additional core fields of expertise and significantly expanded our business model. These include a comprehensive portfolio for corporate clients, high net worth individuals and institutional investors via our subsidiary FERI. With the acquisition of DOMCURA in 2015 we have once again significantly extended our product portfolio, in particular for other market actors in the non-life insurance business, and have also strengthened our corporate client business with the commercial and industrial brokers of the DOMCURA Group. All in all, this diversification has significantly increased the stability of our company development.

We supplement our growth strategy with a consistent efficiency management programme. In order to boost profitability, we have also reduced our administration costs considerably since 2008.

INVESTOR RELATIONS

Stock market year 2015 – Development of the markets

High degree of volatility and increasing prices

Developments of the German share indices were characterised by a high degree of volatility in 2015. While the leading German index DAX gained 11.62% in the first half of the year and reached a new record level of 12,219 points during the first quarter – primarily as a result of the announcement of the European Central Bank's (ECB) quantitative easing programme (QE) – this was subsequently followed by a phase of significant price drops. These drops were largely caused by the weak economic data coming out of China, whose declining demand for raw materials had an ever increasing influence on global economic cycles. Rejection of the proposed austerity measures by the Greek population also had a negative impact in July. On August 24, the DAX fell by more than 7% in a single day to 9,338 points. At the end of September, the fraud scandal surrounding VW also negatively affected German automotive stocks. The hesitant attitude displayed by the Fed, the US central bank, with regard to increasing interest rates also led to uncertainty.

Historic interest rate increase by the Fed

In October, both the DAX (+12.3%) and the MDAX (+9.8%) recorded significant increases – primarily as a result of ECB President Mario Draghi's proposal for further easing of the monetary policy in the form of QE2. At the same time, Germany's unemployment figures fell to 4.6%, their lowest level since November 1971. This allowed the upward trend of the German share indices to continue, albeit at a slower pace. On December 3, the ECB then disappointed through non-extension of the monthly bond buyback volume. Investors did not view a time extension of the programme and the increase in the negative deposit rate by 10 to 30 basis points as an adequate support measure. This led to heavy share price losses in Europe of more than 3% on the day of the ECB's decision.

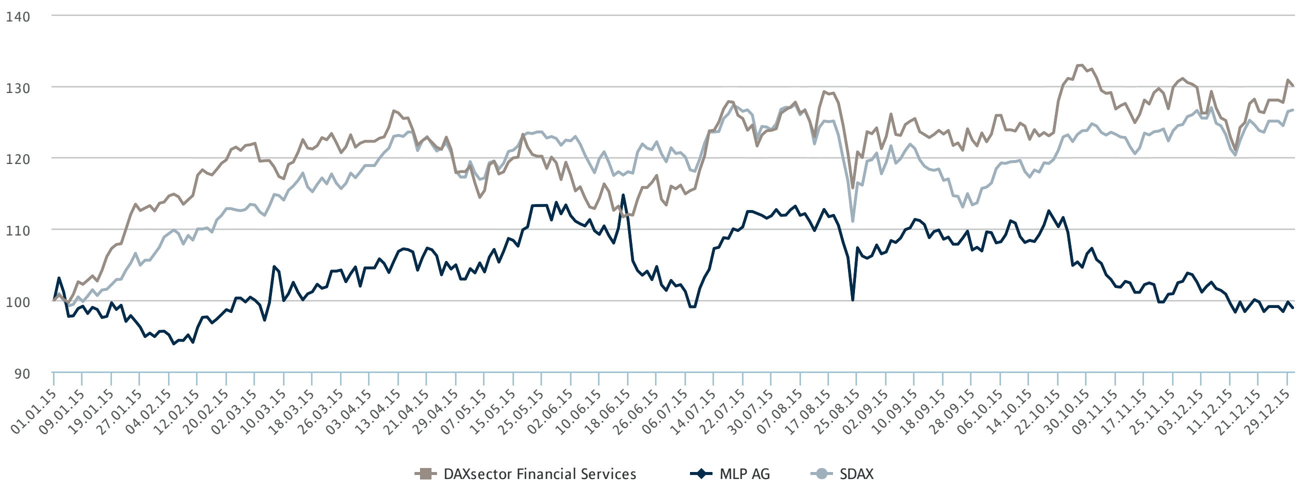
In mid-December, the US central bank introduced the first interest rate increase in the US for seven years with its prime rate increase to 0.25% - 0.5%. In addition to this, the Fed announced further step-by-step interest rate increases for the coming year. With an unemployment rate of 5%, the US had virtually achieved full employment, the economy was enjoying moderate growth and consumption expenditure was increasing significantly. For the year as a whole, the German share market benefited from extreme drops in oil and metal prices, a euro that remained weak, as well as recovery of the economic situation in the eurozone. Despite brief dips in December, the German share indices gained significant ground in the reporting year 2015. The DAX gained 9.56% and stood at 10,743 points at the end of the year. The SDAX, which represents the German small cap index, even increased by 25.88% in the stock market year 2015, closing the year at 9,099 points.

MLP share

The MLP AG share was subject to pronounced fluctuations throughout 2015. Following price drops at the start of the year that took the share to its annual low of € 3.48, the price recovered again in the subsequent period. After reaching a preliminary annual peak of € 4.30 on May 26, the price was then once again put under pressure – due to the dividend payout in mid-June, as well as greater interest to sell. This was followed by a volatile third quarter, during which the share was initially able to recover to € 4.23 by the start of August – thereby almost reaching its annual high. However, in the course of the general market downturn that followed, the MLP share too lost ground, and ultimately dropped to € 3.71 on August 24. In the subsequent phase of recovery, the price once again exceeded the € 4 mark in mid-October, but then declined to € 3.67 by the end of the year following the revision of our business development forecast for 2015. This meant that the share was being quoted at virtually the same price as the start of the year. The year-on-year increase in the average volume traded to 81,000 shares per day (previous year: 43,800) is a positive aspect from the perspective of investors.

You can find further information on the MLP share in the "MLP Share" section of our Investor Relations page at ↗ www.mlp-ag.de.

MLP share, SDAX and DAXsector Financial Services 2015



Dividend

MLP will continue its consistent dividend policy for the financial year 2015. As announced, the distribution rate will be between 50% and 70%. In concrete terms, the Executive Board and Supervisory Board will propose a dividend of € 0.12 per share at the Annual General Meeting on June 16, 2016. This corresponds to a payout-ratio of 66% of the net profit for the period.

Key figures compared to previous year

		2015	2014	2013	2012	2011
Shares in circulation at the end of the year	in units	109,334,686	107,877,738	107,877,738	107,877,738	107,877,738
Share price at the beginning of the year	in €	3.71	5.29	5.08	5.07	7.64
Share price at the end of the year	in €	3.67	3.71	5.21	5.00	5.12
Share price high	in €	4.26	5.98	6.58	6.89	7.85
Share price low	in €	3.48	3.71	4.41	4.17	4.25
Market capitalisation at the end of the year	in € million	401.3	400.2	562.2	539.4	552.3
Average daily turnover of shares	in units	80,996	43,775	47,302	31,011	39,673
Dividend per share	in €	0.12*	0.17	0.16	0.32	0.6
Total dividend	in € million	13.1*	18.3	17.3	34.5	64.7
Return on dividend[1]	in %	3.3*	4.6	3.1	6.4	11.8
Earnings per share	in €	0.17**	0.27	0.22	0.47	0.1
Diluted earnings per share	in €	0.17**	0.27	0.22	0.47	0.11

* Subject to the approval of the Annual General Meeting on June 16, 2016
** Based on the weighted average number of shares in 2015: 108,484,800
[1] Dividend per share related share price at the end of the year

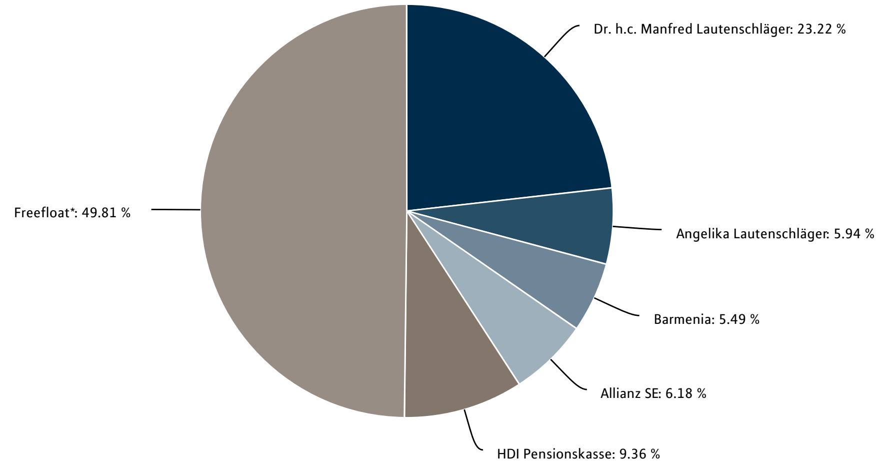
Increase in capital stock in return for non-cash contributions

In the reporting period, MLP AG carried out a capital increase in exchange for non-cash contributions. 1,456,948 new shares were issued in return for 33.33% of the shares in Schwarzer Familienholding GmbH (SFH GmbH), the parent company of the DOMCURA Group companies. These shares carry full dividend rights for the financial year 2015. This measure increased the share capital by 1.35% from 107,877,738 shares to 109,334,686 shares.

Changes to the shareholder structure

In March, a further institutional investor, Schroder PLC, acquired a 3.07% stake in MLP. This investment was then reduced to 2.99% in November. Within the scope of a notification of voting rights, the stake of Barmenia Beteiligungsgesellschaft mbH was reduced to 5.49%, having previously been recorded as 6.67%. As a result of the slight increase in the number of shares, as well as the reduced stake of Barmenia, the freefloat also increased slightly from 48.0% to 49.8% in the financial year 2015. In line with the German Stock Exchange’s definition, institutional investors are not taken into consideration when determining the free float. The following chart provides an overview of the major shareholders.

MLP shareholder structure



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

Investor relations activities

The goal of our investor relations activities is to establish a continuous and open dialogue with our shareholders, potential investors and the capital market. We are keen to establish and build on trust among investors and support the market in assessing the value potential of our company. To this end, we provide continuous, timely and transparent information on relevant events and incorporate feedback received from capital market players. We engage in active exchange with both private and institutional investors at regular capital market events, such as roadshows, capital market 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.

In July 2015, we redesigned our Investor Relations web pages and optimised them for readability on mobile devices. Interesting information on the Group, the share and other relevant notices can be found on these 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. You can find the investor relations section at: ↗ www.mlp-ag.com/investors. Please feel free to contact us if you prefer to talk to someone in person.

Key figures for business valuation and statement of financial position analysis

		2015	2014
Equity ratio	in %	22.0	23.2
Return on equity	in %	5.1	7.7
Liquid funds	in € million	174.0	155.0
Market capitalisation at the end of the year	in € million as of Dec. 31	401.3	400.2
Total revenue	in € million	557.2	531.1
Pro forma EBIT*	in € million	32.5	39.0

* Before acquisitions

JOINT MANAGEMENT REPORT

The following joint management report combines the management report of the MLP Group and the management report of MLP AG in accordance with § 315 (3) in connection with § 298 (3) of the German Commercial Code (HGB).

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

FUNDAMENTAL PRINCIPLES OF THE GROUP

Business model

The MLP Group – The partner for all financial matters

The MLP Group (MLP) is the partner for all financial matters – for private clients, companies and institutional investors. Four brands represent a broad range of services:

Broad range of services

- MLP Finanzdienstleistungen AG: The dialogue partner for all financial matters
- FERI AG: The investment expert for institutional investors and high net-worth individuals
- DOMCURA AG: The underwriting agency with a focus on private and commercial non-life insurance products
- TPC GmbH: The specialist in pension management for large medium-sized companies

The views and expectations of our clients always represent the starting point in each of these fields. Building on this, we then present our clients with suitable options in a comprehensible way so that they can make the right financial decisions themselves. For the implementation we examine the offers of all relevant product providers in the market. Our products are selected and rated on the basis of substantiated market and product analyses.

Client requirements in focus

MLP Finanzdienstleistungen AG: Focus on individual professional groups

Since it was founded by Manfred Lautenschläger and Eicke Marschollek in 1971, MLP has consistently striven to establish long-term relationships with its clients. This requires profound understanding of their individual requirements, which is why the approximately 2,000 client consultants at MLP Finanzdienstleistungen AG each focus on a professional group. MLP's clients primarily include physicians, economists, engineers and lawyers. We support these clients in all financial matters – from old-age provision and wealth management, through health and non-life insurance, all the way up to financing, real estate brokerage and banking business.

Supervisory requirements

As a financial institution, MLP Finanzdienstleistungen AG is supervised by the Federal Financial Supervisory Authority (BaFin) and represents the controlling company of the Financial Holding Group in terms of the supervisory regulations.

As an insurance broker, MLP Finanzdienstleistungen AG is also committed to selecting the most suitable product options for clients from the broad scope of offers in the market. These concepts clearly set us apart from the majority of players in the market, who either only offer their own products or a very limited selection of third party products.

Transparent partner and product selection process

MLP places great emphasis on the use of objective and transparent criteria when selecting partners and products. An analysis and quality check of the providers in the market, as well as their respective products, are performed on the basis of client requirements.

Diversification at an advanced stage

In addition to its private client business, the MLP Group has also been establishing a portfolio for corporate clients, institutional investors and high net-worth individuals since 2004. Since 2014, we have also strengthened our activities in the field of real estate brokerage. In addition to this, new potential was developed in the field of non-life insurance in the reporting year with the acquisition of the DOMCURA Group (DOMCURA). With the continuous expansion of our business model and new additions to our core competencies, we have created further stable pillars to secure the sustainable success of our company.

DOMCURA – The non-life insurance specialist

The acquisition of Schwarzer Familienholding GmbH (hereinafter referred to as DOMCURA Group) represents another milestone in terms of the ongoing diversification of revenue streams. As an underwriting agency, the DOMCURA Group examines all offers in the market when designing, developing and implementing its extensive coverage concepts in the field of non-life insurance, which are used by market actors. The DOMCURA Group will maintain and significantly expand this successful business model. At the same time, there is considerable potential in the interaction with MLP's existing business. You can find more information on this in the chapter entitled → "Performance". In addition, the DOMCURA Group also includes specialist brokers for commercial and industrial insurance.

FERI – Wealth management with independent research

As an investment expert for institutional investors and high net-worth individuals, the FERI Group (FERI) offers services in the areas of investment management, investment consulting and investment research.

In the Investment Management business segment, FERI Trust GmbH offers a broad spectrum of wealth management services in all asset classes. These range from the development and implementation of individual investment strategies, right through to quantitative risk spreading and control. Investment consulting involves long-term advisory services to major institutional investors and the provision of family office services to high net-worth families. Among other things, the core services at FERI EuroRating Services AG comprise investment ratings for funds and real estate products, as well as credit ratings for loans and mortgage bonds.

As a specialist in occupational pension provision management, TPC GmbH (TPC) offers companies and associations consultancy services covering all issues relating to occupational pension provision and remuneration. Companies benefit from a full portfolio of services – ranging from needs analyses, to individual concept development and implementation, right through to continuous inspection of existing occupational old-age provision systems. The key focus here is on providing consulting services to small and medium-sized companies from various sectors, as well as employer consulting services to tax advisers, auditors, solicitors, physicians and architects.

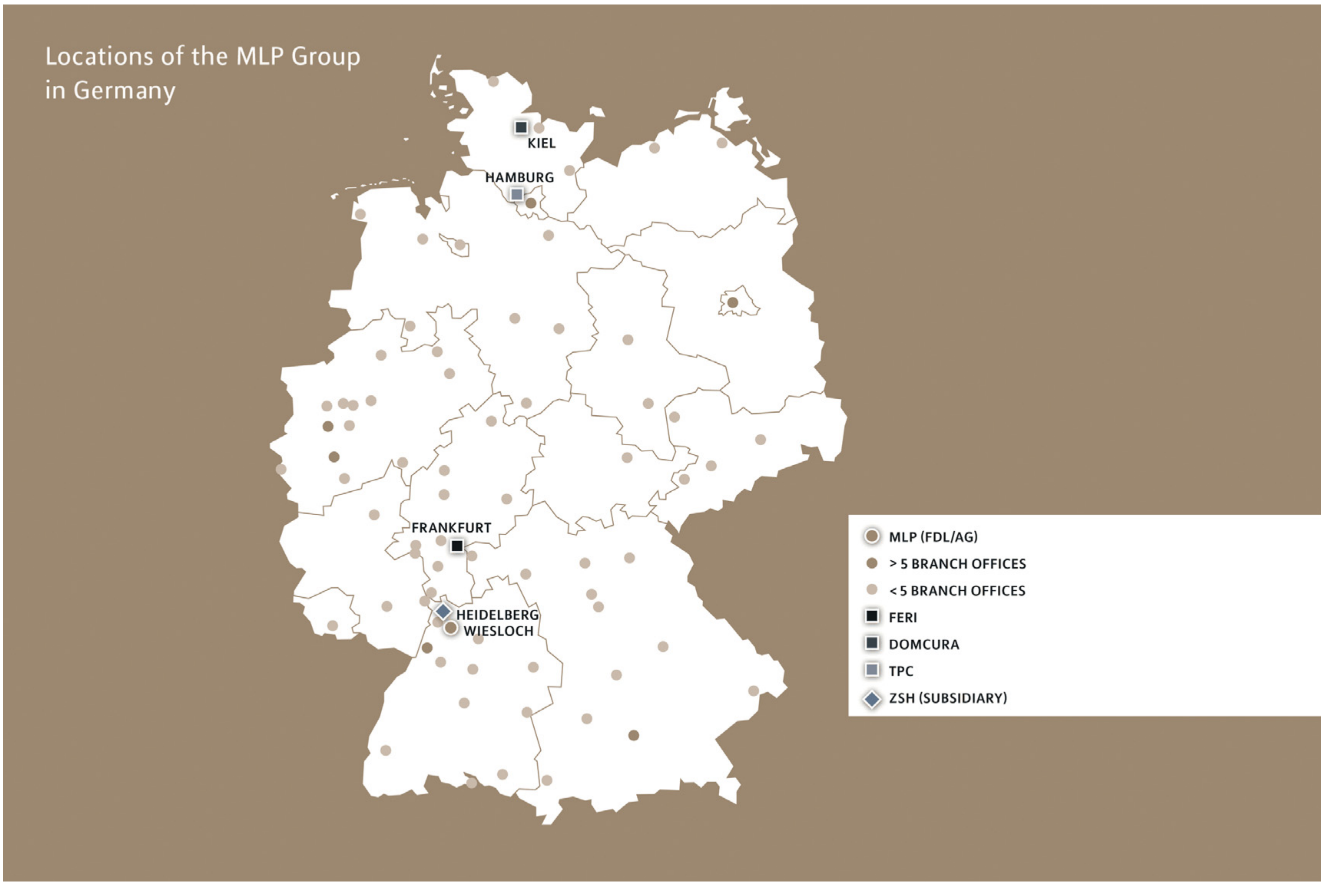
TPC: Sector concepts for occupational pension provision management

Qualifications and further training play an important part in our company's ability to guarantee sustainably high quality consulting services. You can find more detailed information on this in the chapter entitled → "Employees and consultants".

Qualifications and further training of key importance

The registered office of MLP AG, the holding company, and also MLP Finanzdienstleistungen AG is located in Wiesloch, Germany, where all internal divisions are centralised. In addition, we are represented by our client consultants and offices in all German urban centres, including all important university locations. TPC has its headquarters in Hamburg; DOMCURA in Kiel. Alongside its HQ in Bad Homburg vor der Höhe, FERI also maintains further national and international locations in Munich, Düsseldorf, Zurich, Luxembourg and Vienna.

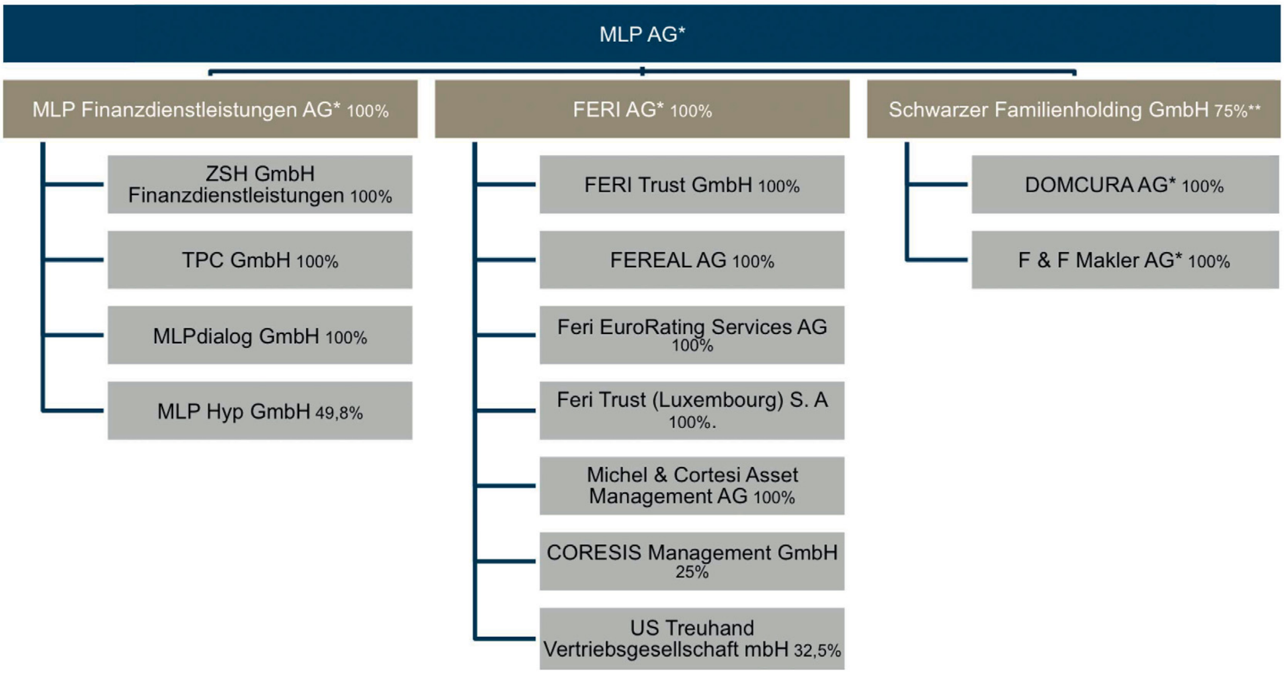
Represented throughout Germany



Legal corporate structure and Executive Bodies

MLP is organised as a holding company, in which central management duties are performed by the Group's parent company, MLP AG. The three subsidiaries MLP Finanzdienstleistungen AG, FERI AG and Schwarzer Familienholding GmbH (DOMCURA Group) are directly subordinate to it (see graphic). 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



* Plus further direct and indirect subsidiaries

** Remaining 25 % without voting and dividend rights

MLP Finanzdienstleistungen AG holds a banking licence and is registered as an insurance broker for the brokerage of insurance contracts. MLP Finanzdienstleistungen AG includes TPC GmbH in Hamburg, ZSH GmbH Finanzdienstleistungen (ZSH) in Heidelberg, MLPdialog GmbH in Wiesloch and MLP Hyp GmbH in Wiesloch, which we operate together with the mortgage financing broker Interhyp AG in Munich.

The main fields of business conducted by FERI AG are investment management, investment consulting and investment research, both for institutional and private clients, at FERI Trust GmbH, Bad Homburg v.d.H. As a registered ratings agency under EU law, FERI EuroRating Services AG, Bad Homburg v.d.H. provides research, rating and selection services exclusively for institutional clients (banks, insurance companies, asset managers and pension funds) in the fields of funds, real estates and issuers/issues.

In the reporting period, FEREAL AG was also approved as a capital management company by the Federal Financial Supervisory Authority (BaFin). As such, FERI now complies with the requirements of the AIFM Directive (Alternative Investment Fund Manager Directive), which the German legislator transposed in the form of the Capital Investment Code (KAGB). FEREAL AG offers both issuance and structuring services for alternative investments and fixed asset investments.

The main companies and affiliations in Germany and abroad include FERI Trust (Luxembourg) S.A., which acts as fund manager and coordinates the entire fund structuring and fund floating process, as well as Michel & Cortesi Asset Management AG, which offers investment solutions for private and institutional investors. In the reporting period, FERI Trust AG (Switzerland) was merged with Michel, Cortesi & Partners AG (Switzerland), which was acquired in autumn 2014, to create Michel & Cortesi Asset Management AG (Switzerland). In the field of real estate, FERI AG holds investments in CORESIS Management GmbH, as well as in US Treuhand Vertriebsgesellschaft mbH, which specialises in the US real estate market.

The acquisition of the DOMCURA Group in the second half of 2015 was another milestone in the diversification of revenue streams in the MLP Group. The key subsidiaries include DOMCURA AG and F&F Makler AG. As an underwriting agency, DOMCURA examines all offers in the market when designing, developing and implementing its extensive coverage concepts for private and commercial clients in the field of non-life insurance that are used by market actors. F&F Makler AG encompasses the broker business segment. Among others, this includes specialist brokers for commercial and industrial products.

Factors affecting business development

Economic developments in Germany have a significant impact on the business model of the MLP Group, as the company generates almost all of its revenue in this country. Particularly important indicators in this regard are economic growth, the general savings rate, developments on the employment market and salary levels, which are described in further detail in the chapter entitled → "Economic report – National economic climate". The results of operations are influenced even more acutely by market conditions in the consultancy areas of old-age provision, health insurance and wealth management, which we analyse in the corresponding chapters of the → "Economic report". Another important factor is the regulatory environment, which is examined in more detail in the chapter entitled → "Economic report – regulation and competition".

Organisation and administration

The Executive Board at MLP AG consists of three members. Beside the Chairman of the Board, Dr. Uwe Schroeder-Wildberg (Chairman of the Board), Manfred Bauer (Product Management) and Reinhard Loose (Finance), are also members of the Executive Board, which is thereby unchanged.

The Supervisory Board, which is required to monitor the Executive Board under German law, comprised six members. At his own request, Johannes Maret left the MLP AG Supervisory Board at the end of the Annual General Meeting held in the reporting year. Tina Müller, Chief Marketing Officer and member of the Management Board at Opel Group GmbH, was elected to the Supervisory Board in his place.

In the reporting period, the Executive Board contracts of Dr. Matthias Klöpper (Finance) and Dr. Heinz-Werner Rapp (Chief Investment Officer) at FERI AG were extended.

Control system

The MLP Group employs comprehensive planning and control systems. Starting from our strategy and the estimates regarding future external framework conditions, we draw up targets for key controlling figures in the strategic and operative planning process. Any deviations from our targets then become transparent within the scope of ongoing controlling processes. Based on these developments we then derive actions for our corporate management. We also continually monitor developments in the market and the competitive environment.

Corporate management

EBIT and sales revenue as top key performance indicators

The Executive Board at MLP AG assesses the performance of the various business segments and reaches decisions regarding resource allocation on this basis. Earnings before interest and tax (EBIT) and total revenue (sales revenue) represent the central control parameters at MLP for overall business development in the individual business segments. Alongside this, the Executive Board also receives regular information on the macroeconomic, political and legislative factors that influence developments in the individual consulting fields. The consulting fields of old-age provision, wealth management, health insurance and non-life insurance are analysed with the aim of explaining the past performance of business segments, anticipating changes in the environment and exerting targeted influence on the future development of the segments. In line with MLP's comprehensive consulting approach, which focuses on the views and expectations of the client, the Executive Board does not manage the Group on the basis of the contribution margin of the individual consulting fields.

The following overview clarifies which fields of consulting contribute to the development of revenue in the respective business segments.

	Financial services	FERI	DOMCURA
Old-age provision	X		
Health insurance	X		
Wealth management	X	X	
Non-life insurance	X		X

We require profitable growth and sustainable development of earnings in order to achieve a sustainable increase in company value and expand our market position.

Beside the most important key performance indicators of EBIT and revenue, other KPIs include administrative expenses (defined as the sum of personnel expenses, other operating expenses, as well as depreciation and impairments), the return on equity, assets under management, brokered new business in the old-age provision segment and the number and turnover rate of consultants.

The objective of our corporate management is for all consultants and employees to actively support MLP's strategic goals and pledge to meet our service commitment. Our established central, strategic control instrument is the so-called "ISA" (Integrated Strategic Agenda). This way, the Group objectives are broken down across all Group companies and the key segments, thereby allowing each business unit to make its own contribution to meeting the defined targets. This ensures end-to-end incorporation of all organisational units and integration into the planning and management process. The ISA grants all business segments the opportunity to get actively involved in planning targets. This promotes motivation among everyone involved and increases planning quality throughout the organisation. At the end of the obligatory ISA process (applied consistently throughout the Group), 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.

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 Group companies and departmental heads are responsible for detecting and classifying risks as quickly as possible. Since the departmental heads bear responsibility for the ISA as well as for costs, we are able to establish a practical link between risk management and controlling. You can find further information on risk management in the chapter entitled → "Risk report".

Key figures and early indicators used by corporate controlling

We regularly use simulation scenarios to be able to assess the success of our business. Important early indicators include assets under management, which reflect developments in the wealth management segment, and brokered new business in the field of old-age provision, as these two areas represent a significant portion of commission income.

Keeping consultant turnover low

Our objective is not only to win over the best consultants in the industry to our business model, but also to keep them loyal to our company in the long term. We therefore continually monitor our employee turnover rate and aim for a maximum annual turnover rate for self-employed consultants of 12% (+/- 2 percentage points).

Central market and client management

With the introduction of central market and client management in 2015, we are further strengthening the sales-oriented approach at the company HQ. Market management is responsible for controlling sales, location planning, as well as for all central sales divisions, including recruiting, university management, consultant workplaces and physicians. Client management handles all activities which are aimed directly at clients. These also include marketing activities, as well as activities within the scope of the digitalisation strategy.

The objectives of the adjustments are to bundle existing expertise, utilise synergies and provide the branch offices with even better channelled and targeted support. To cater to and promote the growing significance of the real estate and financing business in our revenue mix, a dedicated product management has also been established for this segment.

You can find further information on this in the chapters entitled → "Performance" and → "Anticipated business development".

Research and development

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

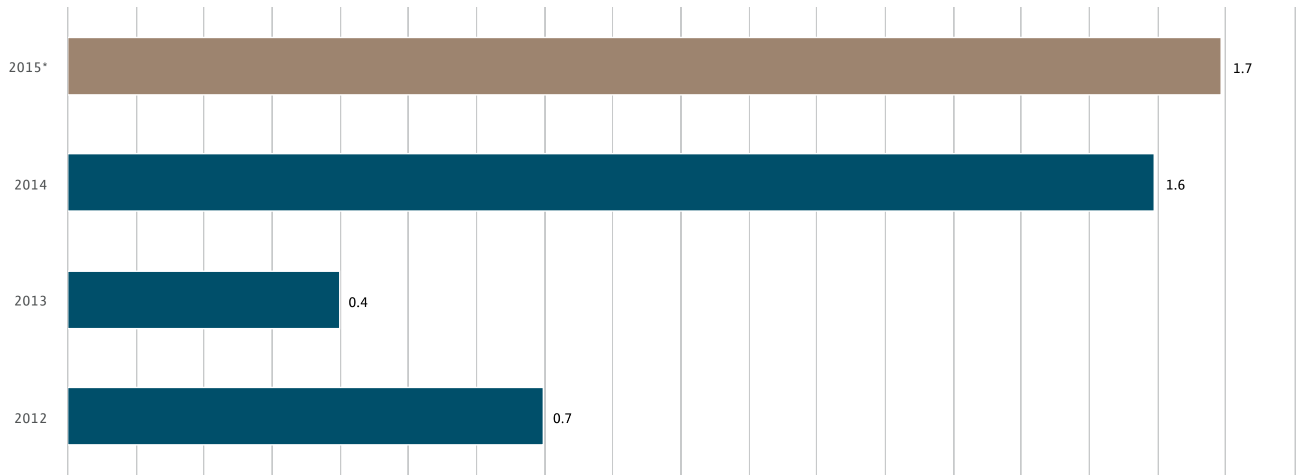
ECONOMIC REPORT

Overall economic climate

Overall economic situation

The economic recovery in the eurozone continued in the reporting year. According to estimates provided by FERI Trust GmbH (FERI Trust), economic growth for the eurozone was 1.5% in 2015. By way of comparison, this figure was just 0.9% in 2014. The economic upturn continued in Germany, too. In its 2015/2016 Annual Report, the German Council of Economic Experts believes that the reasons for this primarily lie in the healthy German employment market and the increase in private consumption that results from this. Thanks to favourable economic developments, the German state once again recorded a government surplus in 2015. As a result of this, inflation-adjusted gross domestic product (GDP) increased by 1.7% in 2015 according to calculations performed at FERI.

Economic growth in Germany (all figures in %)



*estimate / Source: FERI Trust GmbH, rate of change in GDP, price-adjusted

Consumer confidence down, ifo business climate index up

Consumer confidence in Germany deteriorated somewhat in the course of the reporting year. According to the forecast submitted by the German Consumer Research Association (GfK), the Consumer Sentiment Index was at 9.3 points in December 2015. This represented the fourth slight decline in succession. In June 2015, it was still at 10.2 points. The GfK survey states the ongoing flow of refugees into the country as the main reason for the dwindling optimism observed among German citizens regarding the economy. In November 2015, just under 40% of German citizens stated that they expected unemployment to rise. Most respondents (69%) believe the reasons for this are tied directly to the refugee crisis. The Consumer Sentiment Index of the German Consumer Research Association (GfK) is considered one of the most important indicators of behaviour among German consumers and of economic stability.

German companies, however, remain largely unfazed by the increasing worldwide uncertainties. Even the Paris attacks in November 2015 did not seem to dampen business prospects in Germany. Indeed, the ifo business climate index actually increased to 109.0 points in November – from 108.2 points in the previous month. In December, the index then decreased slightly to 108.7 points.

The favourable development of the German employment market continued in the reporting year. According to data published by Germany's Federal Employment Agency, the annual average number of registered jobseekers fell by 104,000 to approximately 2.8 million persons in 2015. This corresponds to an unemployment rate of 6.4%.

Positive development in terms of employment and income

The employment market continued to offer opportunities for high-skilled employees. At 2.5%, the unemployment rate among academics remains very low, indicating full employment.

According to the autumn forecast of the German government, the healthy situation on the employment market led to significant salary increases. Indeed, net wages and salaries are reported to have increased by 2.6% in 2015, while disposable income of private households increased by the same percentage rate. The savings rate in Germany increased slightly in the last financial year, reaching 9.7% (2014: 9.4%; 2013: 9.1%).

ECONOMIC REPORT

Industry situation and competitive environment

Traditionally, the vast majority of MLP's total revenue is generated from the following three core fields of consultancy: old-age provision, health insurance and wealth management. In the financial year 2015, these fields together represented 83% of total revenue. Sales revenues in the fields of old-age provision and health insurance are generated in the financial services segment. Sales revenues in the field of wealth management come from both the FERI segment and the financial services segment. The following describes the main factors that had a particular influence on the market environment and the results of operations in the three aforementioned consulting fields in 2015.

As a result of acquisitions, the relative weighting of non-life insurance increased in the financial year 2015, reaching 11% at the end of the financial year. From the financial year 2016 onwards, the field of non-life insurance will become significantly more important again for the financial services segment and the new DOMCURA segment as a result of the acquisition of the DOMCURA Group. We will therefore deal with this field of consulting in more detail with regard to the anticipated business development.

Old-age provision

In the reporting year 2015, the ongoing period of low interest rates, the negative press on life insurers and their products, as well as the reservations among many consumers about signing long-term contracts continued to negatively impact the market environment in the field of old-age provision in Germany.

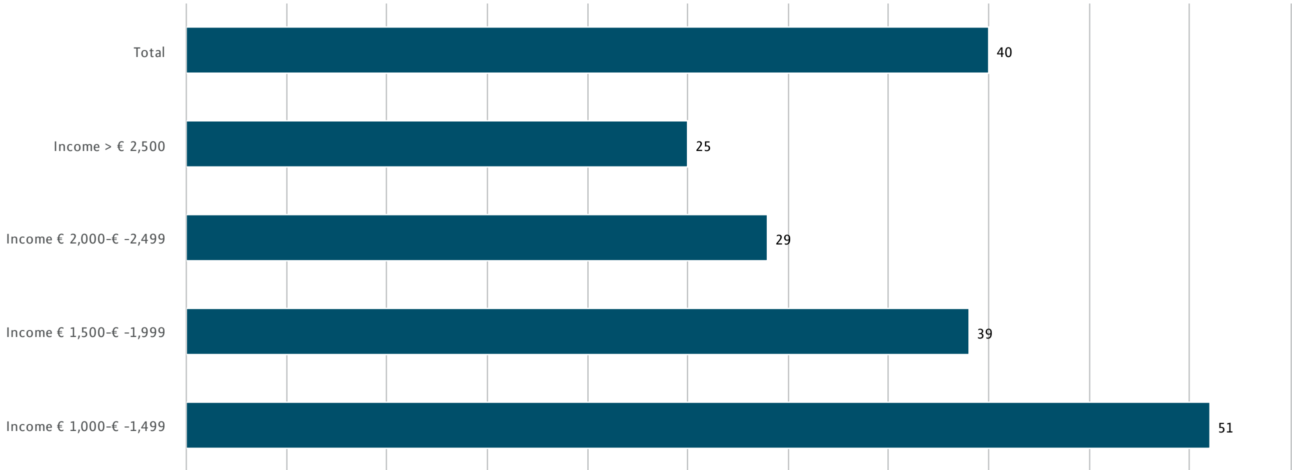
The reduction in the maximum technical interest rate (guaranteed interest rate) associated with the Life Insurance Reform Act (LVRG), which came into force on January 1, 2015, also had a dampening effect on new business. In addition to this, the insurance sector prepared itself for the new European supervisory legislation, Solvency II. (You can also find further information on this in the chapter entitled → "Competition and regulation").

A survey conducted by market research institute YouGov on behalf of MLP underlines the ongoing need for advisory services in the field of old-age provision. Based on this survey, just under 40% of German citizens do not have any clear idea of how much statutory pension they will receive, while a further 30% only have a "rough idea". Almost half (46%) do not know how much income they can expect to receive from private and occupational pension provision plans.

According to the 2015 Wealth Barometer of the DSGV (German Savings Bank Association), the percentage of German citizens who do not save anything on a monthly basis towards their old age increased to 40% in the reporting year. Just two years previously, this figure was 32%. The percentage also increases as income decreases. The majority (61%) of those living on less than € 1,000 per month now no longer save anything at all on a monthly basis – in 2013 this figure was just 43%. Yet, the willingness to save is also dwindling among better earners. One in four people with a monthly income above € 2,500 no longer make any monthly savings (2013: 8%).

Low interest rate phase dampening willingness of German citizens to save for their old age

Percentage of people that do not make any monthly savings towards their old age in 2015 (all disclosures in %)



Source: Source: ICON economic and financial market research on behalf of the DSGV (German Savings Bank Association)

A survey undertaken by AXA Insurance suggests that low interest rates are the main reason why the majority of the working population in Germany (59%) is not willing to sign any new old-age provision contracts, while one in two (49%) question whether private old-age provision even makes sense for them.

According to a survey performed by Norisbank, the most popular savings goal of German citizens is their next holiday, for which 38% of respondents are currently saving. Significantly fewer respondents (24%) are saving for their old age.

Holidays well ahead of old-age provision in terms of saving goals

The difficult framework conditions described were also reflected in the market trend of various old-age provision products in the reporting year. 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.

Massive reservations at all three tiers

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

- 1st tier Basic provision: Statutory pension and basic pension
- 2nd tier Supplementary provision: Riester pension and occupational pension provision
- 3rd tier Other supplementary provision: Pension and life insurances, capital market products

Alongside the statutory pension, basic provision (1st tier) also includes the basic pension or Rürup pension, whose premiums can be offset against income tax. Alongside salaried staff, the basic pension is also open to freelancers and self-employed people that are not obliged to pay into the statutory pension insurance fund. Starting in 2015, the German government supplemented and injected dynamism into the former funding framework for the basic pension. The maximum amount that can be offset against tax for a single person is to be increased from € 20,000 to € 22,172 (in the case of joint applications with a spouse/life partner, the maximum amount will increase from € 40,000 to € 44,344). In 2015, over the course of the year taxpayers were able to offset up to 80% of capital invested into a basic provision policy up to this maximum amount.

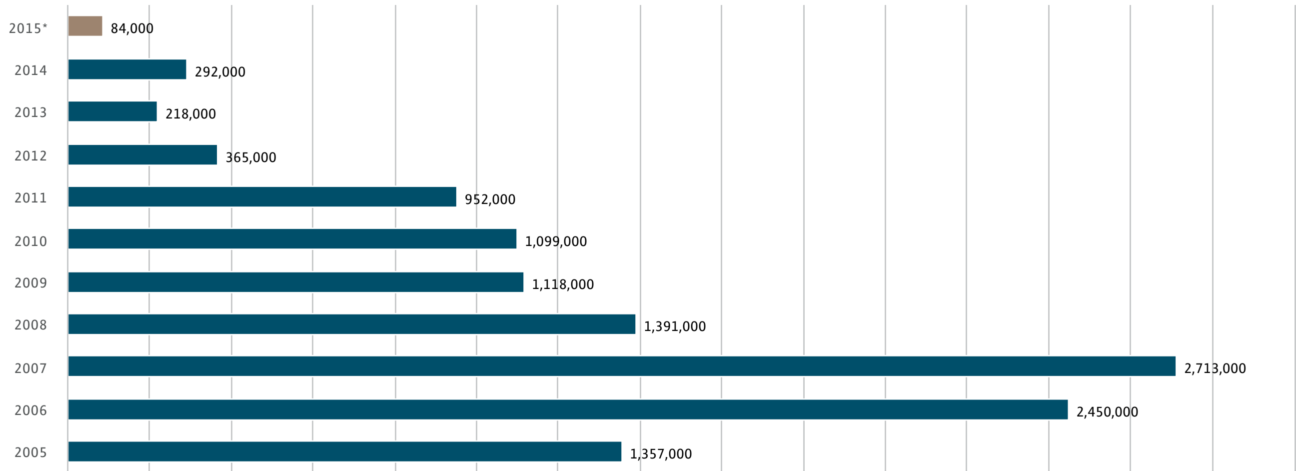
Fewer new basic pensions despite greater incentives

Despite this significant tax incentive, data published by the German Insurance Association (GDV) indicates that only 95,600 new basic annuity contracts had been concluded throughout the market by the reporting date on December 31, 2015. This corresponds to a decline of 14.3%.

The supplementary pension provision (2nd tier) is essentially made up of occupational pension provision and the Riester pension. The sector-wide downward trend in sales continued in terms of new Riester contracts signed in the reporting year. According to the German Federal Ministry of Labour and Social Affairs, 84,000 new contracts were concluded by the end of Q3 2015 (financial year 2014: 292.000). There were therefore approximately almost 16.4 million Riester policies in place – which is only slightly more than on December 31, 2014. As had already been the case in the previous years, there was a clear focus on “Wohn-Riester” or “home annuity policies” among those signing new contracts, which enjoyed continued growth. However, the number of insurance policies displayed a slight downward trend.

“Wohnriester” (state-subsidised housing financing) remains popular

New Riester pension contracts (2005 bis 2015)



* As of September 30, 2015, Source: German Federal Minestry of Labour and Social Affairs

The overall significance of occupational pension provision as a further component of 2nd tier provision is fundamentally great. According to the 2015 Investment Barometer published by the German Consumer Research Association (GfK), 41% of German citizens already consider occupational pension provision to be attractive. Indeed, the only investment more popular than this is the purchase of property at 75%. A survey conducted by PricewaterhouseCoopers (PwC) also comes to similarly positive conclusions. At 43%, occupational pension provision is the most popular form of provision, followed by the Riester pension and private life insurance. Yet despite this, fewer than one in three employees (29%) currently have an employer-funded provision policy in place, and just as few are making use of provision models that require them to invest their own funds (deferred compensation). The study states a lack of proper information from companies and not enough suitable offers as the main reasons for the low level of demand. For example, 61% of respondents that do not make use of deferred compensation are simply not adequately aware of this provision option.

Occupational pension provision: Lack of information and offers

The rate of penetration at companies that offer occupational pension provision stands at 54% of employees. This is the result of a survey conducted by Zurich Versicherung. Small companies in particular have a long way to go in order to catch up. More than one third (36%) do not offer their employees any form of occupational pension provision. Only 3% of larger enterprises with more than 100 employees do not offer a company pension. Small companies state a lack of employee interest and too few total employees as the main reasons why they do not offer any such provision models.

Small and medium-sized enterprises need to catch up

The 3rd tier is also still displaying stifled development, not least due to the lowering of the guaranteed interest rate at the start of 2015. Although almost half of Germans (48%) currently have at least one private life or pension insurance policy in place. TNS Infratest states that the low interest rate environment has led to the number of new contracts concluded falling by 33% over the last five years. At 1,318,373, the number of new standard life and pension insurance policies reported by the German Insurance Association (GDV) for the reporting year is significantly below the level recorded in the comparably strong previous year (-17.3%).

Despite all of the current discussions regarding the growing number of German citizens requiring nursing care, the field of long-term care provision displayed a downward trend in 2015. Based on figures published by the German Insurance Association (GDV e.V.), 23,954 new long term care annuity insurance contracts had been signed by the reporting date, December 31, 2015 – which corresponds to a decline of 25.0% compared to the previous year. You can find more detailed information on the topic of long-term care provision in the following section entitled “Health insurance”.

According to provisional figures published by the German Insurance Association (GDV e.V.), the brokered premium sum of new business with regular premiums was € 119.4 billion in the reporting year, which represents a 4.0% decline compared to the previous year’s level (€ 124,4 billion). This was largely due to the difficult market environment described. Taking into account the new single-premium business, the total brokered premium sum for new business fell to € 145.1 billion (€ 152.8 billion).

Market generally in decline, many single premiums

Health insurance

Health insurance continued to face a difficult market environment in the reporting year – particularly in the case of comprehensive private insurance. According to data published by the Association of Private Health Insurers (PKV), the number of persons holding comprehensive health insurance policies has been in decline for years. In 2014, the decrease was 55,700 policy holders or – 0.6%. At the end of 2014, 8.83 million German residents therefore held private comprehensive health insurance – 150,000 fewer than at the end of 2011.

The experts at the Assekurata ratings agency do not anticipate any reversal in this trend for the reporting year 2015. The industry also shares this assessment. In a study undertaken by Assekurata Solutions GmbH, more than half (58.6%) of brokers surveyed rate the current business situation in the field of fully comprehensive private health insurance as poor.

There are many reasons for the downturn observed in the sector. The loss of confidence in private health insurance, largely caused by the critical press concerning the development of premiums and discussions on the potential introduction of a “citizens insurance” in the run-up to the last parliamentary elections, had a negative impact. Premiums also increased in many cases following the switchover to the unisex tariffs at the end of 2012, which served to further reinforce reservations among potential new clients. The mood among existing clients, on the other hand, is positive. According to the Continentale Survey, 81% of private health insurance policy holders are satisfied with the performance of their health insurance.

Several reasons for drop in private comprehensive insurance

Since January 1, 2015, statutory health insurance funds are entitled to charge an additional premium alongside the general premium rate of 14.6%. Only two statutory health insurance funds managed without an additional premium in 2015. (You can find further information on this in the chapter entitled → “Competition and regulation”)

Low willingness to switch policies despite additional premiums

According to a survey performed by PwC, however, the additional premiums do not as yet represent any reason to change the health insurance provider. This survey revealed that virtually all members (97%) stuck with their statutory health insurance fund in the first quarter of 2015. However, it also indicated that 60% of respondents are not even aware of the level of additional premiums required by their fund. Just as many stated that their healthcare fund had not provided them with sufficient information on this topic.

Supplementary insurance policies on the rise

The trend towards increasing the scope of services provided by the statutory health insurance system through private provision has been apparent for several years. According to data published by the Association of Private Health Insurers, the number of supplementary insurance policies increased by 1.9% to 24.34 million policies in 2014. This increase was slightly below the rise recorded in the previous year (2013: 2.0%). The Assekurata ratings agency is also anticipating gains for 2015, albeit less dynamic.

Population becoming increasingly aware of the need for nursing care

The topic of care has come of age in society. Alongside the approximately 2.6 million citizens who currently require nursing care in Germany, almost 30 million people are affected by this in their family environment. This was the conclusion of a survey undertaken by the Association of Private Health Insurers.

This is also reflected in the increase in supplementary long-term care insurance policies. According to the Association of Private Health Insurers, the number of state-supported supplementary long-term care insurance policies (the so-called "Pflege-Bahr") increased by 55.3% to 558,600 contracts in 2014. Despite the pronounced increase, however, this still represents a low level when viewed absolutely. The number of unsubsidised supplementary policies increased by 4.6% to 2.48 million. As such, a total of over 3 million insurance policies were in place in this sector at the end of 2014 (2013: 2.7 million). Yet new contracts in the field of long-term care annuity insurance, which represents the most comprehensive coverage, displayed a downward trend (please refer to the chapter entitled → "Old-age provision").

The Assekurata ratings agency believes that growth in the field of tax-privileged long-term care provision may have slowed significantly in the reporting year. Experts are blaming the "wait and see" attitude being displayed by clients and brokers when it comes to long-term care provision on the upcoming legal changes associated with the second Care Enhancement Act (PSG), which was approved by the Bundestag in November 2015. The new legislation has been in force since January 1, 2016. (You can find further information on this in the chapter entitled → "Competition and regulation")

Wealth management

In the reporting year, the market environment in the field of wealth management was largely characterised by the ongoing period of low interest rates and high volatility on the capital markets. In light of the potential change in interest rates, investors focused in particular on the monetary policy decisions of the central banks, above all in the US and Europe. However, economic developments in China, national debt crises in countries such as Greece and increased terror threats also influenced the markets in the last financial year.

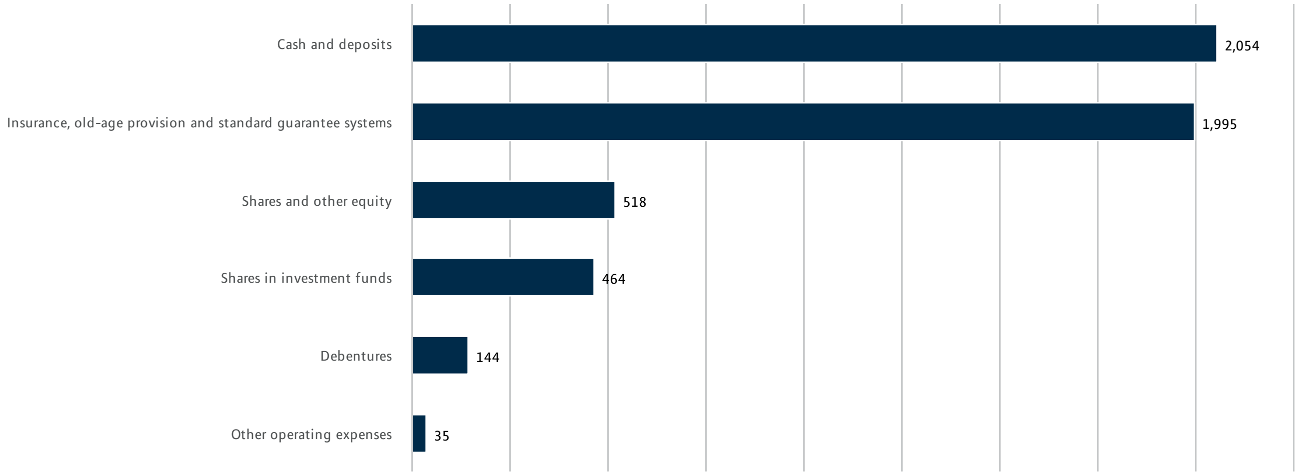
Worldwide wealth on the rise

Despite the current period of low interest rates, global private wealth continued to display significant increases worldwide in 2014. According to the Global Wealth Report 2015, published by the Boston Consulting Group (BCG), personal assets increased by almost 12% to US$ 164 trillion. At 6.6%, however, growth in private monetary assets in Western Europe was only half this level. This was largely due to the euro crisis. Despite this, the number of dollar millionaires in Germany increased by 0.9% to 1.14 million persons in 2014. In 2013, growth was still 11.4%. According to the Global Wealth Report 2015, published by Allianz, the average net assets of German citizens only increased by 1% to € 44,769; in the previous year, the increase was more than 5%.

Based on the latest figures of the German Bundesbank, the trend towards liquid and low-risk investments also continued in the reporting year in Germany. The total monetary assets of private households in Germany at the end of Q3 2015 were € 5,210 billion – and therefore more than 4% higher than one year previously. Over € 83 billion was deposited in the first half of the reporting year. Most of this took the form of demand deposits, including cash.

Secure and liquid investments remain popular

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

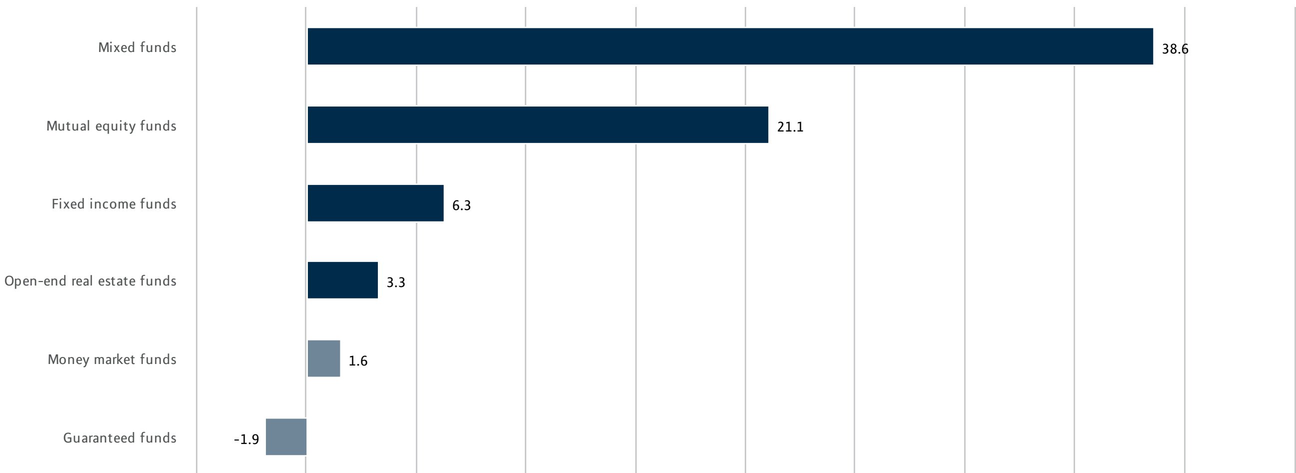


Source: German Bundesbank, dated: Sep 30, 2015

Investment funds also recorded positive cash inflows in the reporting year. Based on information provided by the German Association of Investment and Asset Management (BVI e.V.), total assets managed by the German investment industry in Germany at the end of 2015 were € 2,601 billion and thereby 9.1% higher than in 2014. Institutional investors made a significant contribution to this, meaning that investments in special funds increased by 8.7% from € 1,231 billion to € 1,339 billion. This market is relevant for the MLP Group due to the services provided by FERI. As of December 31, 2015, mutual funds rose by 11.9% to € 883 billion in total. At € 38.6 billion, mixed funds recorded by far the greatest cash inflows, followed by mutual equity funds at € 21.1 billion and fixed income funds at € 6.3 billion. In the previous year, investors were still withdrawing massively amounts from mutual equity funds.

Mixed and mutual equity funds on the rise

Cash inflows and outflows of investment funds from January to December 2015 (all figures in € billion)



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

Private investors are therefore adopting a slightly more offensive investment approach than in previous years. Measured against market conditions, however, they are still displaying reservations regarding riskier forms of investment.

The market for providing consulting and asset management services to high net worth individuals, which we process via FERI, has become more complex and fiercely contested since the financial and economic crisis. The competitive environment is characterised by ongoing consolidation in the field of private banking and wealth management.

Ongoing consolidation in private banking and wealth management

From the client perspective, it is also important to note that the decision-making cycles of investors remain long and the willingness to sign new contracts remains fairly low. In light of the low interest environment, institutional investors in particular are increasingly looking for alternative investments.

In light of the ongoing period of low interest rates, investments in both owner-occupied and investment properties are becoming increasingly important with a view to long-term capital accumulation. According to the 2015 Wealth Barometer, 53% of German citizens consider owner-occupied property the most suitable form of investment for this purpose, while 28% prefer to invest in investment properties for capital accumulation.

Real estate still in focus

Competition and regulation

The competitive situation in the German market for financial services did not change significantly for the MLP Group in 2015 compared to the previous year. The sector remains very heterogeneous and is characterised by a high level of competitive pressure and a trend towards consolidation. The providers include numerous banks, insurance companies and free finance brokers. However, the quality of consulting provided by these companies can vary quite markedly. In addition to this, competitive pressure is growing throughout the entire sector as a result of new, innovative market actors (so-called fintechs).

To sustainably increase the degree of transparency and consulting quality in the market, the legislator has already implemented various regulatory changes in the last few years. These changes also had a lasting effect on the framework conditions in the last financial year, and their implementation will continue to drive forward consolidation of the market. MLP was an early adopter of numerous requirements that the legislator is now stipulating with new sets of rules and standards. We see this as a competitive advantage.

Altered framework conditions drive consolidation

On January 1, 2015, important changes came into force within the scope of the Life Insurance Reform Act (LVRG) that, in some cases, will also have lasting effects on the competitive situation in the market as a whole.

Life Insurance Reform Act (LVRG) having lasting effects

As expected, the reduction in the maximum technical interest rate (guaranteed interest rate) from 1.75% to 1.25% in the reporting year contributed to continued reservations among German citizens in terms of signing long-term old-age provision contracts. The reduction of the maximum zillmerisation rate from 4% to 2.5% also put greater pressure on margins in the market, as highlighted by a survey of independent brokers performed by market research institute YouGov. Based on this, around three quarters of independent brokers (77%) are concerned about the massive wave of consolidation among brokers as a result of the Life Insurance Reform Act (LVRG). The majority (59%) have already observed a drop in brokerage business, as well as reduced remuneration (85%) and greater reversal liability (78%).

As expected, the YouGov survey also indicated that the reduction to the maximum zillmerisation rate led to changes in remuneration systems. Indeed, just under two thirds of companies (64%) had already reduced their acquisition commissions, while more than 40% had also increased their average trailer commissions. As a result of the changes to commission models, the majority (58%) of brokers expect to suffer a moderate to severe loss in earnings in the long-term.

As a quality provider with a large and discerning client base, MLP recorded only comparably minor effects on its own business for the financial year 2015. However, the pressure on margins in smaller and significantly less quality-driven parts of the market has increased significantly, which in our opinion will continue to drive forward the ongoing consolidation process in the market.

Stricter banking regulation in Europe

As was already the case in previous years, clarification of details regarding implementation of Basel III in the European Union (EU) continued to occupy the banking world in Europe in the reporting year. On October 1, 2015, the liquidity coverage ratio (LCR) defined in the legislation came into force in the EU as a binding minimum requirement. The objective of the LCR is to cover the liquidity requirements of the next 30 days by securing sufficient high-value assets that can be liquidated at short notice. To make the transition process towards the new minimum requirement easier for institutions, a gradual increase in the degree of fulfilment has been introduced, whereby 100% fulfilment must be secured in 2018. As an institute with a banking licence, these regulations also apply to MLP Finanzdienstleistungen AG and thereby to the MLP Group. MLP complies with all requirements.

Harmonised banking supervisory authority

On December 19, 2014, the European Banking Authority (EBA) published its final guidelines on the Supervisory Review and Evaluation Process (SREP). With this step, a harmonised framework for the monitoring and evaluation process as per Basel III has been created for the first time for the responsible supervisory authorities within the EU. The guidelines should make the risks of banks more transparent and comparable. In the mid-term, the SREP Directive will ultimately lead to further harmonisation of supervisory legislation and supervisory practice within the EU. In addition to this, the Federal Financial Supervisory Authority (BaFin) is currently working on redrafting the minimum risk management requirements in Germany (MaRisk), which will likely lead to further revisions.

Greater protection for small investors

On April 23, 2015, the German Bundestag passed the Retail Investors Protection Act (KlASG). The new legislation provides consumers with better protection from high-risk and non-transparent financial products. It requires greater and more up-to-date information for investors, as well as sales restrictions for providers of investment products, and also strengthens the supervisory powers governing the financial market.

New statutory health insurance premiums

On January 1, 2015, the Act to Further Develop the Financial Structure and Quality of the Statutory Health Insurance System (FQWG) came into force. With this new legislation, the general premium rate for statutory health insurance was reduced from 15.5% to 14.6%. The reduction is split 50/50 between employee and employer. Alongside this, there is an additional premium that the statutory health insurance funds adjust regularly on the basis of their financial position. In 2015, this additional premium averaged 0.9%. It is paid exclusively by employees and determined individually by the respective funds.

Pension contributions down, income thresholds up

As a result of greater reserves, the pension fund was able to reduce the premium rate for pension insurance in 2015 by 0.2% to 18.7%. At the same time, the income thresholds increased in the fields of pension and health insurance. In the general pension insurance fund (West Germany), the threshold increased from € 5,950 to € 6,050, while in Eastern Germany it rose from € 5,000 to € 5,200 per month. The income threshold for statutory health insurance increased to € 49,500 in 2015, following € 48,600 in the previous year. The statutory insurance limit increased from € 53,550 to € 54,900.

Demand for independent consulting services remains high

The latest surveys also indicate that independent financial consultants, i. e. providers such as MLP that do not offer any of their own products, continue to play a key part in the brokerage of old-age provision products in Germany. According to the 2015 Sales Channel Survey performed by corporate consultancy Towers Watson, these were the third most important specialist consulting sector in the industry in terms of life and pension insurance policy sales. Their market share of brokered new business was 26.5%. Tied agents, which represent just one company, took 2nd place with 28.7%, just behind the banks at 29.5%.

The latest figures from Towers Watson indicate that independent consultants also continue to play a key role in the brokerage of private health insurance policies. With a market share of 34.3%, they are the second most important consultant group after the tied agents.

Business performance

The challenges we faced in our core markets also had a negative impact on our business development in the reporting year 2015, particularly in the field of old-age provision.

In this field, the ongoing low interest rate phase, negative press regarding the stability of life insurers and the reduction in the maximum technical interest rate were the main factors that led to continued reservations in terms of signing long-term contracts. Revenue in the field of old-age provision therefore declined in the reporting year.

Clients in the field of health insurance continued to display reservations in terms of signing new comprehensive private insurance policies. We attribute this to various factors including critical reporting on the topic of premium increases in the field of private health insurance. Yet despite this, our revenues in the field of health insurance displayed a positive development and were slightly above the previous year's level. This is thanks to our good client basis, as well as the close and intensive support our clients receive.

Working together with our subsidiary FERI, we further strengthened our wealth management operations in the reporting period. FERI was able to acquire new clients in all business segments. The consulting and service portfolio was consistently expanded, above all in the areas of investment management, alternative assets and real assets (for example private equity, hedge funds and real estate). The positive development in this field of consulting at MLP Finanzdienstleistungen AG was another factor contributing to the significant increases in revenue in the field of wealth management over the previous year. The increase in assets under management in the MLP Group remains the driving force behind this.

In the field of non-life insurance, revenues were above the previous year's level, even without the additional revenue contributions associated with the acquisition of the DOMCURA Group.

Consulting services expanded in and around the field of real estate

To cater even more effectively to the increased client demand for real estate and sustainably broaden its revenue basis, in the reporting year MLP once again significantly expanded its consulting portfolio in and around the field of real estate, which was launched in 2014. On request, MLP consultants can offer clients real estate objects in the form of owner-occupied properties or investment properties. Corresponding training events were held in the reporting year and further sessions are also planned for the coming year. Quality assurance for the brokerage of real estate objects is performed by the subsidiary FERI EuroRating, which undertakes a check of all providers who collaborate with us. In the field of real estate financing, MLP set new records in brokered new business, while revenue from real estate brokerage (which is reflected in other commission income) also recorded significant gains.

With the exception of a decline in the field of old-age provision as a result of market conditions, the MLP Group was therefore able to increase revenues in all fields of consulting. The further diversification of the revenue basis that MLP drove forward in the reporting year is therefore bearing fruit.

A key focus within the scope of diversifying revenue streams was the acquisition of the DOMCURA Group at the end of July 2015. As a so-called underwriting agency, DOMCURA examines all offers in the market when designing, developing and implementing its extensive coverage concepts in the field of non-life insurance. These are brokered by market actors, such as insurance brokers. The DOMCURA Group will maintain and significantly expand this successful business model. Among others, the DOMCURA Group also includes specialist brokers for commercial and industrial insurance products. With the acquisition and integration of the DOMCURA Group into the MLP Group, MLP is developing another strategically relevant business segment. In addition to this, comprehensive revenue synergies are being created within the MLP Group.

New potential in the field of non-life insurance through DOMCURA acquisition

Another positive effect results from the distribution of sales revenues. In the field of non-life insurance, a large proportion of the DOMCURA Group's annual revenues are accrued in the first quarter, as most insurance premiums are due at the start of the year. Since MLP has traditionally generated a large proportion of its revenue in the 4th quarter, the acquisition of the DOMCURA Group will result in a more even distribution of revenues for the Group over the course of the year.

Due to the digitalisation of the financial services sector new competitors are entering the market. These are both so-called fintechs as well as large companies that offer the core skills of financial services providers in the form of dedicated online offers. MLP took various steps in the reporting year to cater to this development and press ahead with the implementation of our online strategy, including entering into a cooperation with the fintech company massUp. The additional steps are described over the next few paragraphs.

Digitalisation strategy successfully pressed ahead

Within the scope of its online strategy, MLP launched a new internet presence for young adults in the reporting year. MLP financify addresses this target group in its own environment. At the same time, we have further expanded MLP's presence on social media platforms such as Facebook, YouTube and Twitter. Our objective is to use these platforms to also position ourselves as the dialogue partner for all financial matters and stimulate interest. In addition to this, we relaunched our client website mlp.de in 2015. Among other things, the updated internet presence now also includes webpages for all MLP locations and information on each client consultant.

Social media activities as a way of acquiring new clients

With its two new web presences and the recently finalised cooperation with massUp, MLP has created the basis for online policy sales which was launched in January 2016. The technical platform now also provides the basis for extending the online product portfolio. In addition to this, the scope of two pilot projects was extended in the reporting year, focusing on video conferencing as a tool for online consulting and the use of eSignatures. MLP therefore created the technological basis and took important steps for further implementation of its digitalisation strategy throughout the reporting year. You can find details on this in the chapter entitled → "Anticipated business development".

Basis established for extension of the online product portfolio

In 2015, MLP extended its offers in the field of private health insurance. Even policy holders that are not currently MLP clients can now have the MLP review and optimise the contract with their existing insurer. The flat-rate, one-off service charge of € 420 plus VAT is only applied in the case of a successful optimisation. This service remains free-of-charge for existing MLP clients.

Extension of offers in the fields of private health insurance and occupational pension provision

Working to the maxim of "100 for 10", since 2015 MLP has been offering an innovative sector concept for net salary optimisation in the field of occupational pension provision that is geared primarily to the needs of medical practices, law firms and similar enterprises.

To support our client consultants, we introduced the "Quick Check" for non-life insurance policies in the reporting year. This allows consultants to quickly and easily check the old contracts of their clients that were not concluded through MLP to ensure that they are up-to-date and compare them against current market offers. The new analysis tool facilitates comparison of liability, building, contents, accident and legal expenses insurance policies.

"Quick Check" launched for non-life insurance policies

Due to the challenging market environment, MLP is supplementing its growth strategy with a consistent efficiency management programme. Despite comprehensive investments in the future, administrative expenses (prior to acquisition of the DOMCURA Group) remained at the previous year's level and were thereby in line with our budget. Among other things, these include one-off expenses of more than € 5 million which can, as announced, be attributed to recruiting programs, implementation of our digitalisation strategy and investments in IT.

Costs stable despite extensive investments

Changes in the corporate structure

In the reporting period, MLP AG carried out a capital increase in exchange for contributions in kind. 1,456,948 new shares were issued in return for 33.33% of the shares in Schwarzer Familienholding GmbH (SFH GmbH), the parent company of the DOMCURA Group companies. These shares carry full dividend rights for the financial year 2015. This measure increased the share capital by 1.35% from 107,877,738 shares to 109,334,686 shares. The capital increase in exchange for contributions in kind was entered in the Commercial Register at Mannheim District Court on August 10, 2015.

Capital increase against contributions in kind

In June, MLP AG signed a company acquisition agreement for the full takeover of the DOMCURA Group. With conclusion of the transaction on July 29, 2015, MLP AG acquired 41.66% of the shares from SFH GmbH. Within the scope of a capital increase in exchange for non-cash contributions, which was entered into the Commercial Register at Mannheim District Court on August 10, a further 33.33% of the shares in SFH GmbH was transferred to MLP AG. The remaining 25% of the shares, which do not carry any voting rights or dividend entitlements are to be retained by Mr. Schwarzer, and will be transferred to MLP without any additional cash price payment by no later than January 1, 2017. MLP AG is entitled to receive dividends on 100% of the shares with backdated effect from January 1, 2015. The total transaction volume was € 18 million. € 12 million was paid in cash as the purchase price, while a further 6 million was paid in the form of the aforementioned issue of new shares in return for a 33.33% stake in SFH GmbH. With the financial statements as of September 30, 2015, the DOMCURA Group was included in the scope of consolidation at MLP Group level for the first time.

Acquisition of the DOMCURA Group strengthens the field of non-life insurance

Various changes were made to the structure and organisation within the FERI Group in the reporting period. Among other things, FERI Institutional and Family Office GmbH was merged with FERI Trust GmbH. In the same period, FEREAL AG also received approval from the Federal Financial Supervisory Authority (BaFin) to operate as a capital management company. Aside from this, there were no significant changes to the corporate structure of the MLP Group in the reporting year.

FEREAL AG approved as capital management company

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

However, the acquisition of the DOMCURA Group means that direct comparison with previous year's figures is only possible to a limited extend.

Results of operations

Development of total revenue

Total revenue increased

Despite the fact that the market environment remains difficult, particularly in the field of old-age provision, MLP was able to increase total revenue to € 557.2 million (€ 531.1 million). This growth was primarily driven by the increase in commission income from € 486.9 million to € 514.3 million. It is important to note here that the € 20.0 million in revenue generated by the DOMCURA Group also contributed to this development. At € 21.4 million (€ 22.9 million), revenue from the interest rate business was slightly below the previous year. This was due to the low interest rate. Other revenue of € 21.5 million (€ 21.4 million) was also slightly below the previous year's level.

New business in the old-age provision segment well below the previous year

German citizens continue to display reservations when it comes signing long-term contracts. This is primarily due to the ongoing low interest rate environment, as well as negative press regarding life insurers and their products. As a result of this, new business in the field of old-age provision declined to a brokered premium sum of € 3.5 billion (€ 4.1 billion). Occupational pension provision contributed 12% (12%) towards this. Revenue in the field of old-age provision declined to € 215.7 million (€ 239.7 million). This was largely as a result of the reduced level of new business.

Health insurance slightly above the previous year

Following declines in the last few years, we were able to record an increase over the previous year in the field of health insurance. Despite the reservations being displayed by many clients due to the ongoing negative press regarding private health insurance in the media, the revenue of € 45.9 million (€ 43.5 million) was 5.5% higher than in the same period of the previous year.

Non-life insurance and loans and mortgages performed distinctly positively

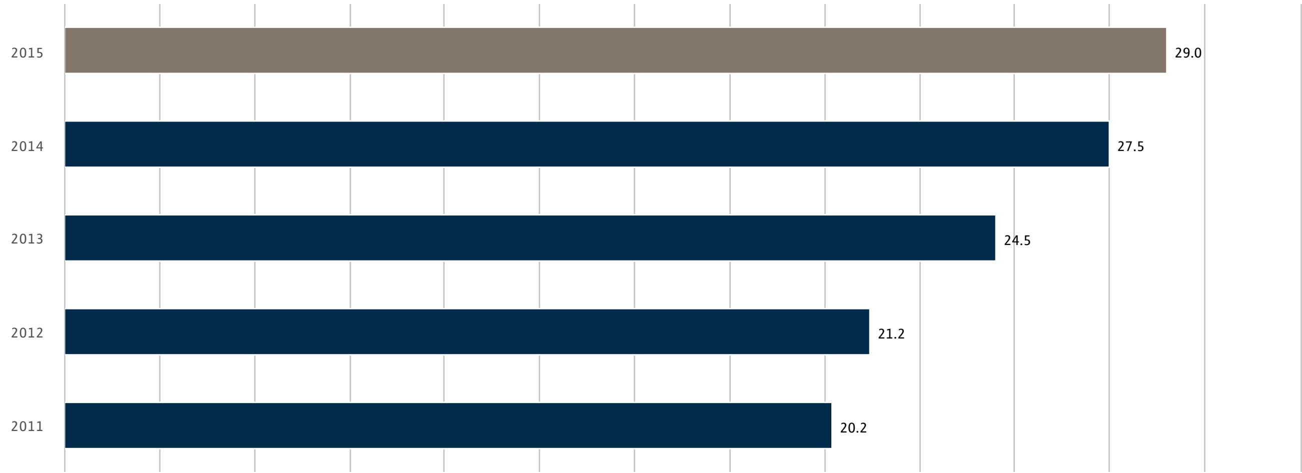
The non-life insurance segment displayed considerably positive development. Supported by the revenue contribution of the DOMCURA Group, whose revenues and earnings have been included in the scope of consolidation of the Group since the end of July, revenue in the field of non-life insurance increased to € 54.9 million (€ 34.6 million).

The volume of brokered loans and mortgages increased significantly to € 1.8 billion (€ 1.4 billion) and thereby reached a new record high. Revenue in this business segment displayed correspondingly positive development. At € 16.2 million (€ 13.6 million), it was significantly above the previous year's level.

Wealth management continued to grow

Having already set a new record in the previous year, revenue in the field of wealth management increased again in the last financial year to € 166.0 million (€ 147.0 million). This increase can be attributed both to the positive development of our subsidiary FERI and to the good development of the division at MLP Finanzdienstleistungen AG. The Group's assets under management were € 29.0 billion (€ 27.5 billion) on the balance sheet date.

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



Successful cost management

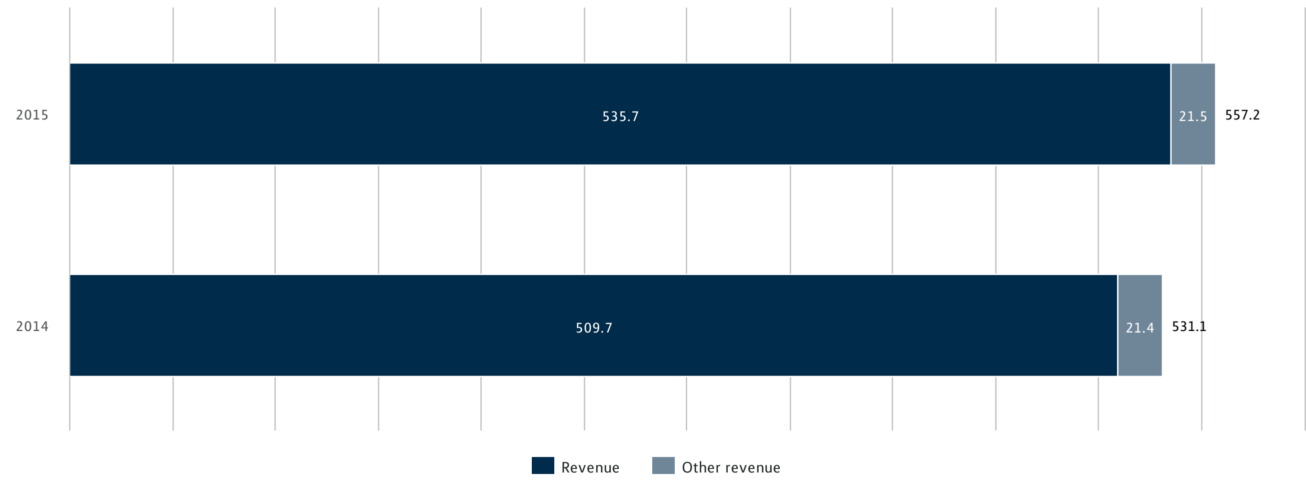
MLP successfully continued its cost management programme in the financial year. Without taking into account the additional expenses of the DOMCURA Group over the previous year, administrative expenses in the MLP Group (defined as the sum of personnel expenses, amortisation expenses and impairments, as well as other operating expenses) were € 262.3 million (€ 256.8 million). Alongside our expenses in connection with investments in the future, administrative expenses also include transaction costs for the acquisition of the DOMCURA Group. Including the DOMCURA Group, administrative expenses were € 272.8 million.

Pro forma EBIT (prior to acquisitions) was € 32.5 million (€ 39.0 million). EBIT including the DOMCURA acquisition was € 30.7 million. This is due to the seasonal nature of the DOMCURA business model, whereby the subsidiary generally records high revenues and earnings in the first quarter of each year and then records a loss from Q2 to Q4. As expected, however, overall earnings of the DOMCURA Group will be significantly positive. On a pro forma basis (prior to acquisitions), the EBIT margin of the MLP Group was 5.8% (7.3%). Productivity (defined as revenue per consultant in the financial services segment) was € 204,400 (€ 206,800).

Analysis of the change in revenue

Revenue increased to € 535.7 million (€ 509.7 million) in the reporting period, largely due to the € 20.0 million share of revenue of the DOMCURA Group. At € 21.5 million (€ 21.4 million), other revenue remained at the same level as the previous year. Total revenue rose to € 557.2 million (€ 531.1 million).

Development of total revenue (all figures in € million)



The increase in commission income from € 486.9 million to € 514.3 million had a positive effect on revenue development. At € 21.4 million (€ 22.9 million), interest income was slightly below the previous year. This was due to the low interest rate. The old-age provision segment continues to contribute the lion's share of commission income, followed by wealth management. With an increase of 85.7%, other consulting services (which primarily reflect revenue from the extended real estate portfolio) recorded the strongest growth. At 58.7%, revenue in the field of non-life insurance also improved considerably. The following table provides a detailed overview of this:

Breakdown of revenue

All figures in € million	2015	2014	Change in %
Old-age provision	215.7	239.7	-10.0%
Wealth management	166.0	147.0	12.9%
Health insurance	45.9	43.5	5.5%
Non-life insurance	54.9	34.6	58.7%
Loans and mortgages	16.2	13.6	19.1%
Other commission and fees	15.6	8.4	85.7%
Total commission income	514.3	486.9	5.6%
Interest income	21.4	22.9	-6.6%
Total	535.7	509.7	5.1%

Analysis of expenses

Commission expenses primarily comprise performance-linked commission payments to our consultants. They represent the largest single item under expenses. This item also includes the commissions paid in the DOMCURA segment. These variable expenses occur due to the remuneration of brokerage services in the non-life insurance business. Added to these are the commissions paid in the FERI segment, which in particular result from the activities in the field of fund administration. Variable expenses are, for example, accrued in this business segment due to remuneration of the depository bank and fund sales. Commissions paid increased to € 253.6 million (€ 233.6 million). This was largely due to the incorporation of the DOMCURA Group, as well as expansion of the fund administration segment at FERI and the greater revenue associated with this. The commission result was therefore € 260.7 million, following € 253.3 million in the previous year.

Interest expenses fell to € 1.9 million (€ 2.8 million) due to the ongoing downward trend in interest rates. Net interest was € 19.5 million in total, following € 20.1 million in the previous year.

Gross profit increased to € 301.7 million (€ 294.6 million) in the past year.

Slight increase in administrative expenses

Without taking into account DOMCURA and despite our investments in the future, administrative expenses in the reporting period increased only slightly to € 262.3 million (€ 256.8 million). These include expenses associated with the acquisition of the DOMCURA Group of around € 1.2 million, as well as higher other operating expenses due to the successful development of fund administration in the FERI segment. Including the DOMCURA Group, administrative expenses for the year increased to € 272.8 million.

Despite additional expenses in the DOMCURA segment, personnel expenses were only slightly above the previous year. Alongside this acquisition effect, the slight increase can be attributed to general salary increases. Total personnel expenses were € 113.5 million (€ 106.0 million). Among other things, these include € 98.1 million (€ 91.6 million) for salaries and wages, € 12.9 million (€ 12.0 million) for social security contributions and employer-based old-age provision allowances of € 2.4 million (€ 2.4 million). Depreciation/amortisation and impairments increased to € 15.1 million (€ 13.4 million). This increase can be attributed to an impairment on software, as well as a write-down on an investment property. Other operating expenses increased slightly to € 144.2 million (€ 137.4 million). Among other things, this was due to incorporation of the DOMCURA Group, including associated acquisition costs, as well as the higher expenses mentioned for fund administration in the FERI segment.

Breakdown of expenses

All figures in € million	2015	In % of total expenses	2014	In % of total expenses	Change in %
Commission expenses	253.6	48.0%	233.6	47.4%	8.6%
Interest expenses	1.9	0.4%	2.8	0.6%	-32.1%
Personnel expenses	113.5	21.5%	106.0	21.5%	7.1%
Depreciation and amortisation	15.1	2.9%	13.4	2.7%	12.7%
Other operating expenses	144.2	27.3%	137.4	27.9%	4.9%
Total	528.3	100.0%	493.2	100.0%	7.1%

MLP Hyp once again displayed very encouraging business development in the last financial year. We hold a 49.8% stake in this company, which is operated as a joint venture together with the mortgage broker Interhyp. As a result of the excellent business development, our allotted earnings from the company increased to € 1.8 million (€ 1.1 million), thereby considerably exceeding the previous year's earnings. This is reflected in the income statement under the item "Earnings from investments accounted for using the equity method".

EBIT in decline

EBIT including the DOMCURA acquisition was € 30.7 million. Pro forma EBIT (prior to acquisitions) is € 32.5 million (€ 39.0 million). This is essentially due to the fact that despite the diversification of revenue streams the effect from the revenue decreases in the field of old-age provision has not yet been equalised by the other fields of consulting and that administrative expenses were slightly higher than in the previous year. This situation is compounded further by the seasonal nature of the DOMCURA business model, associated with incorporation of the DOMCURA Group only with effect from August in the previous year.

The finance cost dropped to € -2.8 million (€ -1.3 million) in the last financial year. The increase in other interest and similar expenses to € -3.3 million (€ -2.0 million) had a significant influence on this development. This development can be attributed to interest due on a retrospective tax payment resulting from MLP's international activities that were ceased back in 2007. At € 0.5 million (€ 0.7 million), other interest and similar income remained virtually constant. Earnings before tax (EBT) declined to € 28.0 million (€ 37.6 million) as a result of this. Income tax expenditure was € 8.2 million (€ 8.7 million). The aforementioned retrospective tax payment had a negative impact here. The tax rate increased to 29.2% (23.1%).

Finance cost impacted by one-off effects

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

Structure and changes in earnings in the Group

All figures in € million	2015	2014	Change in %
Total revenue	557.2	531.1	4.9%
Gross profit [1]	301.7	294.7	2.4%
Gross profit margin (%)	54.1%	55.5%	
EBIT	30.7	39.0	-21.3%
EBIT margin (%)	5.5%	7.3%	
Pro forma EBIT [2]	32.5	39.0	-16.7%
Pro forma EBIT margin (%)	5.8%	7.3%	
Finance cost	-2.8	-1.3	>-100%
EBT	28.0	37.6	-25.5%
EBT margin (%)	5.0%	7.1%	
Income taxes	-8.2	-8.7	-5.7%
Net profit	19.8	29.0	-31.7%
Net margin (%)	3.6%	5.5%	

[1] Gross profit is the result of total revenue less commission expenses and interest expenses
[2] Pro forma EBIT (before acquisitions)

Group net profit declined to € 19.8 million (€ 29.0 million) in the financial year 2015. The diluted and basic earnings per share were € 0.18. This is based on the average number of outstanding shares for the past financial year (108,484,800 units). Relative to the 107,877,738 shares in the same period of the previous year, earnings per share are also € 0.18.

Simulating an acquisition of the new subsidiary DOMCURA with effect from January 1, 2015, Group net profit is € 23.3 million.

Group net profit

All figures in € million	2015	2014	Change in %
Continuing operations	19.8	29.0	-31.7%
GROUP	19.8	29.0	-31.7%
Earnings per share in € (basic)	0.18	0.27	-33.3%
Earnings per share in € (diluted)	0.18	0.27	-33.3%
Number of shares in millions (basic)	108,5*	107.9	0.6%

*Weighted average number of shares

Appropriation of profits

At the start of the past financial year, we announced that we would be paying 50% to 70% of Group net profit to our shareholders in the form of dividends. We paid our shareholders € 0.17 per share in the form of a regular dividend for the financial year 2014. The total dividend paid was therefore € 18.3 million. We did not purchase any treasury stock during the reporting period.

The Executive Board and Supervisory Board will propose a dividend of € 0.12 per share to the Annual General Meeting on June 16, 2015. This corresponds to a distribution rate of 66% of net profit. The new shares issued within the scope of the capital increase in exchange for non-cash contributions carry full dividend entitlements for the financial year 2015.

Financial position

Aims of financial management

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

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

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

The Group's equity capital backing and liquidity remain good. Shareholders' equity increased to € 385.8 million (€ 376.8 million) in the reporting period. This was mainly influenced by Group net profit for the financial year 2015 of € 19.8 million, as well as the aforementioned capital increase in exchange for non-cash contributions in August of this year with a volume of € 6.0 million. However, this was counteracted by the dividend payment of € 18.3 million for the financial year 2014. Due to the higher balance sheet total, the equity ratio declined from 23.2% to 22.0%. The regulatory equity ratio was 14.3% on the balance sheet date. The reduction in the ratio can essentially be attributed to the intangible assets (please also refer to Note 6 "Disclosures on company acquisitions"), which increased as a result of the acquisition of the DOMCURA Group. This effect is softened by the capital increase in exchange for non-cash contributions performed in the third quarter.

Equity ratio at 22.0%

At present, we are not using any borrowed funds in the form of securities or promissory note bond issues to finance the Group long-term. Our non-current assets are financed by non-current liabilities. Current liabilities due to clients and banks in the banking business represent further refinancing funds that are generally available to us in the long term. Total liabilities due to clients and financial institutions in the banking business of € 1,125.7 million (€ 1,025.1 million) essentially comprise client deposits, which have no financing function for the Group. These liabilities are offset on the assets side of the balance sheet by € 1,143.0 million (€ 1,054.9 million) in receivables from clients and financial institutions in the banking business.

Since provisions only account for 4.9% (5.7%) of the balance sheet total, they have no significant financing function for the Group. Other liabilities increased to € 140.2 million (€ 117.8 million) on the balance sheet date. This increase can essentially be attributed to the first-time inclusion of the DOMCURA Group and is a result of liabilities from the underwriting business, whereby current liabilities increased to € 137.2 million (€ 115.5 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 € 77.5 million (€ 49.1 million), largely influenced by incorporation of the DOMCURA Group as well as financial investments of € 147.9 million (€ 145.3 million) and other current assets of € 99.3 million (€ 104.2 million).

On the balance sheet date of December 31, 2015 there were financial commitments from rental and leasing agreements amounting to € 15.8 million (€ 14.5 million). These mainly constitute liabilities from the renting of our branch offices, as well as leasing of motor vehicles and office equipment. They can result in potential total liabilities of € 70.4 million (€ 59.6 million) by the year 2021. This is essentially due to incorporation of the DOMCURA Group, as well as the establishment of new consulting centres.

Liquidity analysis

Cash flow from operating activities increased to € 58.8 from € 32.3 million in the same period of the previous year. Here, significant cash flows result from the deposit business with our clients and from the investment of these funds.

Cash flow from investing activities changed from € -4.3 million to € -18.0 million. A higher volume of new investments in time deposits were made in the reporting period than in the same period of the previous year.

Condensed statement of cash flow

All figures in € million	2015	2014
Cash and cash equivalents at beginning of period	72.1	61.4
Cash flow from operating activities	58.8	32.3
Cash flow from investing activities	-18.0	-4.3
Cash flow from financing activities	-18.3	-17.3
Change in cash and cash equivalents	22.4	10.8
Cash and cash equivalents at end of period	94.5	72.1

As of the balance sheet date, December 31, 2015, the MLP Group has access to cash holdings of around € 174 million. A good level of liquid funds therefore remains available. There are sufficient cash reserves available to the MLP Group. Alongside cash holdings, free lines of credit are also in place. In 2015, the MLP Group was capable of meeting its payment obligations at all times.

Capital expenditure analysis

MLP generally finances capital expenditures from cash flow. As forecast, the total investment volume in intangible assets and property, plant and equipment decreased in the last financial year to € 12.8 million (€ 15.4 million). This drop can essentially be attributed to the previous year’s higher capital expenditure for IT systems to support sales, as well as operating and office equipment, in particular hardware.

Capital expenditure

All figures in € million	2015	2014	2013	2012	2011
Intangible assets	7.9	8.9	19.5	7.8	4.3
Goodwill	–	–	–	–	–
Software (developed in house)	0.4	0.4	0.4	0.4	0.4
Software (purchased)	0.4	1.1	0.6	0.4	0.2
Other intangible assets	–	–	0.0	0.0	–
Payments on account and assets under construction	7.1	7.4	18.5	7.0	3.6
Property, plant and equipment	4.8	6.6	2.9	6.7	3.5
Land, leasehold rights and buildings	0.7	0.4	0.4	0.4	0.2
Other fixtures, fittings and office equipment	3.1	4.2	1.8	5.4	3.2
Payments on account and assets under construction	1.0	2.0	0.8	0.9	0.0
Total capital expenditures	12.8	15.4	22.5	14.5	7.8

At € 11.2 million, the overwhelming majority of capital expenditure in the last financial year was related to investments in the financial services segment. These investments were made in operating and office equipment and here in particular in sales-supporting IT systems. They contribute to the continuous improvement of consulting support and client service. Alongside these capitalisable investments, we also use other intensive resources for these projects which are recognised as expenses in the income statement. Capital expenditure of € 0.8 million recorded in the FERI segment last year reflected investments in operating & office equipment, as well as intangible assets. Capital expenditure in the DOMCURA segment was € 0.5 million, focusing primarily on operating and office equipment.

Capital expenditure by segment

	Total capital expenditure		Change in %
All figures in € million	2015	2014	
Financial services	11.2	13.6	-17.6%
FERI	0.8	1.1	-27.3%
DOMCURA	0.5	–	–
Holding	0.3	0.7	-57.1%
Total	12.8	15.4	-16.9%

Net Assets

Analysis of the asset and liability structure

On the reporting date of December 31, 2015 the balance sheet total of the MLP Group increased by € 128.0 million to € 1,752.7 million (€ 1,624.7 million).

Further increase in balance sheet total

Intangible assets – essentially including the client base, brand and goodwill – increased from € 156.2 million to € 174.5 million. This increase is primarily associated with the aforementioned acquisition of the DOMCURA Group in the last financial year. At € 65.7 million (€ 66.0 million), property, plant and equipment remained stable. The “Investment property” item declined to € 0.0 million (€ 7.3 million). This was due to the reclassification of property to the “Non-current assets held for sale and disposal groups” item. As of the balance sheet date, this item amounted to € 6.0 million (€ 0.0 million). The difference reflects the write-down performed on this property back in the second quarter of 2015.

Receivables from banks in the banking business increased to € 600.3 million (€ 559.3 million). This rise is essentially the result of an increase in investments in daily deposits due on demand. Receivables from clients in the banking business also increased to € 542.7 million (€ 495.6 million). This can largely be attributed to an increase in loan exposure, as well as an increase in investments in promissory note bonds. Around 66% (66%) of receivables from banks and clients in the banking business have a term to maturity of less than one year.

At € 147.9 million (€ 145.3 million), financial investments remained virtually unchanged from the previous year. Cash and cash equivalents increased to € 77.5 million (€ 49.1 million). The main reason behind this development is the first-time inclusion of the DOMCURA Group in the scope of consolidation, as well as the profit transfers of MLP Finanzdienstleistungen AG and FERI AG for the financial year 2014. Among other factors, the dividend payment to our shareholders, as well as payment of a portion of the purchase price within the scope of the acquisition of the DOMCURA Group, had the opposite effect. You can find detailed information on the change in cash and cash equivalents in the chapter entitled → “Financial position”.

Other receivables and assets fell from € 117.7 million to € 112.5 million. This item essentially contains commission receivables from insurance companies resulting from the brokerage of insurance products.

The equity capital backing of the MLP Group remains good. As of December 31, 2015, shareholders’ equity was € 385.8 million (€ 376.8 million). The increase can essentially be attributed to the consolidated net earnings in 2015, as well as the aforementioned capital increase in exchange for non-cash contributions. Due to the higher balance sheet total, the equity ratio was 22.0% (23.2%). Based on Group net profit of € 19.8 million, we therefore achieved a return on equity of 5.1% (7.7%).

Equity capital backing remains good

Provisions fell from € 92.0 million to € 86.5 million, largely due to the lower provisions for cancellation risks and pensions.

The deposits of our clients (liabilities due to clients in the banking business) increased to € 1,102.6 million (€ 1,007.7 million) at the end of the reporting period. This increase is primarily attributable to short-term deposits held in bank accounts, credit cards and instant access savings accounts. Liabilities due to banks in the banking business rose to € 23.1 million (€ 17.4 million). This can be attributed to a higher volume of development loans being passed on to our clients. This item includes the refinancing funds from funding institutions.

Further increase in client deposits

Other liabilities increased to € 140.2 million (€ 117.8 million). This item essentially comprises current liabilities due to our consultants and office managers in connection with open commission claims (please also refer to the section entitled → "Financial position"). The increase is primarily the result of the first-time inclusion of the DOMCURA Group.

General statement on the economic situation

The corporate management still 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. This also applies to our financial position. Liquidity remains at a good level. The equity capital backing also remains good.

Comparison of the actual and forecast development of business

At the start of 2015, we issued a forecast for EBIT that indicated a slight increase over the previous year. We also made a qualitative estimate regarding the development of sales revenues.

Although we did not quite reach our target in the field of old-age provision, the field of health insurance recorded a slight increase as planned. In the field of wealth management, we surpassed our original forecast for a slight increase in revenue.

For administrative expenses, we had forecast a constant level of € 255 million. With actual administrative expenses of € 262.3 million (prior to acquisitions) in 2015, we remained largely within our budgetary framework.

With pro forma EBIT (prior to acquisitions) of € 32.5 million, we did not quite reach our original forecast level.

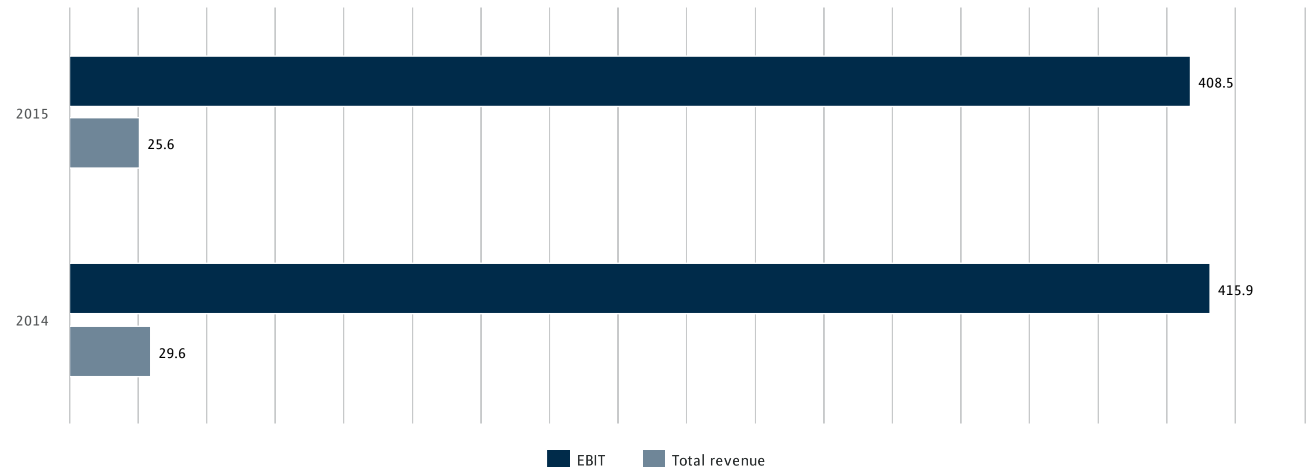
Segment report

The financial services segment reflects revenue from all fields of consulting – i.e. old-age provision, health and non-life insurance, wealth management and loans & mortgages. The FERI segment primarily generates revenue from the wealth management field of consulting, while the DOMCURA segment generates most of its revenue from the non-life insurance business. The industry situation for the Group described in the individual fields of consulting applies accordingly to the segments.

Financial services segment

Total revenue in the financial services segment declined to € 408.5 million (€ 415.9 million) in 2015. This can essentially be attributed to the lower commission income in the field of old-age provision, which also had a corresponding effect at Group level. Development of the other key fields of consulting in this segment (health insurance, wealth management, non-life insurance) is in line with the positive development in the Group. As was the case in the Group, the loans and mortgages business also displayed positive development. At € 21.4 million (€ 22.9 million), revenue from the interest rate business was slightly below the previous year. This was due to the low interest rate.

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



Commission expenses fell to € 172.5 million (€ 176.0 million) due to lower commission income. Interest expenses also fell to € 1.9 million (€ 2.8 million) due to the low interest rate level.

At € 74.2 million (€ 72.8 million), personnel expenses were slightly above the previous year’s level. This was primarily due to general salary increases. At € 9.5 million (€ 9.2 million), depreciation/amortisation and impairment remained virtually unchanged. The decrease in depreciation/amortisation was more than compensated by impairments. At € 126.7 million (€ 126.6 million), other operating expenses also remained at the previous year’s level.

EBIT declined to € 25.6 million (€ 29.6 million), in particular due to a lower revenue level. The EBIT margin was 6.3%, following 7.1% in the previous year. The finance cost was € -0.3 million (€ -0.5 million). EBT declined to € 25.3 million (€ 29.0 million).

FERI segment

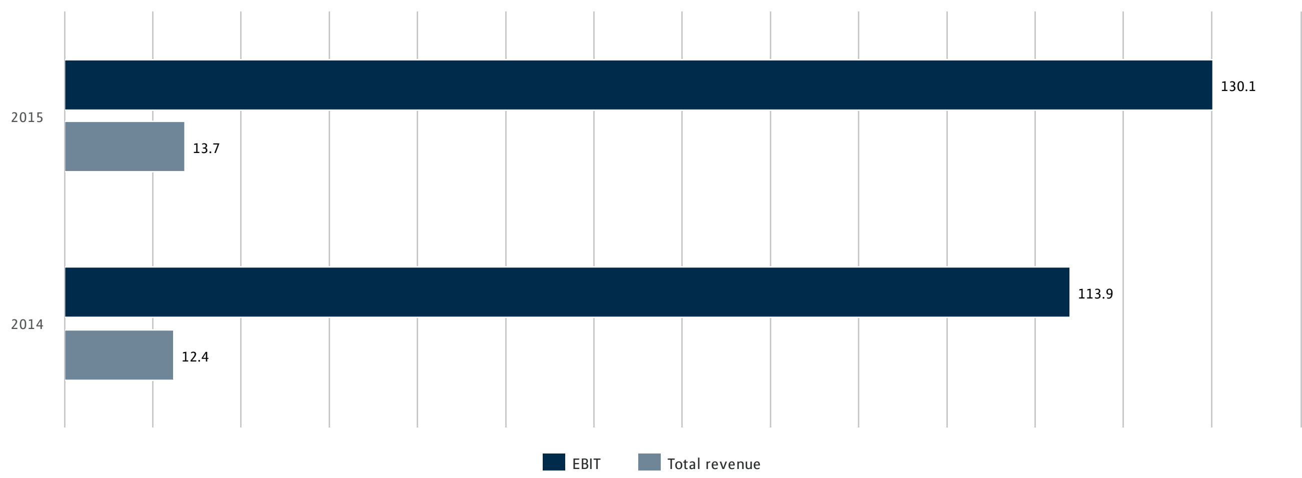
The FERI segment represents the activities of the FERI Group. Revenue is primarily generated in this segment from the wealth management field of consulting.

Total revenue increased to a record level of € 130.1 million (€ 113.9 million) in the last financial year. This increase can in particular be attributed to further gains in the field of fund administration, mandates gained and overall positive developments in terms of performance-based remuneration that FERI receives for the performance of client portfolios (performance fees).

Commission expenses increased to € 70.7 million (€ 60.3 million) as a result of increased revenue in the field of fund administration. Personnel expenses were € 30.4 million, following € 27.6 million in the previous year. This increase can essentially be attributed to higher variable remuneration than in the previous year. Depreciation/amortisation and impairment was € 1.8 million (€ 2.1 million). Other operating expenses increased from € 11.6 million to € 13.6 million, largely due to higher consulting costs within the scope of acquiring a license to operate as a capital management company ("KVG-Lizenz"), as well as the aforementioned changes to the corporate structure at FERI.

EBIT increased to € 13.7 million (€ 12.4 million) due to higher revenues. The EBIT margin was 10.6%, following 10.9% in the previous year. The finance cost was € -0.3 million, following € -0.7 million in the previous year. Accordingly, EBT improved to € 13.4 million (€ 11.7 million).

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



DOMCURA segment

The DOMCURA segment report encompasses the time period from its acquisition up to December 31, 2015 (around 5 months). The DOMCURA segment primarily generates revenue from the brokering of non-life insurance.

DOMCURA's business model is characterised by a high degree of seasonality. Accordingly, the subsidiary records high sales revenue and comparably high earnings in the first quarter of each year. This is then followed by a loss in Q2 to Q4. The total profit each year is therefore generated in the first quarter. However, this period is not included in our abridged reporting period for the financial year 2015. Nevertheless, the MLP Group carries full dividend entitlements for the entire year. The earnings recorded up to the point of closing are recorded in shareholders' equity.

Sales revenues reached € 20.0 million in the period under review since the initial consolidation. This primarily reflects the premium volume received. Other revenue was € 2.2 million. Total revenue therefore reached € 22.2 million. Commission expenses were € 13.5 million. These are essentially accrued as variable remuneration for brokerage services.

Administrative expenses were € 10.5 million. Of these expenses, € 5.1 million is attributable to personnel expenses. Depreciation/amortisation and impairment was € 0.7 million. Other operating expenses were € 4.7 million.

EBIT was € -1.8 million. The EBIT margin was -8.1%. The finance cost was € 0.0 million. The EBT recorded by DOMCURA was therefore also € -1.8 million.

You can find a detailed presentation of the earnings that would have been recorded if the acquisition had been made at the start of the year in Note 6. This provides an indication of the overall positive development.

Holding segment

The Holding segment does not have active operations. Total revenue in the financial year was € 11.0 million (€ 15.4 million). This revenue can essentially be attributed to the letting of buildings to affiliated companies. Among other factors, the previous year's figure was higher due to the reversal of provisions and a positive outcome for MLP in the negative declaratory relief claim against several former shareholders in FERI. Total revenue in 2013 was € 11.5 million.

Following one-off expenses in the previous year, personnel expenses dropped to € 3.8 million (€ 5.5 million). Depreciation/amortisation and impairment charges increased to € 3.2 million (€ 2.1 million). Among other factors, this was partly due to a greater one-off write-down as a result of a property being revalued. Other operating expenses amounted to € 10.7 million compared to € 10.5 million in the previous year. EBIT declined to € -6.7 million (€ -2.7 million) due to lower revenues. As already described at Group level, the finance cost took quite a hit as a result of interest payments due on a retrospective tax payment and therefore declined to € -2.3 million (€ -0.3 million). EBT consequently decreased to € -9.0 million, following € -3.0 million in the previous year.

Employees and self-employed client consultants

As MLP is a knowledge-based service provider, qualified and motivated employees and consultants represent the most important foundation for sustainable company success. An important focus in 2015 was therefore on continuous further development of personnel work, as well as on the qualification, further training, recruiting and development of new consultants.

Low staff turnover rate

The number of employees in the MLP Group increased by around 16.9% in the reporting year 2015 – largely due to the acquisition of the DOMCURA Group. On the reporting date, December 31, 2015, a total of 1,802 employees worked for MLP. Adjusted for the DOMCURA acquisition, however, the number of employees remained largely unchanged from the previous year at 1,541 (1,542). At 5.5%, the staff turnover rate at the company HQ remained at a low level in 2015 (2014: 4.5%). The average age of employees at MLP AG, MLP Finanzdienstleistungen AG, FERI AG and the DOMCURA Group is currently 40.

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

Development of the average number of employees (excluding MLP consultants)

Segment	2015	2014	2013	2012	2011
Financial services*	1,300	1,303	1,306	1,265	1,324
FERI	235	232	244	251	249
DOMCURA	261	–	–	–	–
Holding	7	7	9	8	12
Total	**1,802**	**1,542**	**1,559**	**1,524**	**1,584**

As of December 31, 2015
* Incl. TPC, ZSH and MLPdialog

Development programmes for managers and junior staff

To offer our employees even better development opportunities, we launched a modular "management programme" for team leaders in 2015. The objective here is to train existing managers in relevant topics and support them in their role with personnel responsibility. In the coming year, we will also be welcoming a new group of participants to our "Top Talents" programme for junior staff, which has been established since 2013. The goal is to systematically identify talented junior staff from within the company and then provide these with targeted and sustainable development opportunities for future specialist and management duties.

New company agreements on remuneration, assessment and special leave

In the course of further developing our personnel work, four company agreements were signed in the reporting year. Among other things, these involve introduction of a new remuneration system. The objective here is to establish a fair, transparent and motivating remuneration system that rewards personal experience, expertise and achievements on the part of employees, while at the same time remaining competitive. To complement this, a company agreement on holding appraisal meetings was signed. This also provides the basis for targeted sponsorship and development measures.

To offer our employees family-friendly framework conditions that are continuously expanded in keeping with the various phases of their lives, a company agreement that sets out uniform rulings for unpaid special leave was also signed in 2015. With this company agreement, MLP is granting its employees the opportunity to take extended periods of leave in certain circumstances, also in combination with regular leave and flexitime days.

Consultant turnover at a low level

As of December 31, 2015, MLP operated 156 representative offices with a total of 1,935 consultants (2014: 1,952), who work as self-employed commercial agents. The average age of consultants is currently just under 44. The low employee turnover rate is also very pleasing. This rate was just 8.3% in 2015 – and thereby well below the target maximum of 12% (+/- 2 percentage points).

Further progress in the process for recruiting new consultants

Acquiring new consultants was a key topic in the reporting year. To this end, MLP has established a training allowance for new client consultants to help them find their feet in the world of self-employment. They are eligible to receive up to € 24,000 in the first year and up to € 12,000 in the second year. With this step, we are combining high-quality basic and advanced training with improved planning reliability for new consultants.

Internship programme and dual study programme established

The new internship programme, launched in 2014, has now established itself. In the reporting year, some 142 school-leavers and students took the opportunity to get a better idea of what it is like working as an MLP consultant. Our sales-oriented dual study programmes, which were first launched in 2013 and help prepare students for a consultant career at the branch offices, represent another successful recruiting instrument. Some 24 dual study course students and 22 trainees are currently working at the various offices (previous year: 22 and 26), while 25 dual study course students and 23 trainees are working at the company HQ (previous year: 30 and 25).

Significant rise in the number of applicants

The number of applications for consultant positions also displayed positive development in the financial year 2015, increasing by 47% over the previous year. MLP increased its number of consultants over the previous year in both the third and fourth quarters. The recruiting offensive we launched last year is therefore clearly starting to bear fruit. In addition, we have opened a new office in the university city of Würzburg and are preparing to open further offices throughout Germany. You can find further information on the recruitment plans under “Performance forecast”.

Qualifications and further training as the key to success

As a consultancy covering all financial questions and issues, MLP operates in a complex and constantly changing market and competitive environment and must be capable of repeatedly convincing its clientele of the benefits associated with its services.

High-level qualifications and further training represent an indispensable prerequisite in achieving this. The MLP Corporate University (CU), based at the MLP headquarters in Wiesloch, sits at the very heart of our consultant qualification and training program. Following an extensive certification process, in 2013 it was the first corporate university to be awarded the “Certified Corporate University” international seal of approval from the Foundation for International Business Administration Accreditation (FIBAA). The training offered by the CU therefore complies with the international requirements of the European Credit Transfer and Accumulation System (ECTS), which simplifies cooperation with state universities.

“Financial planning” master’s programme in the pipeline

Preparations got underway on a cooperative study programme in the reporting year. In future, the CU will offer a master’s degree in financial planning in collaboration with a state university. The new master’s programme is aimed at young professionals and those in active employment, as well as graduates that are keen to add a master’s degree to their name. The degree course therefore offers our consultants an additional opportunity to gain further qualifications – which also makes it a supplementary instrument within the scope of our recruiting initiative.

The CU has already been accredited by the Financial Planning Standards Board Deutschland e.V. (FPSB Deutschland) for training to the Certified Financial Planner (CFP) standard since 2012 – since which time around 140 financial planners have been trained. Further consultants are also currently in training. In the reporting year, we successfully completed the re-accreditation process, which needs to be regularly repeated. Our accreditation was extended by the FPSB Deutschland for five years up to 2020. The Academic Advisory Board at the MLP Corporate University, which underpins the quality of the basic and advanced training offered at MLP with its broad academic expertise, was also re-appointed in April 2015 on a regular cycle.

Re-accreditation successfully completed

The importance of qualifications and further training is reflected in numerous seminars and events. In 2015, around 900 individual events were held at the CU. The number of central training days (including online seminars) was around 17,700. Alongside numerous training sessions on specialist and consulting-related topics, one focus was on the introduction of a new training programme for consultants that focuses on real estate brokerage. Further expansion of this is planned for 2016.

In the last financial year, total expenditure on qualifications and further training was € 7 million, which was roughly the same level as in the previous year.

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 past financial year. We would also like to thank the works council for its constructive collaboration. The key now is to maintain this open and responsible dialogue as effectively as possible in future for the benefit of all employees.

A big thank you to our employees

Events subsequent to the reporting date

The efficiency measures which are described in the forecast were agreed by the end of February. In addition there were no further appreciable events after the balance sheet date affecting the net assets, financial position and results of operations of the MLP Group.

Remuneration report

Principles of Executive Board remuneration

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

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 deferred payment effectively to be made to the member of the Executive Board is also subject to upwards or downwards adjustment, based 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 remuneration system, the members of the Executive Board are entitled to unrestricted use of a company car and payments from a life and disability insurance policy.

The Chairman of the Board, Dr. Uwe Schroeder-Wildberg, also has individual occupational benefit plan entitlements. 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 benefit entitlement for the old-age pension, disability pension and widow's pension is either set at 60% of the last fixed monthly salary received or specified separately in supplements to the service contracts. The level of orphan's benefit payable per eligible child is calculated on a case by case basis. The total of the widow's pension and orphan's benefit of all entitled persons together must not exceed 100% of the old-age pension. However, the members of the Group Executive Board, Manfred Bauer and Reinhard Loose, receive employer-financed, defined contribution benefits in an occupational pension scheme.

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

- the company's share of voting rights changes in accordance with §§ 21, 22 of the German Securities Trading Act.
- the company is reorganised in line with the provisions of the German Reorganisation of Companies Act (UmwG). 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.

If a member of the Executive Board resigns on the basis of the aforementioned conditions, he is entitled to compensation of no more than two annual salaries, on the condition that the termination takes place more than two years before the end of contract. After that the regulations apply on a pro-rata-temporis basis.

To comply with the relevant supervisory requirements, the service contracts of all members of the Executive Board also include the following provisions:

- In the event of negative performance or misconduct on the part of the Executive Board member in question in the sense of § 5 (7) of the Ordinance on the Supervisory Requirements for Institutions' Remuneration Systems (InstitutsVergV), the Supervisory Board is entitled to reduce the benefits to which said member is entitled at its discretion when said member resigns from his position voluntarily.
- The members of the Executive Board undertake not to engage in any personal hedging or other counter-measures as a way of limiting or even eliminating the risk-orientation of remuneration.
- Pursuant to § 25a (5) of the German Banking Act (KWG), the variable remuneration component must not exceed 200% of the fixed remuneration component for each member of the Executive Board. An AGM resolution that proposes increasing the variable remuneration cap from 100% to 200% of the fixed remuneration component, and thereby deviates from § 25a (5) Sentence 2 of the German Banking Act (KWG), has been submitted.

In accordance with the recommendation of the German Corporate Governance Code, individualised Executive Board remuneration is disclosed on the basis of the specimen tables provided as appendices to the Code.

Individualised Executive Board remuneration in line with the German Corporate Governance Code (DCGK)

Allocation	Dr. Uwe Schroeder-Wildberg		Reinhard Loose		Manfred Bauer		Muhyddin Suleiman	
	Chairman of the Board		Chief Financial Officer		Member of the Board for Products and Services		Member of the Board for Sales	
	since Jan 1, 2003		since Feb 1, 2011		since May 1, 2010		until Mar 31, 2014	
All figures in €'000	2014	2015	2014	2015	2014	2015	2014	2015
Fixed compensation	550	550	360	360	360	360	360	0
Fringe benefits	30	30	16	17	26	27	20	0
Total fixed compensation	580	580	376	377	386	387	380	0
One-year variable compensation	213	239	124	158	142	160	99	0
Multi-year variable compensation	0	290	0	186	141	232	0	0
Bonus 2010 (2010-2013)	0	0	0	0	141	0	0	0
Bonus 2011 (2011-2014)	0	290	0	186	0	232	0	0
Other	0	-27	0	-17	0	-23	0	0
Total fixed and variable compensation	793	1,083	500	703	669	756	480	0
Pension benefits	205	297	140	140	150	150	158	0
Total compensation (in accordance with the German Corporate Governance Code (DCGK)	998	1,380	640	843	819	906	638	0

Granted remuneration

Benefits granted				Dr. Uwe Schroeder-Wildberg				Reinhard Loose
				Chairman of the Board				Chief Financial Officer
				since Jan. 1, 2003				since Feb. 1, 2011
All figures in €'000	2014	2015	2015 (min.)	2015 (max.)	2014	2015	2015 (min.)	2015 (max.)
Fixed compensation	550	550	550	550	360	360	360	360
Fringe benefits	30	30	30	30	16	17	17	17
Total fixed compensation	580	580	580	580	376	377	377	377
One-year variable compensation	190	194	136	252	152	129	90	168
Multi-year variable compensation	317	283	–	990	254	189	–	660
Bonus 2014 (2014-2017)	317	0	–	0	254	0	–	0
Bonus 2015 (2015-2018)	–	283	–	990	–	189	–	660
Total fixed and variable remuneration	1,087	1,058	713	1,822	781	695	467	1,205
Pension benefits	205	297	297	297	140	140	140	140
Total compensation (in accordance with the German Corporate Governance Code (DCGK))	1,292	1,354	1,013	2,119	921	835	607	1,345

Benefits granted				Manfred Bauer				Muhyddin Suleiman
				Member of the Board for Products and Services				Member of the Board for Sales
				since May 1, 2010				until Mar. 31, 2014
All figures in €'000	2014	2015	2015 (min.)	2015 (max.)	2014	2015	2015 (min.)	2015 (max.)
Fixed compensation	360	360	360	360	360	0	0	0
Fringe benefits	26	27	27	27	20	0	0	0
Total fixed compensation	386	387	387	387	380	0	0	0
One-year variable compensation	152	129	90	168	0	0	0	0
Multi-year variable compensation	254	189	0	660	0	0	0	0
Bonus 2014 (2014-2017)	254	0	0	0	0	0	0	0
Bonus 2015 (2015-2018)	0	189	0	660	0	0	0	0
Total fixed and variable compensation	792	705	477	1,215	380	0	0	0
Pension benefits	150	150	150	150	158	0	0	0
Total compensation (in accordance with the German Corporate Governance Code (DCGK))	942	855	627	1,365	538	0	0	0

As of December 31, 2015, pension provisions totalling € 16,139 thsd (€ 17,631 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 2015	Remuneration 2014
Dr. Peter Lütke-Bornefeld (Chairman)	135	135
Dr. h. c. Manfred Lautenschläger (Vice Chairman)	100	100
Dr. Claus-Michael Dill	90	90
Johannes Maret*	25.3	55
Tina Müller**	23.6	–
Burkard Schlingermann	55	55
Alexander Beer	65	65
Total	494	500

* until June 18, 2015
** from June 18, 2015

In the financial year 2014 € 17 thsd (previous year: € 22 thsd) was paid as compensation for expenses.

Risk report

Risk management system

MLP considers risk management as the use of a comprehensive array of instruments for managing risks in line with the strategy set out by the Executive Board, as well as its risk bearing ability. Due to the potential growth and extra earnings they can offer, risks should be addressed and taken in a conscious and controlled manner within the scope of internal control/monitoring procedures.

The operational and organisational structure, the risk management and controlling processes, as well as the special Risk Controlling, Compliance and Internal Audit functions represent key components of the Group-wide risk management system.

Group-wide risk management

The following companies are examined within the scope of risk management: MLP AG, Wiesloch, MLP Finanzdienstleistungen AG, Wiesloch, ZSH GmbH Finanzdienstleistungen, Heidelberg, FERI AG, Bad Homburg v. d. Höhe, FERI Trust GmbH, Bad Homburg v. d. Höhe, FEREAL AG, Bad Homburg v. d. Höhe, FERI Trust (Luxembourg) S.A., Luxembourg, as well as FERI EuroRating Services AG, Bad Homburg v. d. Höhe. Subsequent to the acquisition of the DOMCURA Group, the following companies are also included in the Group-wide system of risk management (scope of consolidation pursuant to § 25a of the German Banking Act (KWG) - Germany's "MaRisk" minimum risk management requirements consolidation scope): Schwarzer Familienholding GmbH, Kiel, DOMCURA AG, Kiel, NORDVERS GmbH, Kiel, as well as F&F Makler AG, Kiel.

Scopes of consolidation – differences between the IFRS and MaRisk scope of consolidation

Segment	Company	IFRS scope of consolidation	MaRisk scope of consolidation (§25a German Banking Act (KWG))
Holding	MLP AG	X	X
	MLP FDL AG	X	X
	TPC GmbH	X	
	ZSH GmbH	X	X
	MLPdialog GmbH	X	
Financial services	MLP Hyp GmbH	X	
	FERI AG	X	X
	FERI Trust GmbH	X	X
	FEREAL AG	X	X
	FERI EuroRating Services AG	X	X
	FERI Trust (Luxembourg) S.A.	X	X
FERI	FERI Institutional & Family Office GmbH	X	X
	Schwarzer Familienholding GmbH	X	X
	DOMCURA AG	X	X
	NORDVERS GmbH	X	X
	F&F Makler AG	X	X
	Nordias GmbH Versicherungsmakler	X	
	Ralf W. Barth GmbH	X	
	Willy F. O. Köster GmbH	X	
DOMCURA	Siebert GmbH Versicherungsmakler	X	

In the sense of § 25a (3) of the German Banking Act (KWG) and in conjunction with Section 4.5 of Germany's Minimum Requirements for Risk Management (MaRisk), the Executive Board at MLP Finanzdienstleistungen AG, which as per Article 11 of the Capital Requirements Regulation (CRR) is the controlling body of the MLP Financial Holding Group as the depository institution, ensured appropriate control and monitoring of the significant risks at Group level through suitable processes. 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. Group-wide regulations and policies for establishing Group-wide risk management at the MLP Financial Holding Group 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.

Risk policies

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

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

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

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

MLP promotes a strong awareness of risks and a pronounced risk culture:
Risk awareness that goes beyond each department's or person's own field of responsibility is essential. A strong awareness of risks across all divisions and a corresponding risk culture are encouraged through appropriate organisational structures. The appropriateness of the risk management and controlling system is continuously monitored and any adjustments that become necessary are implemented as quickly as possible. Appropriate 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 levels openly and without restriction. The Executive Board is informed in a comprehensive and timely manner (if necessary ad hoc) of the risk profile of the relevant risks, and profit and losses at the MLP Financial Holding Group. The Supervisory Board receives the information required to perform its legal obligations. Internal risk communication and risk reporting is supplemented by comprehensive, external publications that cater to the interests of MLP AG shareholders and the capital market and also comply with the supervisory requirements.

Objective

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

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

Risk capital management and stress tests

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

The key risk types of counterparty default, market price, liquidity and operational risks are in particular quantified within the scope of the risk-bearing ability. The strategic risks and reputation risks (other risks) also represent significant risk types, although these are currently not quantified. These are incorporated via buffers when calculating the risk bearing ability.

In managing the financial risk capital, the minimum regulatory capital adequacy requirements (as per the Capital Requirements Regulation (CRR)) represent supplementary conditions which must be strictly adhered to.

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

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

As it has the largest business volume and greatest earning power, MLP Finanzdienstleistungen AG bears the greatest risks within the Financial Holding Group. This is also reflected in the allocation of 72% of the risk coverage fund to the financial services segment.

Stress tests

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

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

Organisation

The Executive Board is responsible for establishing an appropriate and effective system of risk management in the MLP Financial Holding Group. Set against this background, operational and organisational precautions are put in place.

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

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

To be able to address risk topics early on and sustainably throughout the Group, while also increasing risk awareness, a risk controlling function has been set up at MLP. This function is responsible for independent monitoring and communication of risks.

Risk controlling function

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

Compliance function

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

The Risk Controlling unit 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 principal 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 is responsible for planning processes and continuously monitoring trends in earnings. The planning process is broken down into short-term and mid-term planning horizons with varying degrees of detail.

Controlling monitors earnings trends

To monitor planned and target variables, the sales revenue and earnings figures actually achieved are compared against the corresponding plan figures within the scope of daily, weekly and monthly reporting. This provides continuous transparency for the Executive Board.

Internal controlling system in the accounting process

With regard to the accounting and management reporting processes, the Internal Control System (ICS) is used to provide an accurate picture of actual conditions in terms of the net assets, financial position and results of operations at MLP Finanzdienstleistungen AG (bank) and the MLP Group. The objective of the ICS is to secure complete and accurate recording, processing and documentation of all business transactions in accordance with the regulations, standards and guidelines of applicable legislation and the company's Articles of Association.

MLP excels through its clear organisational, corporate and control structure. The departments of all Group companies involved in the accounting process comply with their respective quantitative and qualitative requirements. The employees tasked with performing the accounting process receive regular training. Group Accounting is the central contact for all questions in connection with accounting issues, both at individual company and Group level.

The checks in the accounting process aim to ensure that the individual and consolidated financial statements are drafted in line with the provisions of German commercial law and International Financial Reporting Standards (IFRS), as well as proper and timely internal and external financial reporting. The scope of the checks and responsibilities integrated into the procedures is clearly regulated.

In addition financial and risk controlling data, which itself is subject to a comparable internal monitoring system, is also incorporated into the management report.

Functional separation, the dual-control principle, as well as the audit activities of the Internal Audit department represent key control instruments for all accounting-related processes. The processes of the accounting-based ICS are documented and specified in work instructions that are regularly updated and published in the organisation manual.

The bank's separate financial statements, as well as the consolidated financial statements, are drawn up using standard software. Group Accounting secures the completeness and accuracy of the relevant disclosures on the basis of the information provided.

The adequacy and effectiveness of the accounting-based ICS are regularly checked and monitored.

Internal audits

The internal audit department, which assumes audit tasks in major Group companies on the basis of outsourcing contracts, as well as MLP Finanzdienstleistungen AG in the form of a controlling company in accordance with § 10a (2) of the German Banking Act (KWG), constitutes an important element of the internal control/monitoring system. The internal audit department performs regular, systematic risk-oriented inspections with regard to compliance with legal, supervisory and internal specifications. The department monitors the functional separation and effectiveness of the risk management system, and performs follow-up procedures on audit recommendations. In addition to this, it performs independent advisory services with a view to creating added value and improving business processes. 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 (monthly or quarterly) or produced ad-hoc, if and when necessary. 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 comprise counterparty default, market price and liquidity risks. Alongside financial risks, there are also operational and other risks, such as strategic risks and reputation risks.

Even after the acquisition of Schwarzer Familienholding GmbH, there were no significant changes to the risk profile in 2015 compared to the previous year.

The key risk types in the respective segments are presented below:

Segments	Default risks	Market price risks	Liquidity risks	Operational risks	Other risks
Holding	x		x	x	x
Financial services	x	x	x	x	x
FERI	x	x	x	x	x
DOMCURA	x			x	x

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 comprises the contracting party risk (recovering 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.

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, since the majority of lending (95%) is limited to borrowers domiciled in the Federal Republic of Germany.

Concentration of risk

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

To minimise potential concentrations of risk in the proprietary business 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 private client business, potential concentrations in ratings classes with high failure rates should be avoided. This is achieved by focusing on 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 due to relatively small default risks.

Credit management

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

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

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

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

All forms of traditional loan collateral are essentially used throughout. This specifically includes mortgages on residential and commercial property, warranties, sureties, life insurance policies, financial collateral, as well as assigned receivables.

In addition to this, potential default risks are continuously measured and evaluated by comparing allowances for bad debts with the credit volumes subject to risk. For accounts that are regarded as carrying acute risk, we build up appropriate allowances for bad debt (see table for the development of loan loss provisions). Loans that are recognised as being problematic are transferred to certain specialist departments and managed by experts.

Loan loss provisions

Amount in € million (previous year)	Opening balance	Allocations	Reversals	Utilisation	Closing balance
Specific allowance for doubtful accounts	7.7 (9.0)	1.3 (1.3)	1.1 (1.2)	1.2 (1.5)	6.7 (7.7)
General allowance for bad debts	5.4 (5.8)	0.0 (0.6)	0.1 (0.1)	0.9 (0.9)	4.5 (5.4)
General allowance for doubtful accounts	5.3 (5.7)	0.0 (0.1)	0.8 (0.2)	0.0 (0.3)	4.5 (5.3)
Provisions	0.3 (0.4)	0.0 (0.0)	0.1 (0.1)	0.0 (0.0)	0.2 (0.3)
Total	18.7 (20.8)	1.4 (2.1)	2.1 (1.5)	2.1 (2.7)	15.9 (18.7)

In addition to the above-described risks, there is an insignificant 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.

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

Market price risks

The MLP Financial Holding Group understands market price risks as the uncertainty regarding changes in market prices and rates (including interest rates, share prices, exchange rates and raw material prices), the correlations between them and their volatility. There are currently only very minor open risk items in foreign currency and commodities. In the year under review, no speculative use was made of financial instruments – such as securitisation transactions – with a view to making profits in the short term, nor is this envisaged for the future. The MLP Financial Holding AG continues to hold the status of a non-trading book institute.

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

Interest rate risks

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

Within the scope of the risk-bearing capacity assessment, a simulation is performed in which the net interest for interest-bearing and interest-sensitive items is determined for the interest risk in the event of an ad hoc change in interest rates.

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.

The interest risks in the asset ledger of the MLP Financial Holding Group, which are calculated monthly, are as follows:

	Interest rate shock/parallel shift			
	Change in value +200 BP		Change in value -200 BP	
Amount in € million	2015	2014	2015	2014
Total	-15.1	-2.7	6.5	1.4

Price risks

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

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 are either insufficient or which can only be secured by accepting higher rates. Liquidity risks can result from both internal and external risk factors.

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

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

Operational liquidity control

The funding matrix is the central instrument of structural liquidity control at the MLP Financial Holding Group and also a preliminary step towards economic analysis of additional refinancing costs. It indicates for each time frame whether there is a surplus or possible shortfall of financing means and thereby allows open liquidity items to be controlled. The liquidity value at risk (LVaR), 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 LVaR as of December 31, 2015, net cash inflows for the year were in line with forecasts and no additional refinancing costs are thus expected to occur. If, contrary to expectations, net cash outflows should occur, sufficient cash reserves are available. The liquidity risk in the MLP Financial Holding Group results primarily from MLP Finanzdienstleistungen AG as the deposit-taking bank. The refinancing structure is based largely on client deposits. There are no plans to issue any promissory note bonds or securities. Appropriate short and medium-term credit lines have also been agreed to safeguard against a possible short-term liquidity shortfall.

Structural liquidity control

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

MLP Finanzdienstleistungen AG has established a simple cost allocation system to allow the internal allocation of the respective liquidity costs, liquidity benefits and liquidity risks to be monitored and controlled.

Operational risks

The management of operational risks is based on the definition of Article 3 of the Capital Requirements Regulation (CRR). As such, operational risk is the risk of losses caused by inadequacy or failure of internal procedures and systems, people or by external events. This definition includes legal risks.

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

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

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

The MLP Financial Holding Group currently uses the basic indicator approach in line with Section 316 of the Capital Requirements Regulation (CRR). On this basis the capital charge is 15% of the average gross proceeds of the last three financial years, whereby only positive gross proceeds are taken into account.

Risks from internal procedures

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

Within the scope of the Business Impact Analysis (BIA), critical company processes are identified, whose disruption or failure can have a significant influence on the Group's business activities. To this end, suitable measures are defined in the form of alternative actions. In the event of an emergency, these measures allow business operations to continue, albeit with reduced performance. The critical processes and the effectiveness of the defined measures are subject to regular monitoring and continuous development. A documentation by the Business Continuity Management (BCM) is available to the business segments and employees in the organisation manual.

Human resources risks

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

Employees working with confidential information undertake to observe the respective regulations and handle the information responsibly. A clear separation of management and control functions restricts the risk of breaching internal and external regulations. Defined substitute and successor regulations secure our business and decision-making processes.

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.

IT risks

To effectively manage IT-related risks, the MLP Financial Holding Group operates a comprehensive information security management system. In terms of our software strategy, we typically rely on sector-specific standard software from well-known providers. However, we bring in qualified specialists for business-specific proprietary IT applications. Prior to commissioning, new IT systems and software components are checked to ensure correct functioning. The availability and consistency of the data is secured through distribution of data processing operations across multiple locations, backup and recovery processes and a business continuity management system. In addition to this, we use leading service providers to operate our systems. We protect our IT systems from unauthorised access through a system of authorisation management, comprehensive malware protection, as well as security measures at network level.

Risks from external events

The trend towards industrialisation and a reduced vertical range of manufacture has increased in the financial services sector. Companies are increasingly focussing on their genuine core skills, i.e. production of financial services products, support and information services, specialist consulting and sales expertise. In this market environment, the MLP Financial Holding Group makes use of external partners for activities that are not part of its core business. Based on Germany's "MaRisk" minimum risk management requirements, key outsourcing activities are incorporated into risk management within the standard scope of risk controlling and management processes with continuous risk identification, assessment, control and reporting (outsourcing analysis).

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 § 25h of the German Banking Act (KWG) and are also incorporated into the operational risk inventory process.

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

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 in cooperation with the product management checks and monitors the existing insurance coverage for economic loss 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 remains of the conviction that the claims for damages filed against MLP AG in August 2007 due to provision of allegedly inaccurate capital market information in the years 2000 to 2002 will not be successful. Indeed, the vast majority of these claims have already been withdrawn. One claim was also dismissed by default in favour of MLP.

Taxation risks

Changes that emerge in tax law are continually checked and reviewed with regard to potential effects they may have on the Group. The compliance with fiscal requirements of the controlling company, MLP AG, is checked by internal and external experts in accordance with the tax regulations and all accompanying documentation issued by the fiscal authority. Corresponding provisions are formed for subsequent payments to be anticipated.

Other risks

Reputation risks

Reputation is defined as "the public reputation of the MLP Financial Holding Group overall or of individual Group companies in terms of expertise, integrity and trustworthiness that results from the perception of different stakeholder groups". Stakeholder groups for example include clients, employees, equity suppliers, other institutes, ratings agencies, the press or politicians. The risk of damage to reputation is classed as reputation risk.

The potential risk of mistakes made while providing consulting services to our clients also impacting our reputation is minimised by securing continuously high quality consulting. The instruments used to secure this high level of consulting include IT-based consulting tools. In addition to this, comprehensive documentation is provided of consultations with clients.

General business risks

General business risks predominantly arise due to altered framework conditions and can lead to unanticipated dips in earnings or negative budget deviations. These can have many causes, such as changes in client behaviour, changes to general economic conditions, as well as poor strategic decisions. The processes for managing general business risks are largely handled by Controlling within the scope of overall bank management. Controlling also performs regular checks to detect and analyse all changes to economic factors or the industry and competitive situation. This results in impulses for strategic alignment of the MLP Financial Holding Group.

Current topics, such as the Life Insurance Reform Act (LVRG), as well as the ongoing low interest rate environment and associated lack of willingness among German citizens to save, are leading to great uncertainty. The ever stricter regulations in the banking and financial services sectors also continue to influence our business. In addition to this, we are facing growing competitive pressure in the financial sector from new, innovative market actors (FinTechs). More detailed information on the environment, sector and competitive situation can be found in the "Economic report and forecast".

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

Leverage risk

Risk-based capital adequacy requirements are of essential importance to ensure availability of sufficient equity to cover unanticipated losses. As underlined by the assessments of the European Parliament, however, the banking and financial crisis has shown that these requirements alone are not enough to prevent institutes from taking on excessive leverage risks which are simply untenable in the long term.

Resolutions of the G20 nations, as well as recommendations of the Basel Committee consider introduction of the “leverage ratio” to be a prudent supplementary measure to the Basel-III framework regulations. The further recommendation on the part of the European Parliament is that institutes should also monitor both the level of and any changes to their leverage ratio and leverage risk within the scope of their processes for assessing risk bearing ability.

The leverage ratio KPI establishes a connection between regulatory equity and the non-risk-weighted items both on and off the balance sheet. The Group’s leverage ratio is integrated into the risk reporting submitted to the Executive Board and to the Supervisory Board to allow any necessary measures to be derived early on.

Initial calculations and reports on the leverage ratio show that the MLP Financial Holding Group is not currently subjected to any significant leverage risk.

Results of the analysis of risk-bearing ability

The risk-bearing capacity concept ensures that the risks incurred are offset against sufficient risk coverage potential at all times. Within the scope of the risk-bearing capacity concept, the MLP Financial Holding Group pursues a going-concern approach with a confidence level of 97% when controlling risks. This is based on protection of the minimum capital backing required by law and thereby a continuation of the business operations of the MLP Financial Holding Group. Free equity capital that is available after meeting the regulatory ratios for minimum capitalisation and an additional buffer are in place to serve as risk coverage potential.

In 2015, the Executive Board made a risk coverage fund available based on the risk coverage potential (sum of free supervisory equity and plan EBT) up to an upper threshold of € 100 million to cover the following risk types that MLP categorises as significant: counterparty default risk, market price risk, liquidity risk, operational and other risks.

With a share of 44% each, counterparty default risks and operational risks take up the majority of the risk coverage fund available. At 72%, the financial services segment ties up the majority of risk capital.

The risks incurred are covered by the assigned limits in line with the respective risk coverage potential. Consistent surplus coverage is in place.

Risk bearing ability of the MLP Financial Holding Group

Risk bearing ability	2015 Utilisation (in %)	2014 Utilisation (in %)
Risk and capital commitment	75.2	71.0
thereof:		
Counterparty default risk	79.6	73.4
Market price risk	53.7	62.5
Operational risk	80.5	75.2
Liquidity risk	–	–

Capital adequacy requirements under banking supervisory law

The backing of risk assets with eligible own funds for tier 1 capital generally requires a minimum ratio of 4.5%. As in the previous year, these requirements did not change during the financial year 2015, even with introduction of the Capital Requirements Regulation (CRR).

As per Article 25 et seq. of the CRR, the Group's tier 1 capital includes the following equity items of IFRS capital:

share capital, capital reserves, statutory reserve and retained earnings. Among other factors, intangible assets, treasury stock and goodwill reduce tier 1 capital.

As was also the case in the previous year, the MLP Financial Holding Group fulfilled all legal requirements relating to minimum capital adequacy throughout the financial year 2015. The relationship between the risk assets and equity capital on the balance sheet date is illustrated below.

Supervisory KPIs

Shareholders' equity (in € million)	2015	2014
Tier 1 common capital	211.2	228.2
Tier 1 additional capital	–	–
Tier 2 capital	–	–
Eligible own funds	211.2	228.2
Capital adequacy requirements for counterparty default risks	70.4	71.2
Capital adequacy requirements for operational risk	47.5	45.7
Equity ratio (at least 8%)	14.33	15.62
Tier 1 common capital ratio (at least 4%)	14.33	15.62

Summary

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

Both the MLP Financial Holding Group as a whole as well as the business segments always acted within the scope of their financial risk-bearing ability in 2015.

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.

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. No appreciable risks which could have a significant influence on the continued existence of the MLP Financial Holding Group occurred at MLP after the balance sheet date.

Opportunity report

Opportunity management

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

This takes place within the scope of a standardised business strategy process, performed by the Executive Board once a year. To this end, assumptions made about relevant influential factors for future development are subject to an ad hoc check. Reasons for ad hoc checks can, for example, include major acquisitions, regulatory changes or changes in the market environment. MLP's corporate strategy, and the opportunities associated with this, are derived from its corporate mission, which is examined and updated by the Executive Board on an annual basis. The current internal and external framework conditions, as well as influential factors are then analysed and summarised using established processes. A comprehensive analysis of the environment always forms the basis of this process. Among other things, this includes the macroeconomic and regulatory framework conditions, developments in the product area and also the competition. With regard to client and sales potential, we also use available market data alongside our own assessments. The analysis culminates in a comprehensive SWOT analysis (strengths, weaknesses, opportunities, threats).

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

Opportunities

The opportunities in terms of the future business development can be subject to both external and internal influences.

Opportunities from changing framework conditions

The economic forecasts for the year 2016 suggest only limited opportunities for MLP. Although economic experts are assuming that Germany will enjoy further growth, the aforementioned reservations on the part of clients when it comes to signing long-term savings contracts will hinder progress. In the mid to long term, however, the greater need for private and also occupational pension provision should increase demand for these two products significantly again – particularly among MLP's target groups. Should the German economy enjoy better development than assumed in our forecast, this will only have an indirect influence on short-term operating developments. However, should the reservations disappear altogether (contrary to our expectations) when it comes to signing long-term contracts, this would have direct positive effects for MLP.

The ever stricter regulation of the financial services sector in Germany, with the objective of stabilising the financial system and 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 actors. 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 financial matters, 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 a partner for all financial matters, a position which has been particularly strengthened over the last few years. 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, DOMCURA and FERI, we will further expand our portfolio for corporate clients and institutional investors in the areas of investment, risk management, non-life insurance and occupational pension provision. Additional opportunities could present themselves to MLP if the German federal government were to provide greater support – particularly in the field of occupational pension provision – as has been set out in the coalition agreement and which is constantly being discussed by the governing parties.

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

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

Business performance opportunities

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

In the field of sales, our client potential in the private client 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 private client 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 corporate clients and with institutional clients, which we have now bundled at our subsidiary FERI. Particularly for institutional investors and high net-worth families, the need for consulting services is on the rise, above all in the field of alternative investments. In the non-life insurance sector, DOMCURA offers market actors such as brokers and other intermediaries a diverse product portfolio. The strengthening of the corporate client business thanks to the DOMCURA Group's commercial and industrial brokers will generate further revenue potential.

Over the last few years we have introduced and implemented various measures to increase the productivity of our consultants. These include further development of our consulting programmes, even greater support for our consultants – for example in product selection – and even more effective service from the back-office in Wiesloch. The MLPdialog service centre also makes an important contribution to this. As an underwriting agency, the DOMCURA Group will in future also extend the added value chain of the MLP Group with its processes and expertise, in particular in the non-life insurance sector. The goal of these measures is to allow our consultants to focus even more on their core task, namely advising and supporting their clients. This provides important revenue potential for the future.

Opportunities from financial risks

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

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

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

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

Summary

MLP sees several significant opportunities. These affect multiple fields, in particular corporate strategy and business performance factors, as well as financial risks. However, we believe that the changing framework conditions will only present limited opportunities in the short-term. The opportunities described, as well as those which are not yet known to us or are currently considered insignificant, could lead to a positive deviation from the disclosures made in our forecast.

FORECAST

Future overall economic development

The economic recovery in the eurozone remains crisis-prone. Indeed, the economic experts at FERI expect the exogenous driving forces of moderate growth, such as low energy prices and a weak euro, to lose their effectiveness and domestic growth stimulus to remain weak. Although a monetary policy geared towards continuous expansion will secure moderate growth in 2016, this growth will likely be characterised by reduced dynamics over the course of the year.

Moderate growth anticipated in Germany

For Germany, FERI believes that the economic dynamics are likely to remain weak albeit positive. The economy continues to rely on strong domestic demand on the basis of good employment market developments and discernible salary increases, accompanied by very low inflation rates. In the short-term, domestic demand will also be boosted by the need to provide subsistence for around one million migrants in 2015 and further asylum seekers in 2016. The rather muted export prospects with regard to the emerging economies and the US represent a risk of reduced growth dynamics.

On the basis of the aforementioned framework conditions, FERI anticipates eurozone growth of 1.5% for 2016 and 1.7% for 2017. In their forecast for Germany, the economic experts are predicting growth of 1.5% for 2016 and 1.9% for 2017.

Unemployment remains low

Based on estimates of the Institute for Employment Research of the German Federal Employment Agency (IAB), the employment market in Germany will continue to display robust development. In terms of the annual average for 2016, the IAB is forecasting a slight increase of 70,000 unemployed persons to a total of 2.87 million. The immigration of refugees will play a part here, although the effects of this cannot currently be accurately estimated. The labour requirements of companies remain high and the number of redundancies low. The employment market experts at the IAB are therefore predicting an increase in total employment figures of around 250,000 persons in 2016. Overall the German employment market is in a good condition.

Increasing salaries and wages

In its autumn forecast, the German government stated that it expects net wages and salaries to increase by 2.4% per employee in 2016 and that private households in Germany will enjoy a 2.8% increase in disposable income. In connection with low price increases, the significant income gains observed are facilitating considerable rises in private consumption expenditure. According to a forecast published by the German government, price-adjusted expenditure is likely to increase by 1.8% in 2016. The consumption expenditure of private households therefore continues to represent the key pillar of growth in Germany.

Savings rate remains stable

The Insurance Markets Taskforce of the German Insurance Association (GDV) expects the savings rate to remain at the current level of 9.7% in 2016. The experts attribute the slight increase in the propensity to save observed among private households in the reporting year to growing uncertainty regarding the employment market situation as a result of the many refugees coming into the country. According to the German Federal Statistical Office, the savings rate is currently at 9.7%.

Future industry situation and competitive environment

The aforementioned influence of the individual fields of consulting on the operating business segments applies accordingly to the future industry situation and the competitive environment.

Old-age provision

In future, private and occupational pension provision will have to assume an increasingly important role in Germany. Despite the reservations currently being felt by many citizens, there is still massive market potential in the medium to long term. This is the conclusion of a survey conducted by the German Insurance Association (GDV). The majority of German citizens (56%) would be prepared to invest more money into private old-age provision plans – if the state provided more incentives to do so. Most citizens are acutely aware of the need to take action. Indeed, 84% are convinced that private provision is the only way for pensioners to maintain their standard of living in future. Yet despite this, not even half (48%) are currently putting additional money aside for this. The situation is even more acute among 18 to 24-year olds, where only one in four (25%) has private provision in place.

The majority of German citizens do not wish to restrict themselves

According to a survey performed by TNS Infratest, only one in three German citizens is willing to accept financial restrictions in order to make additional savings for private old-age provision. A survey performed by the German Pension Institute (DIA) indicates that even only one in four citizens are willing to save more towards this goal in the next twelve months – despite the fact that two thirds of German citizens know that their own provision plans are inadequate. The main reasons stated by German citizens for not investing in old-age provision plans are that they simply do not have enough money to save for their pension (34%) and that they have other priorities (44%). This was the result of the “Investor Pulse” survey performed by wealth management company BlackRock.

Increasing risk of old age poverty and worries of a drop in standard of living in later life

More than half of those in gainful employment in Germany (59%) state that they are increasingly worried about the risk of old age poverty. This was the result of a survey conducted by AXA. Based on this, 39% of those in active employment expect to suffer a reduction in their quality of life when retired. This is one third more than in the AXA survey conducted ten years ago (29%). Almost half of those in gainful employment (44%) believe that their retirement income will not be sufficient. These worries appear to be justified, as the number of poor pensioners has risen sharply since 2005 – from 10.7% to 15.6%, as indicated by the latest figures from the German Federal Statistical Office.

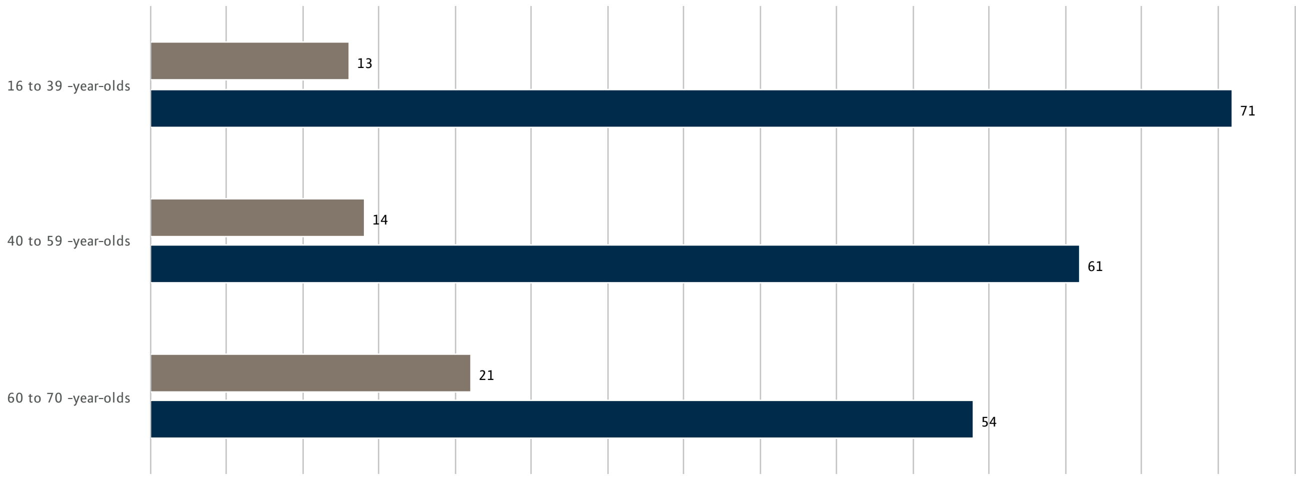
Statutory pension continues to decline

According to the latest Pension Insurance Report of the German government, already back in 2014 the standard pension level (net before taxes) represented 48.1% of the last income earned. This figure is likely to drop to 44.6% by 2029. A survey commissioned by the German Insurance Association (GDV e.V.) and performed by the Prognos Institute predicts that the pension will drop even further to 39% by 2040.

Life expectancy significantly underestimated

Most German citizens massively underestimate their own life expectancy – and thereby also how long they will need to live on their old-age provision plans. This is according to a survey conducted by the ERGO Insurance Group, which states that only one in five German citizens (20%) expects to live to 90 or beyond. However, anywhere from half to two thirds of German citizens (55% to 70%) are actually expected to reach this age. Private pension insurance provides peace of mind for this so-called longevity risk. According to a survey conducted by the Allensbach Institute on behalf of the German Insurance Association (GDV), two thirds (68%) of German citizens already wish to sign up for a lifelong guaranteed private pension, which is 8% more than in 2011.

People considerably underestimate their own life expectancy (all disclosures in %)



Sources: IPSOS, ERGO insurance group

Occupational pension provision on the rise

Occupational pension provision is set to become even more important in Germany. A study performed by Zürich Versicherung predicts that 61% of employees working for a company that offers occupational pension provision will make use of this additional insurance in 2016. This corresponds to a 7% increase in the penetration of occupational pension provision within just one year. Added to this is the fact that one in six companies (17%) that do not currently offer any occupational pension provision schemes are intending to do so.

According to a survey performed by Towers Watson, almost half of German companies (46%) are anticipating increased demand for employer offers in the fields of healthcare and occupational pension provision by 2020. The majority of German companies surveyed therefore believe that it will be their duty in future to provide old-age provision (64%) and health provision (60%) for their staff. There is also a great deal of catching up to be done, as only one in three companies (32%) believe that they are already well-positioned in terms of the provision options they offer their employees up to 2020. Almost exactly the same number (34%) consider it unlikely that their existing offers will remain viable in the mid-term. This leads to significant market potential for consulting services in the mid-term.

Potential improvement of framework conditions

The Chair of Taxation and Accounting at the University of Würzburg has been commissioned by the German government and is currently working on drafting improvement proposals for the tax-related and social law framework conditions of occupational pension provision. The objective here is to remove existing barriers and create new incentives for extending the scope of occupational pension provision. Results of the study are expected to be published in Q1 2016. At the same time, however, the world of politics can potentially also have negative effects. These for example include the new funded "Pension for Germany" (Deutschlandrente) currently being discussed in the coalition. As a centrally managed pension fund in state hands, this could potentially compete with current private and occupational pension provision plans through insurers and investment companies.

New old-age provision products still receive too little attention

In light of the ongoing period of low interest rates, life insurers are today facing significant challenges. In the field of old-age provision, providers are currently streamlining their efforts on new products with modified forms of guarantee.

Based on this, the analyst company Assekurata expects product selection and accompanying consultancy services to become more individual and complex. In addition, experts are predicting that alternative occupational disability insurance policies with reduced scope will become more important. This is because these policies can also be aimed at clients with increased occupational risks who would otherwise simply not be able to afford full coverage.

According to a survey performed by the German Pension Institute (DIA), one-off contract and marketing expenses have fallen by an average of 28.6% for classic pension insurance policies, by 25.5% for classic Riester pensions and by 33.5% for unit-linked Riester pensions since the start of 2015 as a result of the Life Insurance Reform Act (LVRG). The survey largely attributed this development to the reduction in the maximum zillmerisation rate.

Life Insurance Reform Act (LVRG) leads to changes in cost structure

Although the market potential remains promising in the mid-to-long-term, no real improvements should be expected in the short-term. Due to the ongoing period of low interest, German citizens are likely to continue displaying reservations in terms of signing long-term provision contracts in 2016. The Insurance Markets Taskforce of the German Insurance Association (GDV) is forecasting a drop in premium income in the field of life insurance of around 1% for 2016. Drops are being predicted both in regular premium income and the single-premium business.

Health insurance

Further reforms are to be expected in the German healthcare system over the course of the next few years. This is because both statutory and private health insurances are facing future financing challenges.

MLP believes that many statutory insurance policy holders will continue to look for sustainable and attractive alternatives, for example by switching to private health insurance or seeking to improve their individual cover with private supplementary insurance policies.

People insured in the statutory healthcare system can expect to see significant increases in their premiums over the next few years. Based on estimates of the National Association of Statutory Health Insurance Funds (GKV-Verband), the additional premium for the healthcare funds could double by 2019 to between 1.4% and 1.8%. In 2015, more than 60% of all statutory insurance policy holders paid an additional premium of 0.9%. The average additional premium for 2016 will be 1.1%. According to estimates of the Association of Statutory Health Insurance Funds (GKV-Verband), the premium rate for statutory health insurance is set to rise from its current level of 15.5% to between 16.0% and 16.4% by 2019.

Statutory health insurance providers charge ever higher additional premiums

MLP believes that the increases in additional premiums will motivate more people who are currently paying into the statutory healthcare system to switch to private policies – thereby creating new market dynamics in the mid-term. According to ratings agency Assekurata, however, no such desire to switch to private policies should be anticipated in the short-term in the field of comprehensive private insurance, despite the fact that the additional premiums in the statutory health insurance system are increasing.

Private health insurance providers are keen to use a new guideline to make it easier for customers to switch tariffs. The clear and binding code of conduct for insurers, drafted by the industry association, is set to be adopted bindingly by all participating companies no later than 2016.

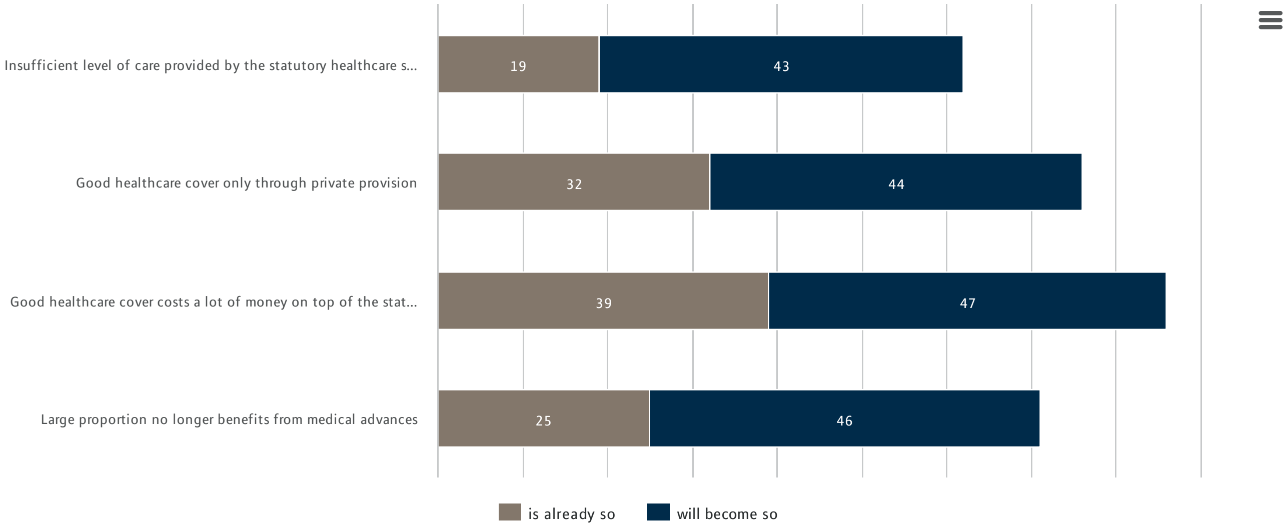
New tariff change guidelines should make private health insurance more attractive

The Assekurata ratings agency believes that the new guidelines will make private health insurance more attractive. At the same time, experts recommend those wishing to make the switch to attend a consultation with a broker. In fact, this is also explicitly stated in the guidelines. MLP expects to see positive stimulus from this and has extended its advisory services in this field accordingly (you can find further information on this in the chapter entitled “Performance”). The Insurance Markets Taskforce of the German Insurance Association (GDV) is forecasting a slight overall increase in premium income of 1.5% in the field of private health insurance for 2016.

Many of those paying into the statutory health insurance system remain sceptical about the future of the healthcare system in Germany. According to the “Continentale Study 2015”, almost two thirds of German citizens surveyed (62%) do not believe that the statutory health insurance system will be able to provide them with proper medical care in future. More than three quarters (76%) believe that good healthcare provision can only be secured through additional private provision either now or in the future.

Additional private health provision extremely important for the vast majority

Development of the German healthcare system (all figures in %)



Basis: 1,170 statutory health insurance policy holders, Source: Continentale Krankenversicherung a.G.

A representative survey published by MSR Insights confirms that private supplementary insurance policies in particular hold great growth potential. In addition to this, the latest Healthcare Barometer published by PwC indicates that just under two thirds (61%) of statutory insurance policy holders in Germany currently do not have any supplementary insurance in place.

Supplementary insurances with new flexible tariffs

The Assekurata ratings agency expects insurers to react to the slightly declining growth rates in the field of supplementary insurance with new, flexible modular out-patient care tariffs. These systems allow customers to select supplementary insurance coverage more specifically according to their own personal requirements.

The Second Act to Strengthen Long-term Care, which came into force on January 1, 2016, is likely to provide new impetus for the private long term care provision market (you can find more detailed information on this in the forecast chapter entitled “Competition and regulation”). This long-term care reform will also require insurers to revise their private supplementary policies in the field of long-term care provision. The reason for this is that for many tariffs the level of services provided is based on the care level defined in the statutory system.

Long term care provision offers great growth potential in the mid-term

The Assekurata ratings agency considers the restructuring of tariffs as one reason why growth in the field of supplementary long-term care insurance has slowed down recently. However, the experts generally agree on the future need for private provision to cover long-term care. According to a survey of brokers undertaken by Assekurata Solutions, more than three quarters of the brokers questioned (80%) believe that their customers have a high to extremely high need for coverage in this field. Assekurata expects further improved tariffs to hit the market in the course of the Care Reform Act in 2017 – when the three care levels currently defined will become five degrees of care that cater more effectively to individual nursing care requirements. A market study undertaken by MSR Insights also suggests that there is significant growth potential here – as not even one in five policy holders currently has a private long-term care insurance policy in place.

Wealth management

Ever greater wealth will increase the need for high-quality wealth management services in the long term. In its 2015 Global Wealth Report, the Boston Consulting Group expects global private assets to increase by just under 35% annually and exceed US$ 222 trillion by 2019. The report also anticipates significant gains for Western Europe, where monetary assets are likely to increase by almost one quarter to US$ 49 trillion by 2019.

Growing need for advisory services in the field of old-age retirement planning

Just under a third of German citizens (30%) aged between 45 and 65 with disposable wealth of at least € 200,000 intend to convert their monetary assets or invest them in a more suitable solution for their retirement. This was the result of a YouGov survey on the topic of old-age wealth planning. One in four (25%) are also planning to seek out corresponding advisory services within the next 18 months – primarily with independent financial consultants (35%) and asset managers (29%).

German citizens expect interest rates to remain low

Only one in five German citizens (20%) expects interest on investments to increase again in 2016. Almost half (44%) believe that the rates will remain at their current historical low level. 25% even believe that they may drop further. This is according to a recent survey conducted by Postbank.

Wave of inheritance in Germany

Over the next few years, massive transfers of wealth are to be expected in Germany. Around € 3.1 trillion will be inherited by private households by 2024 – which represents just under 30% of total assets held by private households in Germany. This is the conclusion of a survey conducted by DIA, according to which an average of € 363,000 is to be passed on per inheritance.
Almost one third (31%) of respondents in a YouGov study are also planning to use inheritances in their retirement plans – alongside their own real estate assets and life insurance policies; 44% are already doing this, at least in part.

Increased consolidation among independent wealth management companies

Individual independent asset managers are likely to disappear from the market over the course of the next few years as a result of poor competitiveness – this is the conclusion of the UVV-Study 2015 – Focus on Germany by Simon, Kucherer & Partners. Around 20% of independent asset managers in Germany manage a volume of less than € 50 million. Based on these values, the authors of the study believe that it will no longer be possible for such managers to continue operating in the long-term due to the ever stricter regulatory and technical requirements.

Alternative investments increasingly in demand among large-scale investors

Due to the continuing low interest rate environment, institutional investors in particular are increasingly looking for alternative investments. PwC expects that around US$ 15.3 trillion of global assets under management will be invested in alternative investments in 2020 – almost double the level recorded in 2013 (US$ 7.9 trillion). According to PwC, only passively managed funds, in particular index funds, are likely to grow slightly faster.

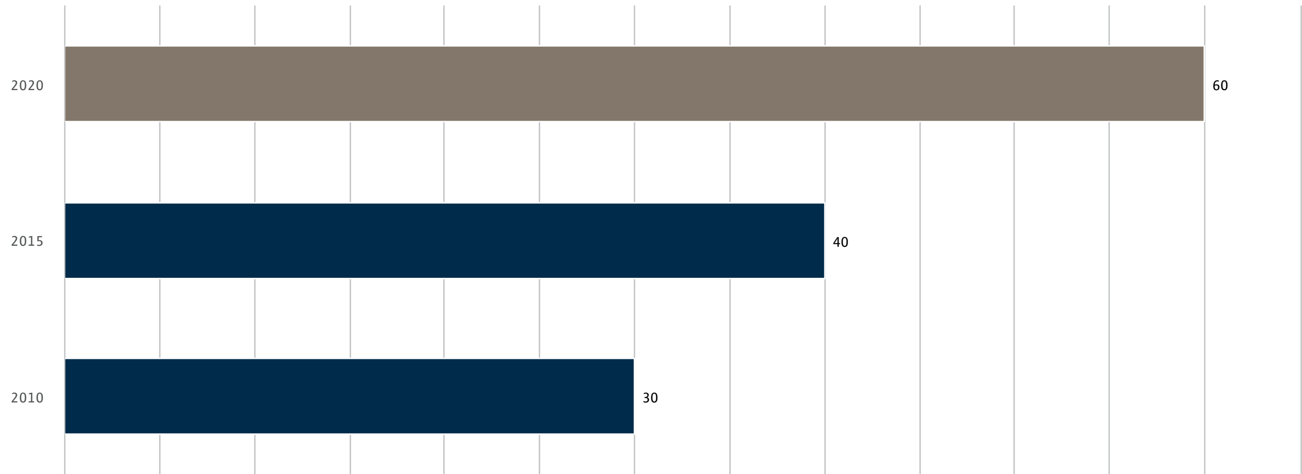
Market environment remains difficult

All in all we expect that 2016 will be a challenging year for investors. Based on estimates of FERI, trust in the effectiveness of monetary policy has already been dented. If this trend continues, the global financial markets could encounter setbacks in 2016. Although shares could in principle benefit from continued quantitative easing, the risk that this effect may eventually cancel itself out is growing. In general, the capital market environment is likely to remain difficult and investors are likely to remain risk-averse. Within this context we expect to see an increased need for consulting services in the field of professional wealth management among all of the Group’s target client groups over the course of the next few years.

Non-life insurance will play an increasingly important role in the market in future. Independent brokers in particular expect the non-life insurance business to become far more important over the course of the next few years. According to a survey of insurance brokers and multiple agents performed by AssCompact, 40% currently consider composite business to be very important. Five years ago, only 30% believed this to be the case. For 2020, 60% of respondents already expect it to be very important. Many market actors are keen to compensate for their declines in revenue in the old-age provision business, which were caused by introduction of the Life Insurance Reform Act (LVRG), by expanding their non-life insurance business.

Non-life insurance increasingly important

Brokers who believe that non-life insurance business will be very important (all figures in %)



Source: AssCompact AWARD – Private non-life insurance 2015

With regard to premium increases, the Insurance Markets Taskforce of the German Insurance Association (GDV) expects to see growth in the field of property and casualty insurance in 2016. However, the increase in the field of private non-life insurance is likely to be below the 2015 level (around 3%). Since they are tied to company success, premium development in the field of non-private non-life insurance could benefit from the favourable economic momentum observed in 2015. The German Insurance Association (GDV e.V.) anticipates an overall increase in premiums for 2016 of around 2.5% (2015: 2.6%).

Positive development of premium rates anticipated

Competition and regulation

The entire market for financial services and the insurance sector are facing consolidation. Germany is considered to be the market with the greatest potential in Europe, in which both national and international service providers are competing. Due to stricter regulations, pressure is in particular mounting on low-level providers, which will lead to a further reduction in the number of market actors.

By 2019, the capital requirements pursuant to Basel III will increase further. Various capital buffers will be implemented from 2016 onwards. The requirements associated with the capital conservation buffer in particular will toughen up from 2016 onwards (0.625%). MLP is ready for these stricter capital requirements. Our capital planning is always set up to exceed the minimum requirements.

Basel III with stricter requirements by 2019

Further consolidation should also be anticipated in the healthcare sector due to increasing cost pressure. The number of statutory health insurance funds already dropped quite sharply in previous decades. While there were 1,815 healthcare funds in 1970, this number had already almost halved to 960 by 1995 and currently stands at just 124 (previous year: 132).

Further consolidation among healthcare funds

According to a survey performed by PwC, the majority of statutory health insurance funds anticipate further consolidation. In future, reducing costs is likely to be the greatest challenge. Indeed, two thirds of respondents believe that 40 to 100 statutory health insurers will be enough in future.

Ongoing concentration among brokers

Similar trends are also to be anticipated among insurance brokers in Germany – not least due to the Life Insurance Reform Act (LVRG), the changes of which came into force in 2014 and 2015. This is the conclusion of the survey performed by market research institute YouGov. Based on this, around three quarters of independent brokers (77%) are concerned about the massive wave of consolidation among brokers. The number of brokers has already dropped significantly in the last few years, falling from more than 260,000 in 2010 to around 233,000 last year. MLP believes that this is likely to continue affecting small brokerage offices and brokers with poor consulting services and portfolios. This is particularly true of market actors that do not cover a broad spectrum and are largely dependent on acquisition commissions. In addition to this, competitive pressure is growing throughout the entire sector as a result of new, innovative market actors (so-called fintechs).

Solvency II comes into force on January 1, 2016

Set primarily against the background of the new European supervisory legislation, Solvency II, the entire insurance market is likely to face further consolidation processes in future. In March 2015, the German Bundesrat approved the Act to Modernise Financial Supervision of Insurance Companies (VAG-Novelle). This legislation transposes the EU Solvency II Directive into German law. The new rulings came into force on January 1, 2016 and represent the largest reform to insurance supervision for decades. The new Insurance Supervision Act (VAG), which rests on three pillars, modernises and harmonises insurance regulations in Europe. The first pillar requires insurance companies to submit a risk-based/fair value-based measurement of their investments and benefit obligations. The second pillar presents requirements pertaining to business organisation (governance), while the third pillar extends the reporting obligations of insurers.

Debate on maximum technical interest rate

The plans to abolish the maximum technical interest rate (guaranteed interest rate) in its present form, which were discussed within the German government in the course of implementing Solvency II, are off the table for the time being. However, during the course of 2016 it is to be reviewed as to which extent the guaranteed interest rate needs to be adapted to market conditions. A potential adjustment is then likely to be made on January 1, 2017. Within in the scope of reviewing the Life Insurance Reform Act (LVRG) it is to be assessed in 2018 as to whether or in what form a guaranteed interest rate remains necessary as a supervisory instrument. Due to the interest rate policy of the central banks and the regulations, many insurers have already launched new products without a guaranteed interest rate.

MiFID II on the home straight

Back in April 2014, the European Parliament already approved a tightening of the Markets in Financial Instruments Directive MiFID II. National regulations for financial services, their transparency and investor protection need to be transposed into national legislation by July 2016 and will then be binding from January 2017 onwards. However, the European Commission has postponed the start of MiFID II by one year. The draft bill of the Federal Finance Ministry for legislation to reform financial market regulations (Financial Market Reform Act) was presented on October 19, 2015. Among other things, this legislation transposes MiFID II into German law. The main areas affected by the new legislation are the German Securities Trading Act (WpHG), the German Banking Act (KWG) and the German Stock Exchange Act (BörsG). The objectives include improved transparency and better investor protection, both of which MLP generally welcomes.

The removal of consultation records in their present form is new. These are to be replaced by a so-called “suitability declaration”. In addition to this, the obligation to record telephone conversations is to be included within the scope of the acceptance, brokerage and execution of customer orders.

The Second Act to Strengthen Long-term Care, which provides for noticeably extended and improved support for those in need of care and their families in Germany, came into force on January 1, 2016. Among other things, it includes a new review procedure, introduction of a new concept of care dependency, as well as the restructuring of benefit rates associated with this. The amendments are scheduled to come into force on January 1, 2017. In future the previous three care levels will be replaced by five standard degrees of care which apply uniformly for all those in need of care. At the same time, the premium rate for long-term care insurance is to increase once again from 2017 onwards – by 0.2% to 2.55% for parents and 2.8% for those without children.

Act to Strengthen Long-term Care comes into force

The regulation on basic information sheets for investment products (PRIIP - packaged retail and insurance-based investment products) has already been passed. In future, providers of financial products are to draft a uniform product information sheet that describes the most important features in a brief and comprehensible way. Totalling three pages, the document for example includes a presentation of the opportunities and risks, as well as all direct, indirect, one-off and ongoing costs. The PRIIIP regulation applies to investment products such as funds and certificates, as well as to insurance investment products.

Uniform product information sheet for investment products

In the light of transposing MiFID II into German law, focus is once again shifting toward fee-based investment advisory services. The German government is keen to also include the duality between fee-based consulting and commission-based consulting in the new legislation. Commission-based consulting is therefore still permitted if payment of the commission is intended to improve the quality of the service provided and does not lead to any conflict of interest.

Fee-based investment advisory services: resolving issues with legacy portfolios

MLP already reorganised its compensation structure for investment advisory services back at the start of 2012. As such, it complies with all the important prerequisites for potential registration as a fee-based investment consultant in line with the Fee-Based Investment Advice Act (HAnlBG). However, we have not submitted an application to date, largely because this would lead to complications in advising clients with old contracts due to the impractical nature of the legislation. From our perspective, the remaining details of the Financial Market Reform Act as per MiFID II still require clear rulings and clearly defined boundaries for old contracts in the field of fee-based investment advisory services.

As is the case for all other market actors, MiFID II and the Financial Market Reform Act will lead to significant implementation costs for MLP in areas including IT systems, cost transparency, customer information and reporting. With MLP's current position in the field of wealth management, however, we believe that we are well equipped to handle implementation of the requirements.

MLP is generally open to fee-based consulting, not just in the field of wealth management. We already offer fee-based services in the fields in which our clients request this. These include consulting on medical practice financing and certain areas of occupational pension provision. 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. We already consider ourselves to be very well-positioned in this regard through our business model, the extensive qualification and further training opportunities we offer our consultants, as well as our quality-assured partner and product selection process.

MLP already offers fee-based consulting in many fields

The German Bundestag and Bundesrat are currently discussing transposition of the EU Mortgage Credit Directive into German law. The German government initiated a corresponding draft bill in July 2015. This must now be transposed into national law by March 21, 2016.

EU Mortgage Credit Directive: new rules for brokers

The new law requires banks to investigate the financial and economic situation of clients particularly carefully when issuing mortgages. After all, anyone purchasing a home faces serious financial commitments and risks.

In addition to this, mortgage brokers must in future hold a certificate of proficiency, be registered and sign up for professional liability insurance. In the course of implementing the new directive, the German government is introducing the concept of independent fee-based mortgage consultants.

MLP is successfully active in the brokerage of mortgages. Basically our consultants are well-trained for this field of consulting. Depending on the legal implementation, it is necessary for some consultants to pass the future examination at the chamber of industry and commerce (further information can be found in the chapter entitled: → Employees and consultants).

Final sprint towards Insurance Distribution Directive (IDD)

In parallel to the tightening of the Markets in Financial Instruments Directive MiFiD II, the EU is also working on a new draft of the Insurance Distribution Directive. The new Insurance Distribution Directive (IDD) is to govern all sales activities of the insurance industry in Europe. The objective is to increase both transparency and consumer protection. In addition to this, the IDD sets important standards for better quality consulting with uniform principles throughout Europe. For example, brokers will in future not only have to provide evidence of their basic training, but also of their ongoing vocational further training. The directive was signed by the European Parliament and the Council of the European Union at the start of 2016. The individual EU member states then have two years to transpose the legislation into national law. The fact that the IDD does not contain any general ban on accepting commission and that consumers are free to choose between fee-based and commission-based remuneration should also be seen as positive.

Well equipped to handle new regulatory requirements

In summary, we consider our current competitive situation as good, thanks largely to the sustainable diversification of our business model. We were also early adopters of numerous requirements that will become binding law in future and have complied with all disclosure obligations. Thanks to its banking licence, MLP also clearly differentiates itself from other, less strictly supervised market actors in this respect. Implementation expertise is required in order to comply with the legal documentation, qualification and transparency obligations. MLP believes it is generally well prepared for this. But irrespective of this, the regulatory developments overall will certainly represent a challenge.

Anticipated business development

As a partner for all financial matters – for private clients, companies and institutional investors – MLP is a future-oriented company and anticipates positive earnings development in both the mid-term and long-term. As presented in the chapter entitled → "Forecast – Future industry situation and competitive environment", however, market conditions are likely to remain challenging in the financial year 2016.

In the field of old-age provision, MLP expects reservations regarding signing long-term contracts to continue throughout the market. The main reasons for this remain the low interest rate phase, the negative press regarding life insurers and their products, as well as the uncertainty being felt among large sections of the population. The field of occupational pension provision could potentially provide positive stimulus – particularly in view of the fact that the German government will be presenting the results of its reform study on the optimisation potential of occupational pension provision in the first quarter of 2016. We believe that alternative guarantee concepts and single premiums, as well as occupational disability insurance will also become increasingly important. Overall, in the field of old-age provision, we are anticipating to record new business and sales revenues in 2016 that will be around the previous year's level.

Market conditions in the field of health insurance are also unlikely to display any significant improvement in the short-term. This is primarily due to the loss of confidence in private health insurance, caused by various factors including reports on premium increases and discussions on the potential introduction of a "citizens insurance" in the run-up to the last German parliamentary election. The additional premiums anticipated in the statutory health insurance system, on the other hand, could provide positive stimulus that will increase the willingness of those paying into the statutory health insurance system to switch over to a private policy. In addition to this, the field of supplementary insurance promises slightly positive effects. Overall, we expect a small increase in revenues in the field of health insurance in 2016.

Over the course of the next few years, we generally expect to see an increased need for consulting services in the field of professional wealth management among all of the Group's target client groups. More and more clients in the consumer business of MLP Finanzdienstleistungen AG are approaching the age at which financial investments become significantly more important, not least due to their increasing personal wealth. At FERI, we benefit from our comprehensive expertise in alternative forms of investment, particularly given the current framework conditions. However, it is also important to note that the capital market environment remains difficult overall and ongoing volatility should be expected. Not only is this motivating investors – both private and institutional – to remain risk-averse, it is also leading to drops in volume-based and performance-based remuneration. Given these two factors, we anticipate a slight increase in sales revenues in the field of wealth management for 2016. In terms of assets under management, we expect the overall volume to remain at the same level as the previous year.

Not least due to the acquisition of the DOMCURA Group, we are anticipating a pronounced increase in revenue in the field of non-life insurance. Alongside the existing business of the DOMCURA Group, the cooperation with MLP is likely to provide positive stimulus – through the introduction of new concepts, improved service for our clients and optimised processes for our consultants.

Additional potential arises from the brokerage of real estate objects, which is reflected in the item "Other commission and fees". Given the comparably low starting position, we are also anticipating a pronounced increase in sales revenues here in 2016.

However, a degree of uncertainty remains in all fields of consulting due to the challenging market environment.

An altered distribution of revenues must also be taken into account in 2016. MLP will continue to generate a large proportion of its revenues and earnings in the final quarter. However, the acquisition of DOMCURA will also significantly increase the importance of the first quarter. This is due to the seasonal nature of the DOMCURA business model, whereby the subsidiary generally records high revenues and earnings in the first quarter of each year and then records an arithmetic loss from Q2 to Q4. However, we expect positive overall earnings from DOMCURA.

Sales revenue estimates: 2016 (in comparison with the previous year)

2016	
Revenue from old-age provision	Stable
Revenue from wealth management	Slight increase
Revenue from health insurance	Slight increase
Revenue from non-life insurance	Significant increase

One-off increase in administrative expenses due to efficiency measures

From 2016, the administrative expenses of the DOMCURA Group will for the first time be included in full in the administrative expenses of the Group. This will result in a slight rise in administrative expenses of € 280 million in the financial year 2016. In addition to this, we will once more intensify our efficiency management in the reporting year. We therefore expect to record one-off expenses of € 15 million in the financial year 2016. The aim of these measures is to significantly reduce costs once again in the financial year 2017 and the following years and to achieve a significant positive EBIT compared to the financial year 2015.

For greater clarity, in future we will disclose the loan loss provisions in the lending business as a dedicated item in the income statement – and thereby separately from administrative expenses. Firstly, the loan loss provisions in the lending business will include amortisation expenses and impairments, which were previously part of the administrative expenses. Secondly, this item will in future include reversals of impairments that were previously disclosed in other revenue. Accordingly, administrative expenses – defined as personnel expenses, depreciation and impairments, as well as other operating income – will in the future only comprise items that we can control directly. We are anticipating total administrative expenses adjusted for one-off expenses of around € 277 million for 2016. Including one-off expenses of approximately € 15 million in connection with our efficiency measures, administrative expenses are expected to be around € 292 million.

The forecast administrative expenses continue to include expenses in connection with investments in the future – including the ongoing implementation of our digitalisation strategy.

Alongside administration expenses, the cost of sales (primarily commission expenses) are relevant for our cost structure. We are anticipating two key effects for this item in 2016. Firstly, the DOMCURA Group has commission expenses for broker remuneration which will for the first time be reflected in our income statement for the entire year. Secondly, we established a training allowance for new client consultants last year to help them find their feet in the world of self-employment (please refer to the chapter entitled “Employees and self-employed client consultants”). These costs are accrued as commissions paid. As we expect to see an increase in recruitments in 2016, this will also lead to increasing expenses.

Forecast: Operating EBIT (before one-off expenses) expected to be slightly above the previous year's level

Taking into consideration anticipated sales revenue and costs, MLP expects to record a slight increase in operating EBIT (before one-off expenses of € 15 million) for the financial year 2016. The EBIT of € 30.7 million recorded in 2015 is the comparative benchmark here. In the light of one-off costs of around € 15 million in connection with the above-mentioned efficiency measures, we expect a substantial decline in EBIT after one-off expenses. From the financial year 2017 onwards we expect that the efficiency measures will result in a significantly higher EBIT compared to 2015. With this outlook we underscore our commitment to return to profitable growth – despite continuing difficult market conditions and extensive investments such as in the recruitment of new consultants. This forecast is based on the assumption that the general conditions in our core markets do not deteriorate any further.

As was already the case in the previous year, we once again expect the finance cost to be slightly negative. The tax rate in 2015 was 29.2%. For 2016, we are anticipating a slightly lower tax rate.

Dividends of € 0.12 per share

As a general rule, our dividend policy is aligned to the respective financial and earnings position, as well as the company's future liquidity requirements. Since MLP employs a business model that is not very capital-intensive, we intend to maintain an attractive and consistent dividend policy for the future. However, capital requirements have increased due to the revised definition of equity, as well as the stricter capital adequacy requirements as per Basel III, meaning that the Group uses a portion of its earnings for the purpose of reinvestment. Set against this background, we announced a distribution rate of 50% to 70% of Group net profit in the Annual Report for the last financial year.

On the basis of this prognosis, the Executive Board and Supervisory Board will therefore propose a dividend of € 0.12 per share at the Annual General Meeting on June 16, 2016. The distribution rate measured against net profit for the period is 66%. Based on the net profit for the period simulating a DOMCURA acquisition with effect from January 1, 2015, the distribution rate is 56%.

Acquisitions possible

Further acquisitions and joint ventures that offer potential for profitable inorganic growth are generally possible in the market of our subsidiary FERI.

MLP also expects the ongoing consolidation of the broker market to continue. Should brokerage companies in the core business of MLP Finanzdienstleistungen AG become available for purchase in future, the Executive Board will undertake accurate analyses to determine whether their structure and culture fit in with MLP.

Integration of the DOMCURA Group and expansion of digitalisation

The ongoing integration of the DOMCURA Group into the MLP Group will be an important topic in 2016. Focus here is on joint further development of the DOMCURA business model, as well as measures offering synergy and added value potential.

MLP made important progress in its digitalization strategy in 2015 with the relaunch of its websites, the possibility for online policy sales and its activities on social media platforms. Building on this, measures planned for 2016 include further establishment of online policy sales as an instrument for winning new customers. We will also further strengthen our social media activities. Preparations for a new MLP client portal will represent a particular focus here.

Alongside the aforementioned acquisitions, we will also examine opportunities for increasing profitability at FERI. This involves in particular the potential bundling of service provision in terms of international activities, as well as the potential bundling of licenses at regulatory level.

Further development of the consulting approach

We are working on further developing our consulting approach, which is being supported by a new consulting application. This was developed in the reporting year and is currently being tested in a pilot group. The application provides targeted support for consultants during client meetings.

Consultant recruiting remains growth initiative

Winning new consultants remains a focus of investments in 2016. In the last few years, we have established important conditions for new client consultants through new entry models and introduction of the training allowance. The number of applicants has already significantly increased thanks to these measures. To achieve slight net gains in our number of consultants in 2016, we will also continue to strengthen our recruiting activities through our online media and social media presences. This is based on the assumption that the annual staff turnover rate among our consultants will not exceed the maximum target of 12% (+/- 2 percentage points). To accompany this, we are also planning to found more new branch offices in the university segment.

We believe that the high quality of our basic and advanced training offers will continue to be the key to success. Indeed, we offer our consultants a programme that exceeds the legally stipulated level. For 2016, we are also planning to introduce a master's degree course with a focus on "Financial Planning". We expect the number of central training days (including online seminars) at our Corporate University to be on a slightly higher level than in the last financial year. This also applies to the total budget for qualifications and further training.

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

Our investment volume was € 12.8 million in the last financial year, whereby the focus remained on IT. You can find more detailed information on this in the chapter entitled "Economic report – Performance". We will continue to focus on investing in IT in the financial year 2016 and anticipate an investment volume slightly below the 2015 level. Within our projects, we will also use further financial resources that flow directly into our income statement as expenses. We expect to be able to finance all investments from cash flow.

Significant downturn in return on equity expected

Return on equity declined from 7.7% to 5.1% in the financial year 2015. In the light of the costs connected with the efficiency measures we expect a significant decline in 2016.

Largely influenced by the acquisition of the DOMCURA Group, the Group's liquidity increased from € 155 million to around € 174 million in the financial year 2015. The overall liquidity situation remains good. Liquidity will be reduced by the intended dividend payment of € 13.1 million for the financial year 2015. It will increase again in the second half of 2016 thanks to the typical year-end business. Acquisitions which we finance with cash holdings would also have a negative effect on the Group's liquidity and capital adequacy. We do not expect any liquidity squeezes for the next two financial years.

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

MLP anticipates that the difficult market conditions will continue throughout the financial year 2016. We anticipate a slight overall increase in operating EBIT (prior to one-off expenses). In view of the efficiency measures we expect EBIT to be negatively affected to the extent described. We therefore expect to see a positive overall development within the Group. We are financially strong and, in combination with our strong market position as an independent consulting firm, this will enable us to further expand our competitive position.

Prognoses

This documentation includes certain prognoses and information on future developments founded on the conviction of MLP AG's Executive Board, as well as 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 general 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.

Supplementary data for MLP AG (Disclosures based on HGB)

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

Business and general conditions

General company situation

MLP AG is the holding company for the MLP Group. The company's primary role is to manage the Corporate Group. It defines strategic goals and ensures coordinated and aligned corporate policy within the Group. Three subsidiaries are arranged under the umbrella of MLP AG: MLP Finanzdienstleistungen AG is the Group's consulting company for private and corporate clients. It holds a banking licence and, as an insurance broker, is registered for brokering insurance policies. The second subsidiary FERI AG (including its own subsidiaries) primarily looks after wealthy private clients and institutional investors. With the acquisition of Schwarzer Familienholding GmbH (DOMCURA Group), another subsidiary was added in the reporting year. As an underwriting agency, DOMCURA examines all offers in the market when designing, developing and implementing its extensive coverage concepts for private and commercial clients in the field of non-life insurance. In addition, the DOMCURA Group also includes specialist brokers for commercial and industrial insurance. You can find more information on this in the chapter entitled → "Performance" in the joint management report of the MLP Group.

Business development at MLP AG

The following changes were made to the corporate structure in 2015. In the reporting period, MLP AG performed a capital increase against contributions in kind. 1,456,948 new shares were issued in return for 33.33% of the shares in Schwarzer Familienholding GmbH (SFH GmbH), the parent company of the DOMCURA Group companies. These shares carry full dividend rights for the financial year 2015. This action increased the share capital by 1.35% from 107,877,738 shares to 109,334,686 shares. The capital increase against contributions in kind was entered in the Commercial Register at Mannheim District Court on August 10, 2015. In June, MLP AG signed a company acquisition agreement for the full takeover of the DOMCURA Group. The total transaction volume was € 18 million. € 12 million was paid in cash as the purchase price, while a further 6 million was paid in the form of the aforementioned issue of new shares in return for a 33.33% stake in SFH GmbH. With conclusion of the contract on September 30, 2015, the DOMCURA Group was included in the scope of consolidation at MLP Group level for the first time. You can find more information on this in the chapter entitled → "Business development" in the joint management report of the MLP Group.

Due to the profit/loss transfer agreements in place, business performance at MLP AG is largely determined by the economic development of its investments, the performance of which is also described in the Group report. A profit/loss transfer agreement is scheduled to be signed between MLP AG and the DOMCURA Group during the course of 2016.

In the light of the above, the economic framework conditions, the industry situation and the competitive environment are essentially the same as those of the MLP Group and are described in detail in the sections entitled "National economic climate" and → "Industry situation and competitive environment".

Results of operations

In the financial year 2015, other operating income declined from € 15.8 million to € 11.0 million. This essentially includes income from the rental of buildings to affiliated companies. The previous year's higher figure was primarily a result of the sale of fixed assets, increased earnings from the reversal of provisions, as well as the decision in favour of MLP in a negative declaratory relief case against several former shareholders in FERI.

At € 6.4 million (€ 6.2 million), personnel expenses remained at the previous year's level. The lower expenses for salaries and wages relative to the previous year were more than compensated by greater expenses for pension commitments. At € 3.8 million (€ 3.9 million), depreciation of fixed assets remained at virtually the same level as the previous year.

Other operating expenses fell from € 11.2 million to € 9.7 million in the reporting period. The previous year's higher figure was largely due to greater amortisation expenses/impairments.

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

Finance cost rose to € 33.7 million (€ 32.1 million) in the reporting period. This development highlights the slightly higher overall volume from the profit/loss transfer agreements. In particular FERI AG, yet also MLP Finanzdienstleistungen AG, had a positive influence on this development. This was offset by a higher interest charge.

Earnings before tax declined to € 24.7 million (€ 26.6 million) as a result of a reduction in other operating income. The tax expense was € 8.8 million (€ 9.1 million) in the past year. The net profit recorded was therefore € 15.6 million (€ 17.1 million).

Net Assets

At € 406.7 million (€ 407.2 million), the balance sheet total of MLP AG on the balance sheet date December 31, 2015 remained at the same level as the previous year.

On the assets side of the balance sheet, the item "Property, plant and equipment" declined slightly from € 45.5 million to € 42.1 million due to impairments. Financial investments increased from € 229.4 million to € 248.0 million, largely due to the acquisition of the DOMCURA Group.

The receivables and other assets declined to € 51.6 million (€ 53.0 million). This includes receivables from affiliated companies, which rose to € 36.5 million (€ 34.0 million). These are primarily receivables due from subsidiaries of MLP AG, resulting from profit/loss transfer agreements in place with these companies. This was countered by the decline of other assets from € 19.0 million to € 15.1 million on the reporting date. This development was in particular influenced by lower overall receivables from income taxes.

The item “Cash on hand and on deposit with the Deutsche Bundesbank, bank deposits and cheques” increased from € 77.0 million to € 63.2 million. The dividend payout to our shareholders, as well as payment of a portion of the purchase price for the DOMCURA Group in cash, reduced this item.

On the equity side of the balance sheet, shareholders’ equity increased to € 387.5 million (€ 384.3 million). This was caused by the described capital increase in exchange for non-cash contributions. In this context, share capital increased to € 109.3 million (€ 107.9 million) and capital reserves increased from € 134.5 million to € 139.1 million.

Provisions declined over the previous year to € 16.1 million (€ 19.3 million). At € 10.6 million (€ 9.2 million), the provisions for pensions and similar obligations were above the previous year’s level. With a value of € 0.3 million, tax reserves were significantly below the value for the same period in the previous year (€ 4.0 million). Large amounts were reversed in the context of a retrospective tax payment. Other provisions declined to € 5.1 million (€ 6.1 million).

Financial position and dividends

As of the balance sheet date, December 31, 2015, MLP AG had cash holdings (cash on hand and on deposit with the Deutsche Bundesbank, bank deposits and cheques) of € 63.2 million (€ 77.0 million). This decline is essentially attributable to the dividend payout to our shareholders of € 0.17 per share amounting to a total of € 18.3 million for the financial year 2014, as well as cash payment of a portion of the purchase price for DOMCURA Group. The profit transfers of subsidiaries had a positive influence.

At 95.3% (94.4%), the equity ratio remained virtually constant. MLP AG therefore continues to enjoy a good equity capital backing. In addition to this, MLP AG had open lines of credit of € 50.0 million as of the balance sheet date.

The liabilities of MLP AG dropped to € 3.0 million (€ 3.6 million) on the balance sheet date. This was primarily due to the decline in other liabilities from € 1.1 million to € 0.6 million. The liabilities at MLP AG are all current liabilities. Cash and cash equivalents therefore exceed current liabilities several times over.

The dividend payments of MLP AG are made in accordance with the financial and profit situation, as well as future liquidity requirements. As announced, the distribution rate for the financial year 2015 will be between 50% and 70%. In concrete terms, the Executive Board and Supervisory Board will propose a dividend of € 0.12 per share at the Annual General Meeting on June 16, 2016. Based on the net profit of the MLP Group, the distribution rate is 66%.

Comparison of the actual and forecast development of business

Business development at MLP AG is essentially dependent on the business development of the MLP Group. We therefore make reference to the comparison of actual business development with the forecast development of the MLP Group. The special characteristics of the acquisition of the DOMCURA Group did not have any impact on the annual financial statements of MLP AG, although they did impact the financial statements of the MLP Group.

Market conditions that generally remained difficult for its subsidiaries meant that MLP AG was not quite able to meet its own expectations in 2015.

Employees

In the last financial year, MLP AG employed an average of 7 employees, following 7 employees in the previous year.

Remuneration report of MLP AG

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

Risks and opportunities at MLP AG

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

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

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

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

Events subsequent to the reporting date at MLP AG

As described in the → forecast of the MLP Group, at the end of February efficiency measures were agreed which will mainly have effect in the MLP Finanzdienstleistungen AG. In addition there were no further appreciable events after the balance sheet date affecting the company's financial or asset situation.

Forecast for MLP AG

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

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

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

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

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

Explanatory report on the disclosures pursuant to § 176 (1) of the German Stock Corporation Act (AktG), § 289 (4) and § 315 of the German Commercial Code (HGB)

Composition of capital

As of December 31, 2015, the company's share capital amounts to € 109,334,686 and is divided into 109,334,686 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 (WpHG) requires any investor whose share of voting rights reaches, exceeds or falls below certain thresholds as the result of purchases, disposals or otherwise, to notify the company and the German Federal Financial Supervisory Authority (BaFin) thereof. The lowest threshold for the duty of notification to apply is 3%. Any stakes that reach or exceed 10% of voting rights must be recorded in this explanatory report. MLP AG has been notified of two shareholders who directly or indirectly exceeded 10% of the voting rights:

	Number of shares*	Shareholding*
Dr. h.c. Manfred Lautenschläger, Gaiberg[1]	25,383,373[1]	23.22%
Angelika Lautenschläger Beteiligungen Verwaltungs GmbH, Gaiberg	22,796,771	20.85%

* Status known to MLP AG as of December 31, 2015

[1] Based on information provided by Dr. h.c. Manfred Lautenschläger, 22,796,771 voting rights (=20.85% of the share capital of MLP AG) are attributable to him by Angelika Lautenschläger Beteiligungen Verwaltungs GmbH in accordance with § 22 (1) Sentence 1 No. 1 of the German Securities Trading Act (WpHG).

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 of the Articles of Association regarding the appointment and replacement of members of the Executive Board

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

Amendments to the company's Articles of Association

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

Authority of the Executive Board to issue or buy back shares

A resolution passed by the Annual General Meeting on June 5, 2014 authorised the Executive Board, with the consent of the Supervisory Board, to increase the company's share capital on one or more occasions by up to € 22 million in total by June 5, 2019 by issuing new ordinary bearer shares in exchange for cash or non-cash contributions and, with the Supervisory Board's consent, to exclude the shareholders' subscription rights for the issuance of shares in exchange for non-cash contributions. On the basis of this authorisation and with the consent of the Supervisory Board, the Executive Board utilised the resolution from July 27, 2015 to increase the company's share capital by € 1,456,948.00 by issuing 1,456,948 ordinary bearer shares in MLP AG to Mr. Gerhard Schwarzer in return for shares in Schwarzer Familienholding GmbH, the parent company of the DOMCURA Group, thereby excluding the subscription right. The Executive Board is therefore still authorised to increase the share capital by up to € 20,543,052 million in the aforementioned scope.

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 (AktG) do not exceed 10% of the share capital, either at the time of coming into effect or at the time they are exercised (authorised capital).

A resolution passed at the Annual General Meeting on June 6, 2013 authorised the Executive Board to buy back own shares on one or more occasions with a pro rata amount of capital stock represented by such shares of up to € 10,787,773 until June 5, 2018. No shares were bought by the company on the basis of this authorisation up to December 31, 2015.

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 Manfred Bauer and Reinhard Loose contain a clause stating that said members are entitled to terminate their contracts with a notice period of one month in the event that a third party who had a share in MLP of less than 10% at the time at which the contracts were concluded acquires a share of at least 50% of the voting rights. If any of these Executive Board members chooses to exercise this right to terminate, MLP is obliged to pay said member remuneration corresponding to four times (4x) the respective fixed annual salary if the contract has not been terminated as a result of the change in control, provided that the respective contract is terminated more than two years before it reaches its normal termination date. For all members of the Executive Board, the remuneration to be paid in the event of a "change of control" corresponds to no more than twice the average remuneration, based on the total remuneration of the last full financial year prior to termination of their contract and the total anticipated remuneration for the year still in progress when their contract is terminated. The service contract of Dr. Schroeder-Wildberg is set to run until December 31, 2017, the service contract of Mr. Bauer is set to run until April 30, 2020 and the service contract of Mr. Reinhard Loose is set to run until January 31, 2019. In the case of a termination of contract within two years of the scheduled termination date, the severance payment will only be paid pro rata temporis.

CORPORATE GOVERNANCE REPORT
Declaration on corporate governance (§ 289a of the German Commercial Code (HGB))

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 (GCGC). The following statements and details are provided as a Declaration on Corporate Governance in the sense of § 289a of the German Commercial Code (HGB).

Compliance with the Corporate Governance Code

Wording of the Declaration of Compliance of MLP AG pursuant to § 161

"Pursuant to § 161 of the German Stock Corporation Act (AktG), 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 5, 2015) since the last Declaration of Compliance was issued. Only the recommendations specified in Sections 4.1.5 and 4.2.3 page 10, Section 4.2.3 pages 11 to 13, Section 5.1.2. Sentence 2, Section 5.1.2 Sentence 8 and Section 5.4.1 (2) 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. The Executive Board sets out targets for the proportion of women at the two management levels below the Executive Board.

Throughout the current financial year, the Executive Board has strengthened its efforts to secure diversity when filling management positions and in particular aim for an appropriate consideration of women at the management levels within the company. The Executive Board at MLP AG has already implemented measures in the past with the objective of making it easier for staff to combine their career with a family. It also continued to review these measures in the financial year 2015 to determine their effectiveness and passed a complete concept back in November 2013 to ensure that appropriate consideration is given to women in the company's management ranks, taking into account the company's specific situation. Guidelines on diversity-compliant staff promotion also form part of this concept, although these still need to be finalised. No criteria for specific selection decisions when filling vacant positions have therefore been defined to date. Nevertheless, the Executive Board at MLP AG only passed a resolution for a 0% percentage of women at the first management level below the Executive Board, since MLP AG is a holding company with very limited staffing and few managers. In addition to this, there is no second management level below the Executive Board at MLP AG.

The measures are therefore not yet fully compliant with the requirements of Section 4.1.5 of the Code. As was also the case in the financial year 2015, MLP declares not to follow this recommendation in the financial year 2016.

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

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

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

Therefore the Supervisory Board is of the opinion that the implementation progress made to date is not yet sufficient to fulfil the requirements of Section 4.2.3 Sentence 10 of the Code in full. As was also the case in the financial year 2015, MLP declares not to follow this recommendation in the financial year 2016.

Section 4.2.3 Sentence 11 to 13 (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.

In the course of the financial year 2011, MLP changed all service contracts with members of the Executive Board to a new remuneration system. Following on from this, particular attention was paid in 2014 to ensuring compliance with the requirements the German Banking Act (KWG) and the Ordinance on the Supervisory Requirements for Institutions' Remuneration Systems (InstitutsVergV). MLP has been complying with the aforementioned recommendations since the changeover in 2011.

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 2015, MLP has therefore once again elected not to comply with this recommendation in 2016.

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. Based on this, the Supervisory Board is to set out targets for the proportion of women on the Executive Board.

The Supervisory Board at MLP AG aims at increasing its efforts in respecting diversity and, in particular, ensuring appropriate consideration of women in future appointments of Executive Board members. The Supervisory Board gives specific consideration to applications from suitable women in its selection procedures. It continued to address this topic in the financial year 2014 and will implement further measures so that appropriate consideration is also given to women on the company's Executive Board, following on from the Group-wide overall concept passed by the Executive Board for implementation of the recommendation in the Code pursuant to Section 4.1.5 (taking into account diversity when filling managerial positions), considering the company's specific situation. Irrespective of this, the Supervisory Board at MLP AG intends to continue basing its selection decisions primarily on personal and professional qualifications. For this reason, the Supervisory Board has set a target of 0% for the proportion of women on the Executive Board – which currently only has three members anyway.

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 2015, MLP declares not to follow this recommendation in the financial year 2016.

Section 5.1.2 Sentence 8 (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 2015. 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 2015, MLP has therefore also opted not to follow this recommendation in 2016.

Section 5.4.1 (2) (age limit and overall limit regarding the length of membership in the Supervisory Board)

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

MLP did not follow this recommendation in 2015. No age limit or overall limit regarding the length of membership is specified for members of the Supervisory Board. In light of the knowledge, skills and specialist experience stipulated in Section 5.4.1 Sentence 1 of the Code, it seems inappropriate to specify an age limit or overall limit regarding the length of membership. As was the case in 2015, MLP has therefore also opted not to follow this recommendation in 2016.

Section 5.4.1 (2) (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. Based on this, the Supervisory Board is to set out targets for the proportion of women on the Supervisory Board. The objectives and present status of implementation are to be published in the corporate governance report.

MLP did not follow this recommendation in 2015. In its meetings during the financial years 2010, 2012, 2014 and 2015, 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. Assuming equivalent professional and personal suitability of the candidates, the Supervisory Board has set itself the goal of filling at least 25% of the positions on the Supervisory Board on the shareholder side with suitable female members. 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. Nevertheless, in 2015 the Supervisory Board submitted the resolution to the Annual General Meeting of electing a woman to the company's Supervisory Board. The Annual General Meeting approved this resolution. The target was therefore reached.

Nevertheless, MLP declares – as it also did in the financial year 2015 – that it will not follow this recommendation in the financial year 2016, since MLP has not approved any such targets and instead prefers to appoint members based on their respective qualifications."

In December 2015, 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. You can also view the text of the Declaration of Compliance from December 16, 2015 at www.mlp-ag.de.

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

Corporate governance

Responsible and value adding management

By mainly complying with the stipulations of the German Corporate Governance Code (GCGC) in the version of May 5, 2015, MLP continues to reinforce the confidence of its shareholders, clients, employees and other stakeholders in the management of the company. Responsible management geared toward long-term added value is a high priority for us. The Executive and Supervisory Boards ensure that MLP continues to review and develop corporate governance across the Group.

Management and controlling structure

Executive Board

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

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

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

Supervisory Board

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

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

Supervisory Board composition

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

Based on the recommendations of the GCGC, 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 and which summarises the knowledge, skills, professional experience and personal aptitude characteristics necessary for candidates to be considered. In addition to this, appraisals were made regarding diversity and the number of independent members. You can find further information on the equal participation of women and men in the Supervisory Board in the disclosures on corporate governance practices provided below.

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. Nevertheless, this quota was reached over the course of the year 2015 with the election of Ms. Müller to the company's Supervisory Board. The Supervisory Board also reviewed 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 2015. 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.

Supervisory Board committees

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

Corporate governance in the Supervisory Board

In 2015, 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 Code, and its amendments passed on May 5, 2015, were the object of intensive discussions by the Supervisory Board. Stipulations were analysed and corresponding adjustments to the internal regulations and procedures followed by the Supervisory Board were either proposed or submitted for verification.

Cooperation between Executive Board and Supervisory Board

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

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

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

Transparency

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

As of December 31, 2015, the shares held by the members of the company's Executive and Supervisory Boards were distributed as follows:

Supervisory Board member	Number of shares as of Dec. 31, 2015	Number of shares as of Dec. 31, 2014
Dr. Peter Lütke-Bornefeld	150,000	150,000
Dr. h.c. Manfred Lautenschläger[1]	25,383,373	25,383,373
Tina Müller		(not relevant)
Dr. Claus-Michael Dill	–	–
Burkhard Schlingermann	55	50
Alexander Beer	–	–

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

Executive Board member	Number of shares as of Dec. 31, 2015	Number of shares as of Dec. 31, 2014
Dr. Uwe Schroeder-Wildberg	–	–
Manfred Bauer	11,254	11,254
Reinhard Loose	10,000	5,000

Directors' Dealings

Directors' Dealings

Pursuant to § 15a of the German Securities Trading Act (WpHG), persons discharging managerial responsibilities as 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 (WpHG) two transactions were reported to us in the financial year 2015. This can be viewed on our website ↗ www.mlp-ag.com.

Compliance

Compliance regulations

The trust of our clients, shareholders and business partners in our capacity to act professionally and responsibly forms the basis of our business operations. Compliance with all relevant legislation and codes of conduct for the capital market represents the foundation of our business activities and an integral part of our corporate culture. Violations against applicable legislation and regulations not only have the potential to lead to legal disputes and financial losses, but can also have a negative effect on our Group's reputation. 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.

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 directives, as well as preventing and combating illegal practices, such as insider trading, money laundering, fraud or any other criminal conduct. In the interests of our clients, shareholders and employees, the Compliance department supports and advises the Executive Board in establishing uniform standards for all Group companies. Taking into account the constantly changing regulatory requirements and market conditions, Compliance steers the continuous further development of our internal behavioural standards and monitors implementation of all applicable 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. Compliance also collaborates with the specialist departments responsible for developing risk-reducing measures and continuously monitors their effectiveness in our day-to-day business.

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

The Compliance Policy in the MLP Group also sets out the measures for insider trading prevention and describes the internal guidelines for execution of employee transactions. The compliance guidelines also ensure that confidential information is handled responsibly at MLP and define standards for advising and supporting our clients, as well as the policy on giving and 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. You can find details on our corporate mission on our homepage at www.mlp-ag.de. 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 staf

In accordance with the recommendation of the Corporate Governance Code in Section 4.1.5., the Executive Board has further reinforced its efforts to secure diversity when filling management positions. It will also continue to test the effectiveness of the adopted measures in the financial year 2016 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.

The legislation on equal participation of women and men in management positions came into force on May 1. Among other things, this legislation stipulates an obligation to specify targets for members of supervisory and executive boards, as well as the two upper management levels, although it does not define an actual minimum target. Insofar as the percentage of women is below 30%, the targets must then not fall below the percentage reached. The deadline to be specified for achievement of the initial targets is set as June 30, 2017. After that deadlines can be up to five years. The targets and deadlines are to be specified in concrete terms. In addition to this, it must be stated whether the specified targets have been achieved and, if not, information as to the reasons must be specified.

Stipulations for promoting equal participation of women in management positions pursuant to § 76 (4) and § 111 (5) of the German Stock Corporation Act (AktG)

MLP places great emphasis on promoting women and helping employees combine a career with a family. The company has therefore already made this topic a focus over the last few years and implemented various measures to promote women into management positions. The concept for example includes measures such as family-friendly meeting arrangements or flexible workplace designs. As a sign of its public commitment to diversity, MLP signed the Diversity Charter in 2014. To help staff more effectively combine their career with a family, MLP opened a parent & child office in February 2015 to provide parents that are struggling to find childcare with the option of taking their children to work with them.

Based on the experience gained within the scope of implementing the individual measures, MLP will stick to the targets already achieved for management levels and thereby comply with the minimum legal requirements stipulated for June 30, 2017. For MLP AG, these are 25% on the shareholder side of the Supervisory Board, as well as 0% for the three-person Executive Board and first management level below the Executive Board. In this vein, it is important to note that the stipulated target of 0% for the first management level applies to just two persons. There is no second management level below the Executive Board, since MLP AG is a holding company and does not employ any further managers beyond its three-person Executive Board and two first level managers. The Supervisory Board and Executive Board targets at MLP Finanzdienstleistungen AG are the same as those at MLP AG. Targets of 11.11% and 20.69% have been set respectively for the first and second management levels below the Executive Board. In addition to this, MLP has set internal rules for the composition of its Executive Board and Supervisory Board. These stipulate a 25% proportion of women, assuming equal personal and professional aptitude. MLP will also continue to consistently pursue its objective of increasing the number of women in management positions.

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.de, where the Chairman's speech can also be accessed online.

We also use the internet in order to provide comprehensive and timely information on the company's position and significant changes in a way that ensures all stakeholders are treated equally. We provide access to both German and English versions of annual and quarterly reports, press releases, conference calls and presentations on our homepage at www.mlp-ag.de. 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.

Provision of information to 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 and has audited the 2015 consolidated financial statements. 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. The Supervisory Board at MLP AG also discusses the annual and Group financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

Income statement and statement of comprehensive income

Income statement for the period from January 1 to December 31, 2015

All figures in €'000	Notes	2015	2014
Revenue	→ (10)	535,651	509,727
Other revenue	→ (11)	21,529	21,378
Total revenue		557,180	531,105
Commission expenses	→ (12)	-253,584	-233,633
Interest expenses	→ (13)	-1,921	-2,838
Personnel expenses	→ (14)	-113,457	-105,964
Depreciation	→ (15)	-15,113	-13,417
Other operating expenses	→ (16)	-144,234	-137,394
Earnings from investments accounted for using the equity method	→ (17)	1,836	1,127
Earnings before interest and tax (EBIT)		30,706	38,986
Other interest and similar income		509	669
Other interest and similar expenses		-3,263	-2,007
Finance cost	→ (18)	-2,753	-1,337
Earnings before tax (EBT)		27,953	37,649
Income taxes	→ (19)	-8,170	-8,694
Net profit		19,783	28,955
Of which attributable to			
owners of the parent company		19,783	28,955
Earnings per share in €	→ (20)		
basic/diluted		0.18	0.27

Statement of comprehensive income for the period from January 1 to December 31, 2015

All figures in €'000	Notes	2015	2014
Net profit		19,783	28,955
Gains/losses due to the revaluation of defined benefit obligations	→ (30)	2,489	-8,466
Deferred taxes on non-reclassifiable gains/losses	→ (19)	-727	2,486
Non-reclassifiable gains/losses		1,762	-5,980
Gains/losses from changes in the fair value of available-for-sale securities	→ (26)	-339	797
Deferred taxes on reclassifiable gains/losses	→ (19)	91	-174
Reclassifiable gains/losses		-248	623
Other comprehensive income		1,514	-5,357
Total comprehensive income		21,297	23,598
Of which attributable to			
owners of the parent company		21,297	23,598

Statement of financial position

Assets as of December 31, 2015

All figures in €'000	Notes	Dec. 31, 2015	Dec. 31, 2014
Intangible assets	→ (21)	174,504	156,182
Property, plant and equipment	→ (22)	65,745	66,037
Investment property	→ (23)	–	7,262
Investments accounted for using the equity method	→ (17)	3,481	2,772
Deferred tax assets	→ (19)	7,033	6,728
Receivables from clients in the banking business	→ (24)	542,696	495,569
Receivables from banks in the banking business	→ (25)	600,339	559,316
Financial assets	→ (26)	147,916	145,276
Tax refund claims	→ (19)	14,893	18,743
Other receivables and assets	→ (27)	112,531	117,665
Cash and cash equivalents	→ (28)	77,540	49,119
Non-current assets held for sale	→ (23)	6,040	–
Total		1,752,719	1,624,668

Liabilities and shareholders' equity as of December 31, 2015

All figures in €'000	Notes	Dec. 31, 2015	Dec. 31, 2014
Shareholders' equity	→ (29)	385,753	376,795
Provisions	→ (30)	86,536	92,049
Deferred tax liabilities	→ (19)	10,549	7,404
Liabilities due to clients in the banking business	→ (31)	1,102,569	1,007,728
Liabilities due to banks in the banking business	→ (31)	23,095	17,380
Tax liabilities	→ (19)	4,006	5,531
Other liabilities	→ (32)	140,211	117,780
Total		1,752,719	1,624,668

Statement of cash flow

Statement of cash flow for the period from January 1 to December 31, 2015

All figures in €'000	2015	2014
Net profit (total)	19,783	28,955
Income taxes paid	-2,422	-6,930
Interest received	21,951	23,568
Interest paid	-4,990	-4,038
Earnings from investments accounted for using the equity method	-1,836	-1,127
Dividends received from investments accounted for using the equity method	1,127	902
Dividends received	1	0
Depreciation/impairments/write-ups of intangible assets and property, plant and equipment	15,113	13,417
Depreciation/impairments/write-ups of financial assets	71	521
Allowances for bad debts	18	1,859
Earnings from the disposal of intangible assets and property, plant and equipment	121	-1,911
Earnings from the disposal of financial assets	-74	17
Adjustments from income taxes, interest and other non-cash transactions	-20,811	-22,281
Changes in operating assets and liabilities		
Receivables from banks in the banking business	-41,022	-69,206
Liabilities due to banks in the banking business	5,715	7,456
Receivables from clients in the banking business	-46,650	-3,778
Liabilities due to clients in the banking business	94,840	61,244
Other assets	2,447	-13,212
Other liabilities	20,906	8,969
Provisions	-5,513	7,911
Cash flow from operating activities	58,775	32,333
Purchase of intangible assets and property, plant and equipment	-12,776	-15,418
Proceeds from disposal of intangible assets and property, plant and equipment	440	2,845
Repayment of/investment in time deposits	-15,000	–
Repayment of/investment in held-to-maturity investments	-23,506	20,514
Purchase of other financial assets	19,916	-17,159
Proceeds from disposal of other financial assets	10,785	4,900
Net cash inflow/outflow from the acquisition of subsidiaries	2,127	–
Cash flow from investing activities	-18,014	-4,318
Dividends paid to shareholders of MLP AG	-18,339	-17,260
Cash flow from financing activities	-18,339	-17,260
Change in cash and cash equivalents	22,422	10,754
Cash and cash equivalents at beginning of period	72,119	61,364
Cash and cash equivalents at end of period	94,540	72,119
Composition of cash and cash equivalents		
Cash and cash equivalents	77,540	49,119
Loans _3 months	17,000	23,000
Cash and cash equivalents at end of period	94,540	72,119

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

Statement of changes in equity

Statement of changes in equity for the period from January 1 to December 31, 2015

						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*	Revaluation gains/losses related to defined benefit obligations after taxes	Retained earnings	Total shareholders' equity
As of Jan. 1, 2014	107,878	142,184	837	-4,750	124,309	370,457
Dividend	–	–	–	–	-17,260	-17,260
Transactions with owners	–	–	–	–	-17,260	-17,260
Net profit	–	–	–	–	28,955	28,955
Other comprehensive income	–	–	623	-5,980	–	-5,357
Total comprehensive income	–	–	623	-5,980	28,955	23,598
As of Dec. 31, 2014	107,878	142,184	1,460	-10,730	136,004	376,795
As of Jan. 1, 2015	107,878	142,184	1,460	-10,730	136,004	376,795
Dividend	–	–	–	–	-18,339	-18,339
Increase in capital stock as per § 202 of the German Stock Corporation Act (AktG)	1,457	4,543	–	–		6,000
Transactions with owners	1,457	4,543	–	–	-18,339	-12,339
Net profit	–	–	–	–	19,783	19,783
Other comprehensive income	–	–	-248	1,762	–	1,514
Total comprehensive income	–	–	-248	1,762	19,783	21,297
As of Dec. 31, 2015	109,335	146,727	1,212	-8,968	137,448	385,753

* Reclassifiable gains/losses.

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

Notes

General information

1 Information about the company

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

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

2 Principles governing the preparation of the financial statements

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

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

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

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

Due to acquisition of the DOMCURA Group in the financial year, direct comparison with previous year's figures is only possible to a limited extent. Please refer to → Note 6 for details on the acquisition.

3 Amendments to the accounting policies, as well as 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 2015 the following new or amended standards and interpretations were to be applied for the first time.

In November 2013, the IASB published its amendments to **IAS 19 "Employee Benefits"**, and then in December 2013 its **Revisions to the IFRS 2010–2012** and **Revisions to the IFRS 2011–2013**. The changes have no significant 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, 2015. The standards were not adopted early:

EU endorsement has already taken place:

In May 2014, the IASB published amendments to **IFRS 11 "Acquisition of an Interest in a Joint Operation"**. This clarifies that acquisitions of shares and additional shares in joint operations that represent business operations in the sense of IFRS 3 "Business Combinations" are to be recorded based on the principles for recognising business combinations pursuant to IFRS 3 and other IFRS standards, insofar as these are not in conflict with the provisions of IFRS 11.

In December 2014, the IASB published amendments to **IAS 1 "Presentation of Financial Statements"**. The amendments are intended to improve the way information is presented in financial statements. In future, disclosures are to be more relevant and company-specific. The amendments could result in revised explanatory notes to the consolidated financial statements for MLP.

In August 2014, the IASB published amendments to **IAS 27 "Separate Financial Statements (Equity Method)"**. As a result of the amendments, investments in subsidiaries, joint ventures and associates will in future also be recognised in the balance sheet using the equity method for IFRS separate financial statements.

In May 2014, the IASB published amendments to **IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation"**. The objective of these amendments is to clarify the correct methods with regard to amortisation of tangible and intangible assets.

The lASB published its **improvements to IFRS 2012–2014** in September 2014. The amendments concern the standards IFRS 5, IFRS 7, IAS 19 and IAS 34. They eliminate inconsistencies and clarify certain formulations.

The amendments are to be applied for the first time for reporting periods starting on January 1, 2016. MLP does not expect the amendments to have any significant impact on its consolidated financial statements.

EU endorsement still pending:

In July 2014, the IASB completed its project to replace IAS 39 **"Financial Instruments: Recognition and Measurement"** with publication of the final version of **IFRS 9 "Financial Instruments"**. IFRS 9 introduces a uniform approach to classification and measurement of financial assets. The standard refers to the cash flow characteristics and the business model that is used to control them as its basis. In addition to this, it prescribes a new impairment model that is based on anticipated credit defaults. IFRS 9 also contains new regulations regarding application of hedge accounting to present a company's risk management activities more clearly, in particular with regard to managing non-financial risks. The new standard is to be applied to financial years beginning on or after January 1, 2018. Early adoption is also permitted. The company is currently reviewing what effects adoption of IFRS 9 would have on its consolidated financial statements.

In May 2014, the IASB published the new standard **IFRS 15 "Revenue from Contracts with Customers"**. Based on the new standard, the revenue recorded is to include transfer of goods and services promised to the customer at the amount that corresponds to what the company is likely to receive in exchange for these goods or services. Revenue is generated when the customer receives control of the goods or services. IFRS 15 also contains stipulations regarding disclosure of performance surpluses or obligations in place at contractual level. These are assets and liabilities resulting from customer contracts that are based on the relationship between the service performed by the company and the payment made by the customer. In addition to this, the new standard requires disclosure of a whole host of quantitative and qualitative information to allow readers of the consolidated financial statements to understand the type, level and timing of revenue and cash flows from contracts with customers, as well as the uncertainty associated with these. IFRS 15 replaces IAS 11 "Construction Contracts" and IAS 18 "Revenue", as well as the accompanying interpretations. The standard is to be applied to financial years beginning on or after January 1, 2018. Early adoption is also permitted. The company is currently reviewing what effects adoption of IFRS 15 would have on the Group's consolidated financial statements and will then stipulate the timing of the initial application, as well as the transmission methods.

The IASB published its new **IFRS 16 "Leases"** standard in January 2016. IFRS 16 replaces IAS 17 and the accompanying interpretation (IFRIC 4, SIC-15, SIC-27). For lessees, the new standard requires a completely new approach for reporting leasing agreements. While with IAS 17 the transfer of key opportunities and risks relating to the lease object was the overriding factor when reporting leases, in future all leases must generally be recorded in the balance sheet by the lessee as a financing transaction. The accounting regulations for lessors have remained largely unchanged. The standard is to be applied to financial years beginning on or after January 1, 2019. Early adoption is possible, provided IFRS 15 is also being applied. The company is currently reviewing what effects adoption of IFRS 16 would have on its consolidated financial statements.

In September 2014, the IASB published amendments to **IFRS 10 and IAS 28 "Sales or Contributions of Assets between an Investor and its Associate/Joint Venture"**. This eliminates an inconsistency that has previously existed between the two standards. The IASB has postponed the timing for initial adoption of this standard indefinitely.

In December 2014, the IASB published amendments to **IFRS 10, IFRS 12 and IAS 28 "Consolidation Exception"**. These amendments serve to clarify various issues relating to application of the exception from the consolidation obligation pursuant to IFRS 10 if the parent company fulfils the definition of an "investment company". The standard is to be applied to financial years beginning on or after January 1, 2016. MLP does not expect the amendments to have any significant impact on its consolidated financial statements.

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, as well as shares in associates and disclosures on non-consolidated structured entities

MLP AG and all significant subsidiaries that are controlled by MLP AG are included in the consolidated financial statements. Associates are accounted for using the equity method.

In the financial year, parts of the FERI business segment were restructured. The Hedge Funds and Private Equity Management business segments were spun off from FEREAL AG, and the Economics business segment was spun off from FERI EuroRating Services AG. These business segments were then transferred to FERI Trust GmbH. In addition, FERI Institutional & Family Office GmbH was merged with FERI Trust GmbH.

Alongside MLP AG as the parent company, 16 (previous year: nine) fully consolidated domestic subsidiaries and, as was already the case in the previous year, one fully consolidated foreign subsidiary and one associated company were incorporated in the consolidated financial statements of December 31, 2015.

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

As of December 31, 2015	Share of capital in %	Shareholders' equity (€'000)	Net profit (€'000)
Fully consolidated subsidiaries			
MLP Finanzdienstleistungen AG, Wiesloch [1]	100.00	109,548	26,025
TPC GmbH, Hamburg 100)	100.00	314	271
ZSH GmbH Finanzdienstleistungen, Heidelberg 100) (Wholly-owned subsidiary of MLP Finanzdienstleistungen AG)	100.00	1,190	1,019
FERI AG, Bad Homburg v.d. Höhe [1]	100.00	19,862	10,276
FERI Trust GmbH, Bad Homburg v.d. Höhe 100) (Wholly-owned subsidiary of FERI AG)	100.00	5,386	2,072
FERI EuroRating Services AG, Bad Homburg v.d. Höhe 100) (Wholly-owned subsidiary of FERI AG)	100.00	958	-854
FEREAL AG, Bad Homburg v.d. Höhe100) (Wholly-owned subsidiary of FERI AG)	100.00	1,949	531
FERI Trust (Luxembourg) S.A., Luxembourg (Wholly-owned subsidiary of FERI AG)	100.00	15,596	13,217
Schwarzer Familienholding GmbH, Kiel	75.00	2,215	174
DOMCURA AG, Kiel100) (Wholly-owned subsidiary of Schwarzer Familienholding GmbH)	75.00	2,380	2,850
Nordvers GmbH, Kiel100) (Wholly-owned subsidiary of DOMCURA AG)	75.00	26	224
F&F Makler AG, Hamburg100) (Wholly-owned subsidiary of Schwarzer Familienholding GmbH)	75.00	383	-2,316
nordias GmbH Versicherungsmakler, Kiel100) (Wholly-owned subsidiary of F&F Makler AG)	75.00	26	512
Ralf W. Barth GmbH, Hamburg100) (Wholly-owned subsidiary of F&F Makler AG)	75.00	26	89
Willy F.O. Köster GmbH, Hamburg100) (Wholly-owned subsidiary of F&F Makler AG)	75.00	2,025	46
Siebert GmbH Versicherungmakler, Jens/Arnstadt100) (Wholly-owned subsidiary of F&F Makler AG)	75.00	26	198
MLPdialog GmbH, Wiesloch (Wholly-owned subsidiary of MLP Finanzdienstleistungen AG)	100.00	495	195
Associates consolidated at equity			
MLP Hyp GmbH, Wiesloch (49.8 % subsidiary of MLP Finanzdienstleistungen AG)	49.80	5,825	2,825
Companies not consolidated due to immateriality			
MLP Consult GmbH, Wiesloch	100.00	2,328	19
Michel & Cortesi Asset Management AG, Zurich (Switzerland) [4] [5] (Wholly-owned subsidiary of FERI AG)	100.00	–	–
FERI Corp. (USA), New York [3] [4] (Wholly-owned subsidiary of FERI EuroRating Service AG)	100.00	USD 87 thsd	USD -24 thsd
CORESIS Management GmbH, Bad Homburg v.d. Höhe [2] (25 % held by FERI AG)	25.00	254	70
FPE Private Equity Beteiligungs-Treuhand GmbH, Munich 100) (Wholly-owned subsidiary of FERI Trust GmbH)	100.00	187	134
FPE Private Equity Koordinations GmbH, Munich 100) (Wholly-owned subsidiary of FERI Trust GmbH)	100.00	82	56
FPE Direct Coordination GmbH, Munich 100) (Wholly-owned subsidiary of FERI Trust GmbH)	100.00	42	14
FERI Private Equity GmbH & Co. KG, Munich 100) (Wholly-owned subsidiary of FERI Trust GmbH)	100.00	36	-3
FERI Private Equity Nr. 100 GmbH & Co. KG, Munich 100) (Wholly-owned subsidiary of FERI Trust GmbH)	100.00	5	-6
US Treuhand Vertriebsgesellschaft mbH (formerly: UST Immobilien GmbH), Bad Homburg v.d. Höhe [2] (32.5 % held by FERI AG)	32.50	269	-99
AIF Komplementär GmbH, Munich[2] (25 % held by FERI AG, 50 % held by US Treuhand Vertriebsgesellschaft mbH)	41.25	3	-21
AIF Register-Treuhand GmbH, Munich100) (Wholly-owned subsidiary of FERI AG)	100.00	18	-7
DIEASS GmbH, Kiel100) (Wholly-owned subsidiary of DOMCURA AG)	75.00	26	-5
Portus Assekuranz Vermittlungsgesellschaft mbH, Kiel100) (Wholly-owned subsidiary of DOMCURA AG)	75.00	25	-15
Nordische Informations-Technologie AG, Kiel100) (Wholly-owned subsidiary of DOMCURA AG)	75.00	50	11
Walther Versicherungsmakler GmbH100) (Wholly-owned subsidiary of F&F Makler AG)	75.00	25	-24

[1] A profit and loss transfer agreement is in place. Presentation of the net result for the year before profit transfer.
[2] Shareholders' equity and net profit as of December 31, 2014.
[3] Shareholders' equity and net profit as of December 31, 2010.
[4] Currency conversion rates on the balance sheet date: € 1 = CHF 1.0826 CHF/€ 1 = USD 1.0925.
[5] FERI Trust AG (Switzerland) and Michel, Cortesi & Partners AG were merged to form Michel & Cortesi Asset Management AG in the financial year 2015. Financial statements are not available yet.

Disclosures on non-consolidated structured entities

Non-consolidated structured entities of the MLP Group are **private equity companies**. Due to the fact that they engage in similar activities, disclosures on non-consolidated structured entities are bundled.

The activities of the companies focus on establishing, maintaining and managing a portfolio of passive investments (target companies), in particular by acquiring shareholdings. The investments primarily comprise shareholdings and are regularly financed by shareholders' equity. The business model prescribes utilisation of potential returns for equity suppliers through investments in shareholdings via an umbrella fund concept. The objective is to generate income for the equity suppliers via two different approaches; firstly via regular dividend payouts from profitable target companies, and secondly by selling participations for a profit towards the end of the shareholding. The companies generally do not have any business operations of their own or employ any staff.

The carrying amounts of non-consolidated structured entities in the MLP Group are € 521 thsd as of December 31, 2015 (previous year: € 755 thsd). In the financial year 2015, MLP AG recorded an income of € 216 thsd from non-consolidated structured entities (previous year: € 160 thsd).

The MLP Group's maximum risks of loss from non-consolidated structured entities corresponds to the investment carrying amount.

5 Principles of consolidating subsidiaries and associates

Subsidiaries are companies that are controlled either directly or indirectly by MLP AG, since MLP AG has the decision-making authority to control their relevant activities, as well as an entitlement to the significant variable returns from the companies in which it holds an interest, and can use this decision-making authority to influence the level of these significant variable returns. Other factors can also lead to MLP AG gaining control of a company, for example when a principal agent relationship is in place. In cases such as this, another party with decision-making rights acts as an agent for MLP AG. However, this other party does not itself control the company in question, since it only exercises decision-making rights delegated by MLP AG, the principal.

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.

Associates are companies where MLP AG has significant influence on financial and operating policy, but which are neither subsidiaries nor joint ventures. A significant influence can generally be exerted when holding a 20% to 50% share of the voting rights. Associates are accounted for using the equity method. 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.

Structured entities are companies at which the voting rights or comparable rights are not the dominant factor when determining control, such as when voting rights refer exclusively to administrative duties and the relevant activities are governed by contractual agreements. Examples of structured companies include securitisation companies, asset-backed finance companies and private equity companies. As is also the case with subsidiaries, the structured entities need to be consolidated whenever MLP AG controls them.

6 Business combinations

With a view to establishing a new business segment, MLP signed a purchase agreement for Schwarzer Familienholding GmbH, the parent company of the DOMCURA Group, on June 16, 2015.

As an underwriting agency and a key business segment, the DOMCURA Group examines all offers in the market when designing, developing and implementing its extensive coverage concepts in the field of non-life insurance. It is also active as a broker.

The cartel authorities approved the transaction on July 9, 2015. The transaction was then concluded on July 29, 2015 (acquisition date).

The purchase price for 100% of the shares in Schwarzer Familienholding GmbH is € 18.0 million. € 12.0 million of this price was paid in cash. The remaining € 6.0 million was paid by issuing new MLP shares as a capital increase in exchange for non-cash contributions.

In the first step, MLP acquired 41.7% of the shares. A further 33.3% was transferred to MLP with entry of the capital increase in exchange for non-cash contributions in the Commercial Register. This was performed on August 10, 2015. A quarter, i.e. 25%, of the shares are initially to remain with the company founder of DOMCURA. These shares, which do not carry any voting rights or dividend entitlements, are to be transferred by no later than January 1, 2017 without further consideration becoming payable. Minority interests are not disclosed.

The increase in capital stock was performed within the scope of the capital authorised by the 2014 Annual General Meeting under exclusion of subscription rights. Based on this, the share capital of MLP AG increased by 1.35% from € 107,877,738 to € 109,334,686. The new shares are subject to a vesting period of six months from issue. The fair value of the ordinary shares issued was based on the company's share price on July 29, 2015. This was € 4.14 per share.

The following section presents the method for determining goodwill on the basis of the purchase price allocation performed:

Acquired net assets of the DOMCURA Group

All figures in €'000	Carrying amount before purchase	Adjustment	Fair value
Intangible assets	3,107	9,924	13,031
Property, plant and equipment	1,143	–	1,143
Financial assets	73	–	73
Other receivables and assets	9,010	–	9,010
Cash and cash equivalents	14,127	–	14,127
Provisions	-4,551	–	-4,551
Liabilities	-16,676	–	-16,676
Deferred tax liabilities	–	-3,787	-3,787
Net assets	6,233	6,137	12,370
Pro rata share of net assets		100%	12,370
Goodwill			5,663
Purchase price			18,032
Cash outflow from the acquisition			12,000

Goodwill essentially comprises anticipated synergies from the business combination and the staff base of the DOMCURA Group. None of the goodwill recognised is likely to be deductible for tax purposes.

As at December 31, 2015, the DOMCURA Group contributed to Group net profit with its net profit of € -1,069 thsd and revenue of € 20,007 thsd. If the company acquisition had been made at the start of the year, this would have resulted in Group net profit of € 23,269 thsd and revenue for 12 months of € 583,002 thsd as of December 31, 2015.

7 Significant discretionary decisions, estimates and changes in estimates

On occasions, the preparation of the financial statements included in IFRS consolidated financial statements requires discretionary decisions, assumptions and estimates, which influence the level of the disclosed assets and debts, the disclosures of contingent liabilities and receivables, the income and expenses of the reporting period and the other disclosures in the consolidated financial statements.

The estimates include complex and subjective measurements, as well as assumptions, some of which are uncertain due to their very nature and can be subject to changes. The actual values may deviate from the estimates.

Information on significant discretionary decisions, assumptions and estimation uncertainties that have the greatest impact on the amounts disclosed in the consolidated financial statements when applying the accounting policies is provided in the following notes:

- → Note 4 – aggregation principles for structured entities
- → Note 6 – purchase price allocation
- → Notes 7 and → 20 – impairment test (discounted cash flow forecasts and significant assumptions applied)
- → Notes 7 and → 23 – valuation of investment property / non-current assets held for sale
- → Notes 7, → 24 to → 27 and → 37 – classification and measurement of financial instruments, as well as fair value disclosures.
- → Notes 7, → 24 and → 27 – allowances for bad debts
- → Notes 7, → 30 and → 36 – provisions and corresponding refund claims as well as contingent assets and liabilities
- → Notes 7 and → 30 – measurement of defined benefit obligations
- → Notes 7 and → 35 – classification of leases
- → Note 19 – recognition of tax receivables/tax reserves

8 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.

For the obligation to return portions of commission received when brokered insurance policies are prematurely terminated, MLP establishes provisions for cancellation risks on the basis of empirical values and capitalises the refund claims associated with this for consultants and office managers under “Other receivables and assets” as refund claims resulting from recourse claims. The change in provisions is disclosed under revenues, while the change in the refund claim associated with this is disclosed under commission expenses.

In the field of **old-age provision**, only commission income from the brokering of life insurance products is included. In the areas of **non-life and health insurance**, commission income comes from the brokering and management of corresponding insurance products. Revenue from **wealth management** includes issuing premiums, custody and account maintenance charges, fund management/brokerage fees, as well as brokerage and trailer commission from wealth management mandates. Further wealth management revenue comes from research and rating services. Revenue is generated after service provision.

Commission income from the brokering of loans (credit brokering commission) is attributed to the sales revenue from **financing**. MLP realises brokerage commissions for loan brokerage after concluding the respective loan agreement.

Other commission and fees are generated at the level to which consulting services are performed. They are paid in particular for consulting services to companies when setting up occupational pension provision schemes, for consulting services offered in connection with medical practice financing and business start-ups, as well as for real estate brokerage.

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 is earned by MLP for the duration of the capital investment in line with the effective interest method. Commissions that are part of the effective interest return of a receivable are treated as interest income and recorded in those periods in which they are actually earned. They include commitment interest for giving loan commitments or taking over an existing liability. The company realises fees for other current handling and processing services (for example prematurity compensation) after providing these services.

Interest income from the investment of money from other Group companies is a constituent of the **finance cost** and is earned for the duration of the capital investment in line with the effective interest method, while dividends are recognised the moment an entitlement to payment arises.

Currency translation

The euro is the functional currency of all companies consolidated in MLP's consolidated financial statements. Therefore, there are no significant effects from currency translation. No subsidiaries of the MLP Group operate in hyper-inflationary economies.

Fair value

A range of accounting policies and Group disclosures require determination of the fair value for financial and non-financial assets and liabilities. For the determination of the fair value of an asset or liability, MLP uses data observed in the market insofar as possible. If there is no active market on the closing date, the fair value is determined using recognised valuation models. Based on the input factors used in the valuation models, the fair values are classified in various tiers within the fair value hierarchy as per IFRS 13:

1. Fair values at hierarchy level 1 are determined using prices available in active markets for the identical financial instrument (quoted market prices).
2. The fair values at hierarchy level 2 are either determined using prices on active markets for comparable but not identical financial instruments or using valuation techniques based primarily on data from observable markets.
3. When using valuation techniques, which incorporate a key parameter that cannot be observed in the market, fair values are assigned to hierarchy level 3.

If the input factors used to calculate the fair value of an asset or liability can be assigned to various tiers in the fair value hierarchy, the entire measurement of fair value is assigned to the tier in the fair value hierarchy that corresponds to the lowest input factor of overriding importance for the valuation.

The Group recognises re-assignments between the various tiers in the fair value hierarchy at the end of the reporting period in which the respective amendment was implemented.

You can find further information on the assumptions made when determining fair values in the following notes:

- → Note 23 – investment property/non-current assets held for sale
- → Note 37 – additional information on financial instruments

Intangible assets

Intangible assets that have been acquired or created by the company itself are recognised as assets in accordance with the requirements of IAS 38 "Intangible Assets". Alongside other criteria, use of the asset must provide a probable future economic advantage. It must also be possible to reliably determine the costs of the asset.

Intangible assets are disclosed at their acquisition or manufacturing costs minus all accumulated amortisation charges and all accumulated 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 duration. The respective useful life periods are defined on the basis of empirical values. Due to changed overall economic circumstances, the amortisation period may need to be adjusted, which can have significant effects on the level of amortisation expenses. At MLP this mainly concerns client relations and software. Definite-lived intangible assets are usually written down on a straight-line basis over their economic life. Amortisation begins once the intangible asset becomes ready for use and ends as soon as the asset is derecognised or if the asset is no longer classified as "held 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).

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.

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. At MLP, this in particular affects the brands acquired within the scope of business combinations. 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. For further details, please refer to → Note 21.

Business combinations require estimates of the fair value of the assets acquired, assumed debts and contingent liabilities purchased. Property, plant and equipment are usually valued by independent experts, while marketable securities are shown at their stock market price. If intangible assets are to be valued, MLP either consults an independent external expert or calculates the fair value based on a suitable valuation method, generally discounted cash flows, depending on the type of asset and the complexity involved in calculating the value. Depending on the type of asset and the availability of information, various valuation techniques are applied (market-price-oriented, capital-value-oriented and cost-oriented methods). For instance, when valuing trademarks and licences, the relief-from-royalty method may be appropriate, whereby the value of intangible assets is assessed on the basis of royalties saved for trademarks and licences held by the company itself.

Insofar as cash-generating units are restructured, a re-allocation of the goodwill assigned to these units is performed on the basis of the relative revenue values. Brands are re-allocated on the basis of sustainable sales revenues or relative revenue values.

MLP tests **goodwill** from business combinations for impairment at least once a year. For the purpose of the impairment test, goodwill is allocated to cash-generating units at the acquisition date. The impairment test compares the carrying amount of the cash-generating units with their recoverable amount. The recoverable amount is the higher amount of either the fair value less costs of sale or the value in use of the cash-generating unit. This requires an estimate of the value in use of the cash-generating unit, to which the goodwill is allocated. To this end, corporate management must estimate the likely future cash flow of the cash-generating units. The calculation of the present value of anticipated future cash flows is based on assumptions on the development of funds under management, future sales volumes and expenses. The cash flow estimate is based on detailed planning periods with a planning horizon of four years. In addition to this, an appropriate discount rate must be selected to determine the present value of this cash flow.

Intangible assets generated internally are only capitalised at their cost of conversion if the conditions required pursuant to IAS 38 are fulfilled. The cost of conversion includes all costs directly attributable to the development process and appropriate portions of development-related overheads. If the capitalisation conditions for internally generated intangible assets are not met, MLP recognises the development costs as expenses in the period in which they were incurred.

Property, plant and equipment

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

The procurement and manufacturing costs for property, plant and equipment contain greater expenses for initial procurements that extend the average useful life or increase the capacity. In the case of assets that have been sold or scrapped, the historic procurement or manufacturing costs and the cumulative depreciation charges are derecognised. The profits or losses resulting from the disposal of the assets are determined as the difference between the net disposal proceeds and the carrying amount and are recognised in the income statement as other revenue or other operating expenses in the period in which the item is derecognised. Maintenance and minor repairs are recognised in the income statement immediately.

Investment property

Investment property pursuant to IAS 40 consists of all property that is held to earn rental income and/or for capital appreciation, rather than for use in the supply of services or for administrative purposes or sale in the company's ordinary course of business. MLP measures investment property at amortised procurement and manufacturing costs, including incidental costs. Investment property is written off in accordance with the principles detailed for property, plant and equipment. Investment property is derecognised if it is sold or no longer used on a permanent basis or if no future economic benefit is expected when selling it. Gains or losses from the closure or the disposal of an investment property are recognised under other revenue or other operating expenses at the time of their closure or sale. Rental income from investment property is realised by the Group on a straight-line basis over the duration of the tenancy agreement.

Non-current assets held for sale

Non-current assets or disposal groups are classified as "held for sale" if it is highly likely that they will predominantly be realised through sale and not through continued utilisation. They are measured at the lower value of their carrying amount or fair value less selling costs. Impairment losses for initial classification as "held for sale" and subsequent profits/losses based on revaluation are recognised as profit or loss. Intangible assets and "property, plant and equipment" are no longer amortised.

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. For further intangible assets and “property, plant and equipment”, MLP reviews at each balance sheet date whether there are any indications of impairment. 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. If necessary, impairment losses are shown in the income statement under “Depreciation/amortisation and impairments”.

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.

The significant assumptions that are used when calculating the recoverable amount are the discount rates, terminal value growth rates and growth rate of earnings before tax. The discount rate is based on a risk-free basic interest rate plus a company-specific risk premium, which is derived from the systematic market risk (beta factor) and the current market risk premium. The discounted cash flow model is based on future cash flows over a period of four years. Cash flows after this time period are extrapolated using a growth rate, which is based on the management's estimate of the long-term average annual growth rate in earnings before tax. For further details, please refer to → Note 21.

Leasing

MLP operates as both a lessee and lessor to third parties. MLP determines whether a contractual agreement constitutes or contains a lease on the basis of the economic substance of the agreement concluded. This requires an assessment of whether performance of the agreement is dependent upon the use of a particular asset or particular assets and whether the agreement confers the right to use the asset. Leases where all risks and rewards incident to ownership of the leased asset remain substantially with the Group as lessor are classified as operating leases. MLP has not signed any agreements that essentially transfer all risks and rewards associated with the ownership of the leased asset to the lessee (finance leases). The further notes are therefore limited to operating leases.

MLP signed one leasing agreement as **lessor** of a commercial property in Heidelberg. This agreement is classified as an operating lease, as MLP continues to bear the key opportunities and risks 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 23.

MLP signed multiple leasing agreements as **lessee** of rental properties, motor vehicles and office machines. The agreements are also classified as operating leases, as the lessors bear the key risks and opportunities associated with ownership of the property. Rental payments under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. The same principle applies to benefits received and receivable that serve as an incentive to enter into an operating lease. For further details, please refer to → Note 35.

Investments accounted for using the equity method

The acquisition costs are annually updated by taking into account the equity changes of the associates corresponding to MLP's equity share. Unrealised gains and losses from transactions with associates are eliminated based on the percentage of shares held. The changes of the pro rata shareholders' equity are shown in the company's income statement under earnings from investments accounted for using the equity method. Dividends received reduce the carrying amount. For further details, please refer to → Note 17.

Financial instruments

A financial instrument is a contract that simultaneously gives rise to a financial asset at one entity and a financial liability or equity instrument at the other entity. In the case of regular-way purchases and sales, financial instruments are recognised or derecognised in the balance sheet on the trade date. Regular-way purchases or sales are purchases or sales of financial assets requiring delivery of the assets within a period dictated by market regulations or conventions.

Pursuant to IAS 39, financial instruments are divided into the following categories:

- Financial assets at fair value through profit and loss,
- Held-to-maturity investments,
- Loans and receivables,
- Available-for-sale financial assets,
- Financial liabilities at amortised cost, and
- Financial liabilities at fair value through profit and loss

MLP defines the classification of its financial assets and liabilities upon initial recognition. They are initially recognised at their fair value. The fair value of a financial instrument is defined as the price paid for the sale of an asset or transfer of a liability in a standard business transaction between market actors on the cut-off date for valuation. Financial assets or liabilities that are not measured at fair value through profit and loss within the scope of the subsequent measurement are initially recognised plus transaction costs that are directly attributable to the acquisition of the financial asset or issue of the financial liability.

Financial assets at fair value through profit and loss comprise the subcategories "Held for trading" and "Designated at fair value through profit and loss". MLP's financial instruments are "designated at fair value through profit and loss" when incongruences would otherwise arise in their valuation or recognition. Subsequent to initial recognition, these assets are measured at their fair value. Profits or losses from the change in fair value are recognised through profit or loss.

MLP tests the carrying amounts of the financial instruments that are not measured at fair value through profit and loss individually at each closing date to determine whether there is objective and material evidence of impairment. A financial asset is impaired and 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 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. 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.

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 bad debt on a portfolio basis in connection with **loan loss provision in the banking business** are established on the basis of historical loss rates and dunning levels. Specific allowances for bad debts are recognised if receivables are likely to be uncollectable. The **allowances for other receivables and other assets** essentially relate to receivables from branch office managers and consultants. Alongside the allowances formed for losses on individual accounts receivable that are in default, portfolio-based impairment losses are recorded for the remaining accounts receivable. As is also the case with loan loss provisions in the banking business, the allowances are based on historical loss rates. These are set separately for consultants and office managers and applied to the respective accounts receivable. For further details, please refer to → Notes 24 and 27.

Available-for-sale financial assets represent non-derivative financial assets which, subsequent to initial recognition, are measured at their fair value. Profits or losses that result from a change in fair value are recognised outside the income statement as other comprehensive income until the respective asset is derecognised. However, allowances for bad debts and profits or losses from currency translations are excluded from this. They are recognised directly in profit or loss. The reversal of profits/losses recorded under other comprehensive income in the income statement is performed either when the respective asset is derecognised or in the event of an impairment.

If a decline in the fair value of an available-for-sale financial asset has been recognised under other comprehensive income and an objective reference to impairment of this asset is in place, this loss recognised previously directly in shareholders' equity is to be transferred from shareholders' equity to the income statement up to the level of the determined impairment.

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.

Other receivables and assets

Non-financial assets included in other receivable and assets are measured at amortised costs.

Pension provisions

Old-age provision in the Group is performed on the basis of the defined-benefit and defined contribution old-age provision plans.

In the **defined contribution plans**, MLP pays premiums to statutory or private pension insurance institutions based on legal or contractual provisions or on a voluntary basis. After payment of the premiums, MLP has no further benefit obligations.

Commitments to pay premiums into defined contribution schemes are recognised as expenses as soon as the related service has been rendered. Pre-paid premiums are recognised as assets insofar as a right to reimbursement or reduction of future payments arises.

In accordance with IAS 19 "Employee Benefits", the provisions for pension obligations from **defined benefit plans** are measured using the projected-unit credit method.

The benefit obligations are partly covered by reinsurance. Virtually all reinsurance policies fulfil the conditions of pension scheme assets. For this reason the claims from reinsurance policies are netted against corresponding pension provisions in the balance sheet as per IAS 19.

The Group's net obligation with regard to defined benefit plans is calculated separately for each plan by estimating future benefits that the employees have earned in the current period and in earlier periods. This amount is discounted and the fair value of any pension scheme assets subtracted from this.

For the measurement of pension obligations, MLP uses actuarial calculations to estimate future events for the calculation of the expenses, obligations and entitlements in connection with these plans. These calculations are based on assumptions with regard to the discount rate, mortality and future salary, as well as pension increases. The interest rate used to discount post-employment benefit obligations is derived from the interest rates of senior, fixed-rate corporate bonds.

Revaluations of net liabilities from defined benefit plans are recognised directly under other comprehensive income. The revaluation encompasses actuarial gains and losses, income from pension scheme assets (without interest) and the effects of any upper asset limit (without interest). The Group calculates net interest expenses (income) on net liabilities (assets) from defined benefit plans for the reporting period through application of the discount rate used for valuation of the defined benefit obligations at the start of the annual reporting period. This discount rate is applied to net liabilities (assets) from defined benefit plans at this time. Any changes to net liabilities (assets) from defined benefit plans that occur as a result of premium and benefit payments over the course of the reporting period are taken into account. Net interest expenses and other expenses for defined benefit plans are recognised as profit or loss.

If the benefits of a plan are changed or the scope of a plan is reduced, the resulting change to the benefit or profit/loss affecting years of service already earned is recognised directly as profit or loss when reducing the scope of said plan. The Group recognises profit and loss resulting from a defined benefit plan at the time of occurrence.

Further details of pension provisions are given in → Note 30.

Other provisions

In accordance with IAS 37 “Provisions, contingent liabilities and contingent assets” other provisions are recognised when the Group has a present obligation (legal or constructive) resulting from a past event, settlement is expected to result in an outflow of resources and the obligation’s amount can be estimated reliably. They represent uncertain obligations that are measured at the amount that represents the best possible estimate of the expenditure required to fulfil the obligations.

Insofar as the level of the provision can only be determined within a range, the most likely value is used. If the probability of occurrence is equal, the weighted average is taken.

Where the effect of the time value of money is material, provisions with a time of more than one year remaining to maturity are discounted at market interest rates that correspond to the risk and the time remaining to maturity.

Reversals of provisions are recognised under other revenue.

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 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.

Other liabilities

Other liabilitiesNon-financial liabilities disclosed under "Other liabilities" are recognised in the balance sheet at their settlement value.

Share-based payments

Share-based payments in line with IFRS 2 "Share-Based Payment" comprise remuneration systems paid for in cash.

The proportion of the fair value of share-based payments settled in cash attributable to services provided up to the valuation date is recognised as personnel expenses or as commission expenses and at the same time as a provision. The fair value determined based on the Monte-Carlo simulation or another suitable valuation model is recalculated on each balance sheet date and on the payment date. The recognition of the anticipated expenditure arising from this system demands that assumptions be made about turnover and exercise rates. Any change to the fair value is to be recognised in profit or loss. At the payment date, the fair value of the liability corresponds to the amount which is to be paid to the eligible employee.

You can find further details on the share-based payments in → Note 34.

Income taxes

Uncertainties exist with regard to the interpretation of complex tax regulations and the amount and the date of occurrence of taxable income. Based on reasonable estimates, MLP establishes tax liabilities for potential effects of field tax audits. **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", d**eferred 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.

9 Reportable business segments

The division of MLP into business segments follows the structure in place for internal reporting. The MLP Group is subdivided into the following reportable business segments:

- Financial services
- FERI
- DOMCURA
- Holding

Due to the similarity of the products and services offered, as well as reliance on the same client base and identical sales channels, MLP pooled the "financial services" and "occupational pension provision" business segments under the reportable "financial services" business segment in accordance with IFRS 8.12. The reportable Financial services business segment consists of consulting services for academics and other discerning clients, particularly with regard to insurance, investments, occupational pension provision schemes and loans of all kinds, as well as the brokering of contracts concerning these financial services. This segment also includes finance portfolio management, the trustee credit business and the loan and credit card business. The financial services segment incorporates the divisions focused on the brokerage business of MLP Finanzdienstleistungen AG, TPC GmbH, ZSH GmbH Finanzdienstleistungen, MLPdialog GmbH and the associate MLP Hyp GmbH.

The business operations of the reportable **FERI** business segment cover wealth and investment consulting. This segment comprises FERI AG, FERI Trust GmbH, FERI Trust (Luxembourg) S.A., FERI EuroRating Services AG and FEREAL AG.

The business operations of the reportable **DOMCURA** business segment encompass the design, development and implementation of comprehensive coverage concepts in the field of non-life insurance as a so-called underwriting agency. The segment also engages in brokerage activities. It comprises Schwarzer Familienholding GmbH, DOMCURA AG, Nordvers GmbH, F&F Makler AG, nordias GmbH insurance brokers, Ralf W. Barth GmbH, Willy F.O. Köster GmbH and Siebert GmbH insurance brokers.

The **Holding** business segment consists of MLP AG. 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.

The Finanzdienstleistungen and DOMCURA segments perform their economic activities predominantly in Germany. The FERI segment conducts its business activities in Germany and in Luxembourg.

In the financial year, revenue of € 179,988 thsd was generated with two product partners in the financial services, FERI and DOMCURA business segments. In the previous year, revenue of € 168,838 thsd was generated in the financial services and FERI business segments.

Information regarding reportable business segments

All figures in €'000	Financial services		FERI		DOMCURA		Holding		Consolidation		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenue	395,515	403,705	123,885	109,229	20,007	–	–	–	-3,757	-3,208	535,651	509,727
of which total inter-segment revenue	3,242	2,895	515	313	–	–	–	–	-3,757	-3,208	–	–
Other revenue	13,016	12,224	6,235	4,698	2,182	–	10,995	15,443	-10,900	-10,987	21,529	21,378
of which total inter-segment revenue	2,017	2,022	8	8	–	–	8,875	8,957	-10,900	-10,987	–	–
Total revenue	408,531	415,929	130,120	113,927	22,190	–	10,995	15,443	-14,656	-14,195	557,180	531,105
Commission expenses	-172,542	-176,026	-70,693	-60,253	-13,454	–	–	–	3,105	2,647	-253,584	-233,633
Interest expenses	-1,923	-2,841	–	–	–	–	–	–	2	2	-1,921	-2,838
Personnel expenses	-74,187	-72,842	-30,361	-27,575	-5,144	–	-3,765	-5,547	–	–	-113,457	-105,964
Depreciation	-9,473	-9,180	-1,762	-2,110	-686	–	-3,193	-2,127	–	–	-15,113	-13,417
Other operating expenses	-126,672	-126,586	-13,575	-11,611	-4,745	–	-10,723	-10,468	11,482	11,272	-144,234	-137,394
Earnings from investments accounted for using the equity method	1,836	1,127	–	–	–	–	–	–	–	–	1,836	1,127
Segment earnings before interest and tax (EBIT)	25,569	29,582	13,729	12,377	-1,839	–	-6,686	-2,699	-67	-274	30,706	38,986
Other interest and similar income	178	238	50	19	21	–	286	429	-26	-17	509	669
Other interest and similar expenses	-468	-779	-370	-673	-3	–	-2,598	-757	176	202	-3,263	-2,007
Finance cost	-290	-540	-319	-653	19	–	-2,312	-329	149	185	-2,753	-1,337
Earnings before tax (EBT)	25,279	29,041	13,409	11,724	-1,820	–	-8,998	-3,027	82	-89	27,953	37,649
Income taxes											-8,170	-8,694
Net profit											19,783	28,955
Investments accounted for using the equity method	3,481	2,772	–	–	–	–	–	–	–	–	3,481	2,772
Investments in intangible assets and property, plant and equipment	11,208	13,622	768	1,081	454	–	346	715	–	–	12,776	15,418
Major non-cash expenses:												
Increase/decrease of provisions/accrued liabilities	42,961	38,331	9,624	9,332	1,239	–	2,612	2,925	–	–	56,435	50,587

Notes to the income statement

10 Revenue

All figures in €'000	2015	2014
Old-age provision	215,738	239,729
Wealth management	165,982	147,034
Non-life insurance	54,878	34,573
Health insurance	45,918	43,452
Loans and mortgages	16,186	13,622
Other commission and fees	15,579	8,449
Total commission income	514,282	486,858
Interest income	21,369	22,869
Total	535,651	509,727

Other commission and fees include revenue from property brokerage of € 11,325 thsd (previous year: € 4,218 thsd).

11 Other revenue

All figures in €'000	2015	2014
Reversal of impairment losses/income from written-off receivables	2,862	2,096
Income from the reversal of provisions	2,714	3,482
Income from the reversal of deferred obligations	2,253	1,240
Own work capitalised	1,322	746
Rent	1,259	1,271
Income from the disposal of fixed assets	915	–
Remuneration of management	896	1,029
Cost transfers to commercial agents	745	841
Income from the disposal of fixed assets	80	2,070
Sundry other income	8,483	8,602
Total	21,529	21,378

The item “Reversal of impairments/income from written-off receivables” refers to the item “Receivables from clients in the banking business” at € 1,072 thsd (previous year: € 1,440 thsd) and to the item “Other receivables and assets” at € 1,790 thsd (previous year: € 656 thsd). It contains income from the reversal of provisions in the lending business of € 109 thsd (previous year: € 88 thsd). This revenue is offset against expenses from the allocation of allowances for bad debts, which are recorded under “Other operating expenses”.

For more information on income from the reversal of provisions, please refer to → Note 30.

Income from the reversal of deferred obligations essentially comprises income from the reversal of provisions for profit-sharing payments.

Own work capitalised results from the collaboration of Group employees in the development of acquired software and software created in-house.

Rental income essentially results from the letting of an investment property that was classified as non-current asset held for sale on the balance sheet date.

Income from the disposal of investments results from the sale of the stake in Absolventa GmbH, Berlin.

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

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

Sundry other income includes income from cost reimbursement claims, income from investments and offset remuneration in kind.

12 Commission expenses

Commission expenses mainly consist of the commission payments and other remuneration components for the self-employed MLP consultants.

13 Interest expenses

All figures in €'000	2015	2014
Interest and similar expenses		
Financial instruments measured at amortised cost	1,807	2,693
Available-for-sale financial instruments	40	87
Change fair value option		
Financial instruments at fair value through profit and loss	74	58
Total	1,921	2,838

Interest expenses of € 1,259 thsd (previous year: € 2,072 thsd) are attributable to interest charges for liabilities due to clients in the banking business.

14 Personnel expenses

All figures in €'000	2015	2014
Salaries and wages	98,115	91,599
Social security contributions	12,932	11,996
Expenses for old-age provisions and benefits	2,410	2,369
Total	113,457	105,964

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.

15 Depreciation and impairments

All figures in €'000	2015	2014
Intangible assets	6,598	7,912
Property, plant and equipment	5,710	5,442
Investment property	32	63
Depreciation	12,339	13,417
Intangible assets	1,584	–
Investment property	1,116	–
Non-current assets held for sale	73	–
Impairment	2,774	–
Total	15,113	13,417

Impairments include impairment losses of € 1,584 thsd for software that is still in the development stage (previous year: € 0 thsd).

The development of non-current assets is disclosed in → Note 21 (intangible assets), → Note 22 (property, plant and equipment) and → Note 23 (investment property / non-current assets held for sale).

16 Other operating expenses

All figures in €'000	2015	2014
IT operations	47,610	47,932
Rental and leasing	14,376	13,419
Consultancy	12,995	13,209
Administration operations	11,528	11,236
Representation and advertising	7,941	7,892
External services – banking business	7,277	6,456
Other external services	6,528	3,992
Training and further education	4,369	3,554
Premiums and fees	4,231	3,591
Travel expenses	3,863	3,714
Depreciation/allowances for bad debts	2,706	4,118
Insurance	2,624	2,393
Entertainment	2,588	2,803
Expenses for commercial agents	2,532	1,384
Maintenance	2,390	2,197
Goodwill	1,319	494
Other employee-related expenses	1,290	1,151
Audit	1,071	1,002
Supervisory Board remuneration	969	1,032
Sundry other operating expenses	6,027	5,825
Total	144,234	137,394

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. Consulting expenses include expenses of € 1,119 thsd in the context of the acquisition of the DOMCURA Group.

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 expenses/impairments on other receivables comprise amortisation expenses/allowances for other receivables and other assets of € 2,336 thsd (previous year: € 3,215 thsd) and amortisation expenses/impairments on receivables due from clients in the banking business of € 370 thsd (previous year: € 903 thsd).

Sundry other operating expenses essentially comprise expenses for other taxes, passenger vehicles, literature and charitable donations.

17 Earnings from investments accounted for using the equity method

Earnings from investments accounted for using the equity method were € 1,836 thsd in the financial year (previous year: € 1,127 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.

Investments accounted for using the equity method relate only to the 49.8% share in MLP Hyp GmbH, Wiesloch. The company operates the joint mortgage financing business of MLP Finanzdienstleistungen AG, Wiesloch, and Interhyp AG, Munich.

All figures in €'000	2015	2014
Share as of Jan. 1	2,772	2,547
Dividend payouts	-1,127	-902
Pro rata profit after tax	1,836	1,127
Share as of Dec. 31	3,481	2,772

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

All figures in €'000	Dec. 31, 2015	Dec. 31, 2014
Non-current assets	53	58
Current assets	7,640	5,580
Non-current liabilities	–	-13
Current liabilities	-1,868	-891
Net assets (100 %)	5,825	4,734
of which MLP's share in net assets (49.8 %)	2,901	2,358
Incidental acquisition costs	151	151
Dividend payout	-1,279	-1,015
Cumulative disproportionate profit	1,708	1,279
Carrying amount of the investment	3,481	2,772
Revenue	12,526	9,226
Total comprehensive income (100 %)	2,825	1,734
of which MLP's share in total comprehensive income (49.8 %)	1,407	864
Disproportionate profit for the current financial year (65 %)	429	264
MLP's share in total comprehensive income	1,836	1,127

18 Finance cost

All figures in €'000	2015	2014
Other interest and similar income	509	669
Interest expenses from financial instruments	-145	-391
Interest expenses from net obligations for defined benefit plans	-481	-585
Other interest costs	-2,637	-1,030
Other interest and similar expenses	-3,263	-2,007
Finance cost	-2,753	-1,337

Other interest and similar income of € 140 thsd (previous year: € 293 thsd) is attributable to interest income from deposits with financial institutions which were not included in the banking business segment and € 49 thsd (previous year: € 41 thsd) is attributable to income from the discounting of provisions. Other interest and similar expenses include expenses from the accrued interest of other provisions totalling € 584 thsd (previous year: € 833 thsd).

19 Income taxes

All figures in €'000	2015	2014
Income taxes	8,170	8,694
of which current taxes on income and profit	9,783	10,720
of which deferred taxes	-1,613	-2,026

The current taxes on income and profit include expenses of € 1,967 thsd (previous year: € 2,062 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 13.37% (previous year: 13.37%) and amounts to 29.19% (previous year: 29.19%).

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	2015	2014
Earnings before tax	27,953	37,649
Group income tax rate	29.19 %	29.19 %
Calculated income tax expenditure in the financial year	8,159	10,990
Tax-exempt earnings and permanent differences	-3,587	-2,881
Non-deductible expenses	1,485	977
Divergent trade taxation charge	211	393
Effects of other taxation rates applicable abroad	4	4
Income tax not relating to the period (current and deferred)	2,249	-846
Tax effects from tax rate changes	0	53
Other	-351	4
Income taxes	8,170	8,694

The effective income tax rate applicable to the earnings before tax is 29.2% (previous year: 23.1%).

The item of tax-exempt earnings and permanent differences in earnings includes profit contributions from the FERI Group and the tax-free dividends of MLP Hyp GmbH.

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, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
Intangible assets	1,381	1,145	13,579	10,992
Property, plant and equipment	–	–	3,577	3,327
Financial assets	110	–	262	340
Investment property	–	–	833	919
Other assets	3,509	2,213	210	580
Provisions	10,347	11,189	1,843	–
Liabilities	1,474	935	33	0
Gross value	16,821	15,482	20,337	16,158
Netting of deferred tax assets and liabilities	-9,788	-8,754	-9,788	-8,754
Total	7,033	6,728	10,549	7,404

The deferred tax expense recognised under other comprehensive income outside the income statement is € 636 thsd (previous year: tax income of € 2,312 thsd).

Tax refund claims include € 9,378 thsd (previous year: € 10,554 thsd) of corporation tax and € 5,515 thsd (previous year: € 8,189 thsd) of trade tax. The major portion of € 14,668 thsd (previous year: € 18,704 thsd) is attributable to MLP AG.

Tax liabilities are made up of € 2,638 thsd (previous year: € 3,408 thsd) of corporation tax and € 1,369 thsd (previous year: € 2,123 thsd) of trade tax, of which € 333 thsd (previous year: € 4,000 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.

As of December 31, 2014, MLP established a provision of € 4 million for anticipated retrospective tax payments arising from the tax audit by the fiscal authorities. As a result of a reassessment of the circumstances investigated in conclusion of the audit, additional tax expenses of € 1.1 million and an interest charge of € 2.0 million were recognised in the finance cost in the third quarter of 2015.

In two further disputed cases, MLP anticipates being able to assert its legal position based on the expert’s reports available. In this respect, MLP has recognised an asset for the retrospective tax payment made.

20 Earnings per share

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

All figures in €'000	2015	2014
Basis of the basic / diluted net profit per share	19,783	28,955

All figures in number of units		
Weighted average number of shares for the basic / diluted net profit per share	108,484,800	107,877,738

The basic and diluted earnings per share are € 0.18 (previous year: € 0.27).

Notes to the statement of financial position

21 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, 2014	90,616	8,575	74,916	25,307	46,814	246,227
Additions	–	372	1,137	7,356	–	8,864
Disposals	–	–	-21	–	-19	-40
Transfers	–	7,151	260	-7,411	–	0
As of Dec. 31, 2014	90,616	16,098	76,291	25,252	46,795	255,051
Changes to the scope of consolidation*	5,663	–	5,984	1	12,215	23,863
Additions	–	382	434	7,118	–	7,934
Disposals	–	–	-2	–	–	-2
Transfers	–	2	8,523	-8,525	–	0
As of Dec. 31, 2015	96,278	16,482	91,231	23,846	59,010	286,846
Depreciation and impairment						
As of Jan. 1, 2014	3	7,966	68,927	–	14,064	90,960
Depreciation	–	1,710	4,235	–	1,967	7,912
Disposals	–	–	-3	–	–	-3
As of Dec. 31, 2014	3	9,676	73,160	–	16,030	98,869
Changes to the scope of consolidation*	–	–	5,294	–	–	5,294
Depreciation	–	1,822	2,596	–	2,180	6,598
Impairment	–	–	–	1,584	–	1,584
Disposals	–	–	-2	–	–	-2
As of Dec. 31, 2015	3	11,498	81,048	1,584	18,211	112,343
Carrying amount Jan. 1, 2014	90,613	609	5,989	25,307	32,750	155,267
Carrying amount Dec. 31, 2014	90,613	6,422	3,131	25,252	30,764	156,182
Carrying amount Jan. 1, 2015	90,613	6,422	3,131	25,252	30,764	156,182
Carrying amount Dec. 31, 2015	96,276	4,984	10,183	22,262	40,799	174,504

* The amendment to the scope of consolidation affects intangible asset additions resulting from the acquisition of the DOMCURA Group. The carrying amount stated in the software (purchased) is € 690 thsd. This comprises historical acquisition costs of € 5,984 thsd and accumulated depreciations of € 5,294 thsd.

Intangible assets comprise definite-lived and indefinite-lived assets. Depreciation/amortisation and impairment on intangible assets is disclosed in → Note 15.

Useful lives of intangible assets

	Useful life as of Dec. 31, 2015	Useful life as of Dec. 31, 2014
Acquired software / licences	3-7 years	3-7 years
Software created internally	3-5 years	3-5 years
Acquired trademark rights	10-15 years	10-15 years
Client relations / contract inventories	10-25 years	10-25 years
Goodwill / brand names	undefinable	undefinable

The **goodwill** originating from company acquisitions was allocated by MLP at the level of the cash-generating units. The disclosures take into account the restructuring of the FERI business segment, as well as the acquisition of the DOMCURA business segment performed in the financial year. Please refer to Notes 4 and 6 for further details. The reportable Financial Services business segment contains the following groups of cash-generating units: (1) Financial Services, (2) Occupational Pension Provision, (3) ZSH. The reportable FERI business segment contains the following groups of cash-generating units: (1) FERI Assetmanagement and (2) FERI EuroRating Services. The reportable DOMCURA business segment contains one DOMCURA cash-generating unit. Cash-generating units were allocated the following goodwill values arising from business combinations:

All figures in €'000	Dec. 31, 2015	Dec. 31, 2014
Financial services	22,042	22,042
Occupational pension provision	9,955	9,955
ZSH	4,072	4,072
Financial services	36,069	36,069
FERI Asset Management	53,230	39,919
FERI Consulting	–	2,807
FERI EuroRating Services	1,314	6,812
FEREAL	–	5,006
FERI	54,544	54,544
DOMCURA	5,663	–
DOMCURA	5,663	–
Total	96,276	90,613

As was already the case in the previous year, there was no need for an impairment of capitalised goodwill in the financial year 2015. The significant assumptions presented in the following were based on the impairment test performed. The assumptions for the respective business segments represent the management's assessment and are based on both internal and external sources:

Reportable Financial Services business segment

Financial services		
Weighted average (in %)	2015	2014
Discount rate (before tax)	10.6	11.9
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	0.5	26.2
Occupational pension provision		
Weighted average (in %)	2015	2014
Discount rate (before tax)	9.3	12.0
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	30.0	18.2
ZSH		
Weighted average (in %)	2015	2014
Discount rate (before tax)	9.5	11.7
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	18.5	33.3

Reportable FERI business segment

FERI Assetmanagement		
Weighted average (in %)	2015	2014
Discount rate (before tax)	13.6	15.2
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	0.0	0.1
FERI EuroRating Services		
Weighted average (in %)	2015	2014
Discount rate (before tax)	10.0	11.9
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	–*	30.8

Reportable DOMCURA business segment

DOMCURA		
Weighted average (in %)	2015	2014
Discount rate (before tax)	9.5	–
Growth rate of the terminal value	1.0	–
Planned EBT growth rate (relative average EBT increase per year)	4.7	–

* Growth rates cannot be arithmetically determined due to a negative starting basis.

The impairment test has confirmed the anticipated carrying amounts for goodwill. Within the scope of its impairment testing MLP carried out sensitivity analyses. These analyses examine the effects of an increase of discount interest rates by half a percentage point and the effects of a reduction of the forecast EBT growth by 15%. In the asset management cash-generating unit, the reduction in planned EBT growth caused the carrying amount to exceed the recoverable amount by € 9.4 million. However, since the cash-generating unit has in the past been able to confirm the planned EBT growth rates, the Executive Board considers this scenario unlikely. The table below shows the percentage by which the planned EBT growth rate would need to change for the estimated recoverable amount to equal the carrying amount:

Change required for the recoverable amount to equal the carrying amount

Change required for the recoverable amount to equal the carrying amount	2015
Planned EBT growth rate (relative average EBT increase per year)	-7.3 %

The items "**Software (in-house), software (purchased), and advance payments and developments in progress**" contain own work of € 1,322 thsd in the context of the development and implementation of software (previous year: € 746 thsd). All development and implementation costs incurred in the financial year 2015 complied in full with the criteria for capitalisation pursuant to IAS 38 "Intangible assets".

The item "**Other intangible assets**" contains acquired trademark rights, client relationships/contract inventories with a defined term, as well as indefinite-lived brand names acquired within the scope of company acquisitions. In view of the recognition of these brands, at present no definite end of their useful lives can be specified.

The “FERI” brand is fully attributed to the group of cash-generating units of the “FERI” reportable business segment:

All figures in €'000	2015	2014
FERI Asset Management	15,138	10,165
FERI Consulting	–	649
FERI EuroRating Services	691	3,534
FEREAL	–	1,481
FERI	15,829	15,829

The “DOMCURA” brand is fully attributed to the cash-generating units of the “DOMCURA” reportable business segment:

DOMCURA	7,287	–
DOMCURA	7,287	–

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 € 512 thsd as of December 31, 2015 (previous year: € 255 thsd).

22 Property, plant and equipment

All figures in €'000	Land, leasehold rights and buildings	Other fixtures, fittings and office equipment	Payments on account and assets under construction	Total
Acquisition costs				
As of Jan. 1, 2014	80,607	64,890	339	145,837
Additions	429	4,161	1,963	6,553
Disposals	-1,406	-5,019	–	-6,425
Transfers	119	716	-834	0
As of Dec. 31, 2014	79,750	64,748	1,468	145,965
Changes to the scope of consolidation*	350	3,349	–	3,698
Additions	720	3,092	1,031	4,842
Disposals	-2,411	-6,957	–	-9,368
Transfers	998	1,359	-2,357	0
As of Dec. 31, 2015	79,406	65,590	141	145,138
Depreciation				
As of Jan. 1, 2014	27,560	52,455	–	80,015
Depreciation	1,774	3,668	–	5,442
Disposals	-1,370	-4,159	–	-5,529
As of Dec. 31, 2014	27,964	51,964	–	79,928
Changes to the scope of consolidation*	206	2,356	–	2,562
Depreciation	1,991	3,718	–	5,710
Disposals	-2,065	-6,742	–	-8,807
As of Dec. 31, 2015	28,097	51,296	–	79,393
Carrying amount Jan. 1, 2014	53,047	12,435	339	65,822
Carrying amount Dec. 31, 2014	51,786	12,784	1,468	66,037
Carrying amount Jan. 1, 2015	51,786	12,784	1,468	66,037
Carrying amount Dec 31, 2015	51,309	14,295	141	65,745

* The amendment to the scope of consolidation affects additions to property, plant and equipment resulting from the acquisition of the DOMCURA Group. The carrying amount for land, leasehold rights and buildings is € 144 thsd. This comprises historical acquisition costs of € 350 thsd and accumulated depreciations of € 206 thsd. The carrying amount for other fixtures, fittings and office equipment is € 993 thsd. It comprises historical acquisition costs of € 3,349 thsd and accumulated impairments of € 2,356 thsd.

Depreciation charges are disclosed in → Note 15.

Useful lives of property, plant and equipment

	Useful life/residual value Dec. 31, 2015	Useful life/residual value Dec. 31, 2014
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	10 years or duration or the respective tenancy agreement	Duration of the respective tenancy agreement
Furniture and fittings	8-25 years	10-25 years
IT hardware, IT cabling	3-13 years	3-13 years
Office equipment, office machines	3-23 years	3-13 years
Cars	2-6 years	6 years
Works of art	13-20 years	13-15 years

There are no restraints or pledges with regard to property, plant and equipment. Contractual obligations for the purchase of property, plant and equipment amount to € 86 thsd net as of December 31, 2015 (previous year: € 72 thsd).

23 Investment property / non-current assets held for sale

All figures in €'000	Investment property
Acquisition costs	
As of Jan. 1, 2014	25,047
As of Dec. 31, 2014	25,047
Reclassification IFRS 5	-25,047
As of Dec. 31, 2015	0
Depreciation and impairment	
As of Jan. 1, 2014	17,722
Depreciation	63
As of Dec. 31, 2014	17,785
Depreciation	32
Impairment	1,190
Reclassification IFRS 5	-19,007
As of Dec. 31, 2015	0
Carrying amount Jan. 1, 2014	7,325
Carrying amount Dec. 31, 2014	7,262
Carrying amount Jan. 1, 2015	7,262
Carrying amount Dec 31, 2015	0

The investment property concerns an office and administration building held by MLP AG which was rented out under an operating lease. The rental agreement was terminated by the tenant with effect from December 31, 2015. Since the tenant moved out on December 31, 2015, the administration building has been empty. The current use of the property does not suit its best and ideal purpose as an office and administration building.

Please refer to → Note 35 for further information on the operating lease.

Following the announcement that the rental agreement was to be terminated, the property underwent an impairment test at the end of Q2 2015. As of December 31, 2015, the investment property was reclassified to the item “Non-current assets held for sale”. Its value is measured in line with IFRS 5. The fair value was calculated on the basis of an internally drafted assessment report. It amounts to € 6,040 thsd net as of December 31, 2015 (previous year: € 7,262 thsd). This leads to an impairment loss of € 1,190 thsd (previous year: € 0 thsd). It is classified as hierarchy level 3 fair value.

The general gross rental method, based on the “Decree on the Principles for Determining the Market Value of Property” (ImmoWertV) that is applicable in Germany, was used as the valuation technique. The earnings value was determined through capitalisation of the property’s net income, minus an appropriate return on land value, plus the land value. The net income is calculated on the basis of standard market rental income using the gross profit less standard market, non-attributable operating expenses, taking into account the rental vacancies. The present value factor on which the capitalisation is based is determined on the basis of the property’s remaining useful life, as well as an appropriate property interest rate yield. A vacancy rate of 20%, as well as a property return of 7% were also included in the measurement as significant, non-observable input factors.

Sensitivity analysis

A potential change to one of the key input factors, while leaving the other input factors unchanged, would have the following effects on the property’s earnings value:

All figures in €'000	Change of parameter	Reduction (-)/ increase (+) of the recoverable amount
	+1 €/qm	+811
Rent/qm office space	–1 €/qm	–811
	+10 percentage points	–1,136
Vacancy rate	-10 percentage points	+1.136
	+1 percentage point	–688
Property return	-1 percentage point	+864

24 Receivables from clients in the banking business

All figures in €'000	Dec. 31, 2015	Dec. 31, 2014
Originated loan	276,782	248,584
Corporate bond debts	145,500	124,000
Receivables from credit cards	95,475	97,357
Receivables from current accounts	33,651	35,965
Receivables from wealth management	189	332
Total, gross	551,596	506,239
Impairment	-8,900	-10,670
Total, net	542,696	495,569

As of December 31, 2015, receivables (net) with a term of more than one year remaining to maturity are € 370,031 thsd (previous year: € 330,156 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, 2015	551,596	551,596	546,698	1,315	248	513
Receivables from clients (gross) as per Dec. 31, 2014	506,239	506,239	499,808	1,530	250	508

At € 2,076 thsd (previous year: € 2,288 thsd), receivables for which no specific allowance has been made but which are overdue as of December 31, 2015 are secured with customary banking collaterals.

Receivables from clients due to originated loans are partly secured by mortgages (December 31, 2015: € 77,570 thsd; previous year: € 65,490 thsd), assignments (December 31, 2015: € 37,919 thsd; previous year: € 33,017 thsd) or liens (December 31, 2015: € 14,824 thsd, previous year: € 12,776 thsd). Receivables from current accounts and credit cards are generally not collateralised. With regard to receivables from the banking business which are neither impaired nor overdue, there were no signs at the closing date that debtors will not meet their payment obligations.

On the closing date, there were no receivables (previous year: € 286 thsd) from banking business for which new terms were agreed and which would otherwise have been overdue or impaired.

The Group holds forwarded loans of € 22,045 thsd (previous year: € 16,717 thsd) in the form of collateral for liabilities due to refinancing banks.

Due to defaults of debtors, financial and non-financial assets of € 718 thsd (previous year: € 856 thsd), serving as collateral for originated loans and receivables, were utilised. The assets mainly concern property and receivables from claimed life insurance policies.

The loan loss provisions 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 loan loss provisions carried under assets, and by the recognition of provisions for credit risks (see → Note 30).

The disclosed loan loss provisions due to receivables from clients in the banking business developed as follows:

All figures in €'000	Allowances for losses on individual account		Impairment loss on portfolio basis		Total	
	2015	2014	2015	2014	2015	2014
As of Jan. 1	3,006	4,441	7,664	8,034	10,670	12,474
Allocation	34	152	35	580	69	732
Utilisation	-215	-602	-886	-898	-1,101	-1,499
Reversal	-478	-985	-261	-51	-738	-1,035
As of Dec. 31	2,347	3,006	6,553	7,665	8,900	10,670
of which allowances for bad debts measured at amortised cost	2,347	3,006	6,553	7,665	8,900	10,670

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-downs of € 301 thsd (previous year: € 172 thsd), income from written-off receivables of € 224 thsd (previous year: € 316 thsd), as well as income from the reversal of provisions of € 109 thsd (previous year: € 88 thsd), allocations and reversals recognised in income in the reporting year resulted in a net loan loss provision income of € 702 thsd (previous year: € 537 thsd).

Receivables for which specific allowances have been made amount in total to € 2,822 thsd (previous year: € 4,143 thsd). The impairments recognised represent more than 50% of the gross receivable. In the previous year, impairments represented less than 50% of the gross receivable for a partial volume of € 257 thsd, and the remaining volume was written down by more than 50%. The allowance for bad debts comes to € 2,347 thsd (previous year: € 3,006 thsd). This corresponds to a percentage of 83% (previous year 73%).

Accounts receivable for which a specific allowance has been made are secured as per December 31, 2015 with customary banking collaterals amounting to € 241 thsd (previous year: € 305 thsd).

Further information on receivables from clients in the banking business is disclosed in → Note 37.

25 Receivables from banks in the banking business

All figures in €'000	Dec. 31, 2015	Dec. 31, 2014
Due on demand	227,961	193,681
Other receivables	317,324	260,420
Domestic financial institutions	545,285	454,101
Due on demand	–	–
Other receivables	55,054	105,215
Foreign financial institutions	55,054	105,215
Total	600,339	559,316

As of December 31, 2015, receivables with a term of more than one year remaining to maturity are € 22,000 thsd (previous year: € 27,000 thsd). The receivables are not collateralised. MLP only places funds at banks with a first-class credit standing. At the closing date there are no receivables from banks which are overdue or impaired.

Further information on receivables from financial institutions in the banking business is disclosed in → Note 37.

26 Financial assets

All figures in €'000	Dec. 31, 2015	Dec. 31, 2014
By public-sector issuers	17,536	15,138
By other issuers	65,295	54,372
Debenture and other fixed income securities	82,831	69,510
Shares and certificates	3,476	3,738
Investment fund shares	3,456	3,621
Shares and other variable yield securities	6,932	7,359
Fixed and time deposits	52,120	63,138
Loans	56	–
Investments in non-consolidated subsidiaries	5,978	5,268
Total	147,916	145,276

As of December 31, 2015, MLP has portfolios amounting to € 61,232 thsd (previous year: € 50,936 thsd) that are due in more than twelve 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, 2015	Dec. 31, 2014
Held-to-maturity investments	67,204	43,983
Available-for-sale financial assets	15,627	20,453
Financial assets at fair value through profit and loss	–	5,074
Debenture and other fixed income securities	82,831	69,510
Available-for-sale financial assets	5,714	6,129
Financial assets at fair value through profit and loss	1,217	1,231
Shares and other variable yield securities	6,932	7,359
Fixed and time deposits (loans and receivables)	52,120	63,138
Loans	56	–
Investments in non-consolidated subsidiaries (available-for-sale financial assets)	5,978	5,268
Total	147,916	145,276

Valuation changes of € -143 thsd (previous year: € 95 thsd) were recognised directly in equity for shares and other variable yield securities that are for available for sale, and valuation changes of € -196 thsd (previous year: € 909 thsd) were recognised directly in equity for available-for sale debentures and other fixed income securities and included in the revaluation reserve.

Due to the disposal of financial assets and recording of impairments, € -241 thsd (previous year: € -543 thsd) was withdrawn from the revaluation reserve in the reporting period and recognised under net income for the period.

In the financial year 2015, impairments of € 246 thsd (previous year: € 597 thsd) for available-for-sale financial assets were recognised through profit or loss in the financial year 2015.

In the reporting period, losses from valuation adjustments to financial assets that are measured at fair value through profit and loss of € 104 thsd (previous year: € 691 thsd) were recognised in the net income for the period.

Assets pledged as collateral

As at the closing date, the availability of liquidity facilities provided by Deutsche Bundesbank is collateralised by marketable securities of € 24,992 thsd (previous year: € 34,990 thsd) with a face value of € 25,000 thsd (previous year: € 35,000 thsd).

For further disclosures regarding financial assets, please refer to → Note 37.

27 Other receivables and assets

All figures in €'000	Dec. 31, 2015	Dec. 31, 2014
Trade accounts receivable	65,007	67,859
Refund receivables from recourse claims	15,877	20,553
Receivables from commercial agents	14,629	18,688
Receivables from underwriting business	6,256	–
Advance payments	5,802	6,069
Purchase price receivables	330	1,246
Other assets	11,902	11,293
Total, gross	119,803	125,708
Impairment	-7,272	-8,043
Total, net	112,531	117,665

As of December 31, 2015, receivables (net) with a term of more than one year remaining to maturity are € 13,216 thsd (previous year: € 13,446 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.

Refund receivables from recourse claims are due to MLP consultants and office managers, as well as insurance companies.

Receivables from sales representatives concern MLP consultants and branch office managers.

Receivables from the underwriting business comprise unpaid receivables due from clients, as well as receivables due from insurance companies for claims settlement.

The item "Advance payments" comprises trail commissions paid to self-employed commercial agents in advance on commissions for unit-linked life insurance policies.

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
Other receivables and assets as of Dec. 31, 2015	119,803	97,459	88,964	1,925	445	1,256
Other receivables and assets as of Dec. 31, 2014	125,708	99,161	91,016	1,353	490	746

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 other assets are as follows:

All figures in €'000	Allowances for losses on individual account		Impairment loss on portfolio basis		Total	
	2015	2014	2015	2014	2015	2014
As of Jan. 1	5,009	4,863	3,035	3,429	8,043	8,292
Other receivables and assets	122	–	219	–	341	–
Allocation	1,399	1,198	60	145	1,458	1,343
Utilisation	-1,003	-868	–	-306	-1,003	-1,175
Reversal	-868	-184	-700	-233	-1,568	-417
As of Dec. 31	4,658	5,009	2,614	3,035	7,272	8,043

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.

Taking into account direct write-downs of € 656 thsd (previous year: € 1,633 thsd), and without income from written-off receivables, allocations and reversals recognised in income resulted in a net cost for loan loss provisions of € 547 thsd in the reporting year (previous year: € 2,559 thsd).

As of December 31, 2015, receivables for which specific allowances have been made amount to a total of € 4,869 thsd (previous year: € 5,431 thsd). For € 116 thsd of these (previous year: € 555 thsd) the allowance for bad debts was less than 50% of the gross receivable, the remaining volume was written down by more than 50%. The impairment loss comes to a total of € 4,658 thsd (previous year: € 5,009 thsd). This corresponds to an average impairment rate of 96% (previous year: 92%).

Additional disclosures on other receivables and assets can be found in → Note 37.

28 Cash and cash equivalents

All figures in €'000	Dec. 31, 2015	Dec. 31, 2014
Bank deposits	66,451	38,585
Deposits at Deutsche Bundesbank	10,965	10,415
Cash on hand	124	119
Total	77,540	49,119

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

29 Shareholders' equity

All figures in €'000	Dec. 31, 2015	Dec. 31, 2014
Share capital	109,335	107,878
Capital reserves	146,727	142,184
Retained earnings		
Statutory reserve	3,117	3,117
Other retained earnings and net profit	134,330	132,887
Revaluation reserve	-7,755	-9,269
Total	385,753	376,795

Share capital

The share capital of MLP AG comprises 109,334,686 (December 31, 2014: 107,877,738) no-par-value shares. On the basis of the authorisation contained in the company's Articles of Association, a resolution was passed by the Executive Board on July 27, 2015, and consent given by the Supervisory Board on the same date, to increase the share capital by € 1,456,948. The increase in capital stock was performed within the context of the acquisition of the DOMCURA Group. For further details, please refer to → Note 6.

Authorised capital

Due to partial utilisation and the amendment resolution from July 27, 2015: A resolution passed by the Annual General Meeting on June 5, 2014 authorised the Executive Board, with the consent of the Supervisory Board, to increase the company's share capital by issuing new ordinary bearer shares on one or more occasions by up to € 20,543,052 in exchange for cash or non-cash contributions up to June 5, 2019.

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).

In the course of the capital increase in exchange for non-cash contributions, capital reserves were to be increased by € 4,543,052.

Other retained earnings and net profit

Other equity comprises retained earnings of the MLP Group.

Revaluation reserve

At € 1,390 thsd (previous year: € 1,730 thsd), the provision includes unrealised gains and losses from the change in fair value of securities available for sale and deferred taxes attributable to this of € -210 thsd (previous year: € -269 thsd). In addition to this, the provision includes losses from the revaluation of defined benefit obligations of € 12,665 thsd (previous year: € 15,154 thsd) and deferred taxes attributable to this of € 3,697 thsd (previous year: € 4,424 thsd).

Proposed appropriation of profit

The Executive Board and Supervisory Board of MLP AG will propose a dividend of € 13,120 thsd (previous year: € 18,339 thsd) for the financial year 2015 at the Annual General Meeting. This corresponds to € 0.12 (previous year: € 0.17) per share.

30 Provisions

Pension provisions

At MLP, executive members of staff have been granted direct pension benefits subject to individual contracts in the form of defined benefit plans which guarantee the beneficiaries the following pension payments:

- Old-age pension upon reaching 60, 62 or 65 years of age
- Disability pension
- Widow's and widower's pension of 60% of the pension of the original recipient
- Orphan's benefit of 10% of the pension of the original recipient

The benefit obligations are partially financed through reinsurance policies, which essentially fulfil the prerequisites of pension scheme assets.

The defined benefit obligation for retirement income, funded only by means of provisions, amounts to € 18,157 thsd (previous year: € 18,489 thsd). Pension insurance policies are in place for all other pension obligations (defined benefit obligation of € 26,339 thsd; previous year: € 27,884 thsd).

The change in net liability from defined benefit plans is summarized in the following table.

All figures in €'000	Defined benefit obligation		Fair value of pension scheme assets		Net liability from defined benefit plans	
	2015	2014	2015	2014	2015	2014
As of Jan. 1	46,373	36,875	-21,200	-19,610	25,173	17,265
Current service cost	308	513	–	–	308	513
Past service cost	237	–	–	–	237	–
Interest expenses (+)/ income (-)	917	1,315	-436	-729	481	585
Recognised in profit or loss	1,462	1,827	-436	-729	1,026	1,098
Actuarial gains (-)/ losses (+) from:						
financial assumptions	-3,288	10,457	–	–	-3,288	10,457
experience adjustments	935	-2,061	–	–	935	-2,061
Gains (-)/ losses (+) from pension scheme assets without amounts recognized as interest income	–	–	-137	69	-137	69
Gains (-)/ losses (+) from revaluations*	-2,352	8,396	-137	69	-2,489	8,466
Contributions paid by the employer	–	–	-1,418	-1,207	-1,418	-1,207
Payments made	-987	-725	277	276	-710	-449
Other	-987	-725	-1,141	-931	-2,218	-1,656
As of Dec. 31	44,496	46,373	-22,914	-21,200	21,582	25,173

* Recognised in other comprehensive income

€ 579 thsd of the net liabilities recognised in the balance sheet (previous year: € 944 thsd) are attributable to Executive Board members active at the end of the reporting period.

With regard to net pension provisions, payments of € 2,378 thsd are anticipated for 2016 (previous year: € 2,177 thsd). € 792 thsd thereof (previous year: € 666 thsd) is attributable to direct, anticipated company pension payments, while € 1,586 thsd (previous year: € 1,511 thsd) is attributable to anticipated reinsurance policy premiums.

Actuarial calculations incorporate the following assumptions:

	2015	2014
Assumed interest rate	2.4 %	2.0 %
Anticipated annual salary development	–	–
Anticipated annual pension adjustment	1.5/2.5 %	1.5/2.5 %

The assumptions made regarding future mortality are based on published statistics and mortality tables.

On December 31, 2015, the weighted average term of defined benefit obligations was 17.9 years (previous year: 19.1).

Sensitivity analysis

If the other assumptions all remained the same, changes to one of the key actuarial assumptions which would have been realistically possible on the closing date would have influenced the defined benefit obligations by the following amounts:

All figures in €'000	Change of parameter	Reduction/ increase of defined obligation
Assumed interest rate	+0.5%	-3.636
	-0.5%	4.166
Salary trend	+0.5%	–
	-0.5%	–
Pension trend	+0.5%	3.291
	-0.5%	-2.963
Mortality	80.0%	4.048

In order to define the sensitivity of mortality, all mortality rates stated in the mortality table were reduced to 80%. By extending life expectancy, this leads to an increase in the scope of defined benefit obligations. Although the analysis does not take into account the full distribution of anticipated cash flow based on the plan, it does provide an approximation of the sensitivity of the assumptions presented.

Alongside defined benefit plans, defined contribution plans are also in place. With these types of plans the company pays premiums to state or private pension insurance institutions in line with legal or contractual regulations or on a voluntary basis. The regular premiums paid for employees are disclosed as personnel expenses. In the financial year 2015 they total € 9,672 thsd (previous year: € 9,053 thsd).

Other provisions are made up as follows:

All figures in €'000			Dec. 31, 2015			Dec. 31, 2014
	Current	Non-current	Total	Current	Non-current	Total
Bonus schemes	25,572	–	25,572	25,261	–	25,261
Cancellation risks	11,491	13,064	24,555	12,320	14,149	26,469
Share-based payments	1,107	1,628	2,735	1,907	883	2,789
Economic loss	2,388	–	2,388	6,263	–	6,263
Litigation risks/ costs	2,016	198	2,214	1,795	188	1,983
Claim settlement contributions	2,108	–	2,108	–	–	–
Rent	325	186	511	750	701	1,452
Anniversaries	265	228	493	237	213	449
Lending business	173	–	173	212	70	282
Phased retirement	76	72	148	163	68	231
Other	3,325	732	4,057	1,261	437	1,698
Total	48,845	16,108	64,953	50,168	16,708	66,876

Other provisions have changed as follows:

All figures in €'000	Jan. 1, 2015	Change in the scope of consolidation	Utilisation	Reversal	Compounding / Discounting	Allocation	Dec. 31, 2015
Bonus schemes	25,261	–	-21,618	-202	8	22,122	25,572
Cancellation risks	26,469	–	-11,925	-135	255	9,891	24,555
Share-based payments	2,789	–	-347	-90	18	364	2,735
Economic loss	6,263	–	-3,758	-185	–	69	2,388
Litigation risks/ costs	1,983	–	-341	-134	14	692	2,214
Claim settlement contributions	–	2,009	–	-1,418	–	1,517	2,108
Rent	1,452	–	-754	-501	63	251	511
Anniversaries	449	–	-111	-2	–	157	493
Lending business	282	–	–	-109	–	–	173
Phased retirement	231	–	-93	-1	3	8	148
Other	1,698	147	-399	-46	5	2,652	4,057
Total	66,876	2,157	-39,346	-2,823	366	37,723	64,953

Provisions for bonus schemes are recognised as incentive agreements for self-employed commercial agents.

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 share-based payments are recognised as incentive agreements and as 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 € 2,210 thsd (previous year: € 5,930 thsd).

The provisions classed as short-term are likely to be utilised within the next financial year. The payments for long-term provisions are likely to be incurred within the next two to five years.

31 Liabilities due to banking business

This summary includes the balance sheet items Liabilities due to clients in the banking business and Liabilities due to banks in the banking business.

All figures in €'000		Dec. 31, 2015			Dec. 31, 2014	
	Current	Non-current	Total	Current	Non-current	Total
Liabilities due to clients	1,095,969	6,599	1,102,569	1,005,840	1,888	1,007,728
Liabilities due to banks	1,744	21,351	23,095	2,078	15,302	17,380
Total	1,097,713	27.950	1,125,663	1,007,918	17.191	1,025,107

The change in liabilities due to banking business from € 1,025,107 thsd to € 1,125,663 thsd is essentially attributable to the increase in short-term client deposits in current accounts.

As of December 31, 2015, liabilities due to clients from savings deposits with an agreed notice period of three months amounted to € 15,618 thsd (previous year: € 14,533 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 → Notes 37 and 38.

32 Other liabilities

All figures in €'000		Dec. 31, 2015			Dec. 31, 2014	
	Current	Non-current	Total	Current	Non-current	Total
Liabilities due to commercial agents	39,390	–	39,390	45,685	88	45,773
Liabilities due to underwriting business	28,409	–	28,409	–	–	–
Trade accounts payable	20,993	–	20,993	23,313	–	23,313
Advance payments received	8,495	–	8,495	9,254	–	9,254
Liabilities due to other taxes	2,688	–	2,688	2,422	–	2,422
Liabilities from social security contributions	154	–	154	56	–	56
Other liabilities	37,116	2,966	40,082	34,781	2,180	36,961
Total	137,245	2,966	140,211	115,513	2,268	117,780

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.

Liabilities from the underwriting business include collection liabilities due to insurance companies, open commission claims, as well as liabilities from claims settlement.

The item “Advance payments received” concerns paid-in-advance trail commissions from unit-linked life insurance policies.

Other liabilities comprise commissions withheld from MLP consultants due to cancellations amounting to € 3,326 thsd (previous year: € 3,615 thsd). Commissions withheld are charged with interest. Their term is mainly indefinite. The item also contains liabilities for bonus and profit-sharing payments.

MLP has agreed-upon and non-utilised lines of credit amounting to € 58,082 thsd (previous year: € 65,820 thsd).

Further disclosures on other liabilities can be found in → Note 37 and 38.

Notes to the statement of cash flow

33 Notes to the statement of cash flow

The consolidated statement of cash flow shows how cash and cash equivalents have changed in the course of the year as a result of inflows and outflows of funds. As per IAS 7 "Statement of Cash Flows", differentiation is made between cash flows from operating activities, from investing activities and from financing activities.

Cash flow from operating activities results from cash flows that cannot be defined as investing or financing activities. It is determined on the basis of net profit. As part of the indirect determination of cash flow, the changes in balance sheet items due to operating activities are adjusted by effects from changes to the scope of consolidation and currency translations where necessary. 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 and loans used and paid back.

Cash and cash equivalents with a term to maturity of not more than three months are recorded under cash and cash equivalents. Cash equivalents are short-term financial assets which can be converted into cash at any time and which are only subject to minor value fluctuation risks.

Cash and cash equivalents

All figures in €'000	Dec. 31, 2015	Dec. 31, 2014
Cash and cash equivalents	77,540	49,119
Loans ≤ 3 months	17,000	23,000
Cash and cash equivalents	94,540	72,119

Receivables of MLP Finanzdienstleistungen AG due from banks are included in cash and cash equivalents, provided they are separable as own-account investing activities. Inseparable elements are allocated to the operating business of the banking business segment and therefore to cash flow from operating activities.

Miscellaneous information

34 Share-based payments

Participation programme

In the financial year 2008, MLP launched a participation programme for office managers, consultants and employees in order to keep them loyal to the company in the long-term. The programme grants a certain number of phantom shares (stock appreciation rights – SARs) for office managers and consultants based on their sales performance in the core fields of old-age provision, health insurance and wealth management, as well as for employees based on their position and gross annual income. The SARs of the 2008-2011 tranches were allocated in 2009-2012. The assessment period for determining the number of SARs allocated was the calendar year prior to the respective allocation. The total term of each tranche is 12 years and is broken down into 3 phases of 4 years each. The first year of phase 1 represents the assessment period, from which the number of phantom shares to be allocated is calculated. At the start of the second year, the phantom shares are then allocated. Payment of the phantom shares is made no earlier than at the end of the first phase, i.e. 3 years after allocation of the SARs. At the end of the first phase, employees can also choose not to receive payment for the SARs and instead continue to participate in phase 2 (turbo I phase). Only in this case will they receive additional bonus SARs. And anyone who is eligible but chooses not to receive payment at the end of phase 2, but rather continue to phase 3 (turbo II phase), will be granted further bonus SARs. All SARs are paid no later than at the end of phase 3. In the event of termination of employment, all entitlements granted up to this time expire, assuming they have not been vested beforehand. The SARs originally granted become vested at the end of the first phase, the bonus SARs of turbo I phase at the end of phase 2 and those of turbo II at the end of phase 3. Participation in the programme ends with termination of employment or disbursement of SARs.

The level of payment is based on the value of one MLP share at the time payment is requested. A share price guarantee is in place for all previous tranches, although this expires if the eligible participant decides to continue participation in the programme beyond phase 1. If an eligible participant decides to receive the payout to which he or she is entitled from the tranche once phase 1 has expired, the value he or she receives is based on either the share price guarantee or the current MLP share price (whichever is the higher value) multiplied by the number of phantom shares held from phase 1. At all other payout times, eligible participants receive the current share price multiplied by the number of vested phantom shares held.

If the contractual relationship with an eligible participant ends at a time before December 31 of the 12th year, he or she is only entitled to receive payment for vested phantom shares earned up to this time. Phantom shares allocated from vesting periods not yet completed are then forfeited.

With the 2011 tranche, the participation programme was granted for the last time. It was stopped completely from 2012 onwards.

In terms of eligibility, the 3 phases each represent completed vesting periods. Accordingly, the expenses due to the SARs originally granted are distributed over phase 1 (years 1 to 4), the expenses due to the bonus SARs of turbo I phase over years 5 to 8 and the expenses due to the bonus SARs of turbo II phase over years 9 to 12 (no front-loaded recognition of expenses).

	Tranche 2008	Tranche 2009	Tranche 2010	Tranche 2011	Total
Inventory on Jan. 1, 2015 (units)	151,879	109,727	73,012	167,102	501,720
SARs expired in 2015 (units)	-5,371	-4,473	-4,310	-3,782	-17,936
Paid out in 2015 (units)				-38,833	-38,833
Inventory on Dec. 31, 2015 (units)	146,508	105,254	68,702	124,487	444,951
Expenses recognised in 2015 (€'000)	126	88	80	69	364
Income recognised in 2015 (€'000)	-20	-16	-16	-38	-90
	107	72	64	32	274
Expenses recognised in 2014 (€'000)	–	–	4	245	249
Income recognised in 2014 (€'000)	-224	-26	-89	-10	-349
	-224	-26	-85	235	-100
Provision as of Dec. 31, 2014 (€'000)	1,053	386	432	918	2,789
Provision as of Dec. 31, 2015 (€'000)	1,107	448	559	620	2,735
Inventory certificates on Jan. 1, 2015 (units)	455,637	329,181	108,362	–	893,180
Inventory certificates on Dec. 31, 2015 (units)	439,524	315,762	108,362	–	863,648

MLP has hedged the fair value risk attached to the measurement of the liability of the 2008 and 2009 tranches for the SARs and also the cash flow risk from the SARs allocated.

To hedge the cash flow risk, 925,000 certificates were initially acquired for the 2008 tranche and 600,000 certificates for the 2009 tranche, with the right to return them to the issuer at any time within the term of a tranche (or later) at the MLP share price valid at that time, minus a discount. The certificates have an unlimited term. MLP has therefore classified these certificates as equity instruments, which are recognised at fair value directly in equity. The fair value of the certificates is based directly on the price of the MLP share.

The expense and the provision from the participation programme are recognised pro rata temporis throughout the individual phases (vesting period). The provision is measured at fair value through profit and loss. The provision accrued on the respective closing date depends on the price of the MLP share, the number of SARs issued and the length of the remaining vesting period. To hedge the fair value risk associated with the measurement of the provision, MLP can sell the equity-based certificates listed above to the issuer and in return acquire limited term certificates. These represent debt instruments designated by MLP to be "measured at fair value through profit and loss" (fair value option).

By selling the equity-based certificates, measurement gains so far recognised directly in equity are realised and expenses from the increase in liability for the participation programme are compensated. The same applies to a decrease in expenses due to a drop in the price of the MLP share.

35 Leasing

The Group has concluded **operating leases as lessee** for various motor vehicles, administration buildings and office machines. The average term of the contracts is three years for motor vehicles, generally between five and ten 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:

All figures in €'000	Up to 1 year	1–5 years	>5 years	Total
Outsourcing IT technology	38,221	133,122	0	171,343
Rent on buildings	14,121	39,175	13,899	67,195
Rental/leasing liabilities	1,702	1,532	0	3,234
Purchase commitment	5,210	0	0	5,210
Other obligation	12,342	6,560	7	18,909
Total	71,596	180,389	13,906	265,891

IT technology outsourcing essentially relates to a long-term outsourcing contract with Hewlett Packard.

The rented offices were sublet by the Group. For 2016, the subletting contract is expected to generate € 563 thsd.

The Group has signed an **operating lease agreement as lessor** for an administration building. MLP classifies this contract as an operating lease, as the opportunities and risks associated with the ownership of the lease object remain with the lessor. As a lessor, MLP is obliged to maintain the exterior of the building and the technical equipment and facilities.

The rental income generated from the rental of the property in the financial year was € 1,181 thsd (previous year: € 1,247 thsd). The expenses accrued within the context of investment property were € 274 thsd (previous year: € 296 thsd).

The lease was terminated by the tenant with effect from December 31, 2015.

36 Contingent assets and liabilities, as well as other liabilities

As it is composed of companies from different business segments, MLP is exposed to a variety of legal risks. These include, in particular, risks in the fields of warranty, taxes and litigation. The outcome of currently pending or future legal actions cannot be forecast with any degree of certainty and it follows that expenditure could be incurred as a result of unexpected decisions, which has not been fully covered by loan loss provisions or insurance policies 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 the balance sheet date, actions are pending for potentially considerable damages due to incorrect disclosures in the capital market information published by the company. This predominantly concerns the years 2000 to 2002. However, MLP firmly believes that the actions will not be successful.

On the balance sheet date, there are € 2,577 thsd in contingent liabilities on account of sureties and warranties (face value of the obligation) (previous year: € 3,156 thsd) and irrevocable credit commitments (contingent liabilities) of € 60,033 thsd (previous year: € 32,874 thsd).

Reinsurance has been arranged for benefit obligations for independent commercial agents. Final liability for the benefit obligation lies with MLP in accordance with § 1 (1) Sentence 3 of the German Company Pension Law (BetrAVG). MLP does not currently anticipate any financial consequences as a result of this.

MLP Finanzdienstleistungen AG is a member in the depositors' guarantee fund of the Association of German Banks (BdB e.V.), Berlin, and in the Compensation Scheme of German Banks (EdB GmbH), also in Berlin. Obligations to make additional payments could potentially arise from the allocation obligation here.

37 Additional information on financial instruments

Classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their (hierarchical) tiers, are grouped into financial instrument classes and categories as shown in the following tables.

All figures in €'000						Dec. 31, 2015	
	Carrying amount					Fair value	No financial instruments according to IAS32/39
		Carrying amount corresponds to fair value	Level 1	Level 2	Level 3	Total	
Financial assets measured at fair value	22,559		11,751	10,808		22,559	
Fair Value Option	1,217		1,217			1,217	
Receivables from banking business – clients	–	–	–	–	–	–	–
Financial investments (share certificates and structured bonds)	1,217	–	1,217	–	–	1,217	–
Available-for-sale financial assets	21,342		10,533	10,808		21,342	
Financial investments (share certificates and investment fund shares)	5,714	–	5,408	306	–	5,714	–
Financial assets (bonds)	15,627	–	5,125	10,502	–	15,627	–
Financial assets measured at amortised cost	1,436,119	576,604	40,522	398,862	449,368	1,465,355	
Loans and receivables	1,362,938	570,626		371,741	449,368	1,391,735	

Receivables from banking business – clients	542,696	122,762	–	–	449,368	572,129	–
Receivables from banking business – banks	600,339	227,961	–	371,741	–	599,702	–
Financial investments (fixed and time deposits)	52,120	52,120	–	–	–	52,120	–
Financial investments (loans)	56	56	–	–	–	56	–
Other receivables and assets	90,187	90,187	–	–	–	90,187	22,344
Cash and cash equivalents	77,540	77,540	–	–	–	77,540	–
Held-to-maturity investments	67,204		40,522	27,121		67,643	
Financial assets (bonds)	67,204	–	40,522	27,121	–	67,643	–
Available-for-sale financial assets	5,978	5,978				5,978	
Financial assets (investments)	5,978	5,978	–	–	–	5,978	–
Financial liabilities measured at amortised cost	1,231,767	1,187,505		43,704		1,231,209	
Liabilities due to banking business – clients	1,102,569	1,080,352	–	22,318	–	1,102,670	–
Liabilities due to banking business – banks	23,095	1,050	–	21,386	–	22,436	–
Other liabilities	106,103	106,103	–	–	–	106,103	34,108
Sureties and warranties	2,577	2,577				2,577	
Irrevocable credit commitments	60,033	60,033				60,033	

All figures in €'000							Dec. 31, 2014
	Fair value					Carrying amount	No financial instruments according to IAS32/39
		Carrying amount corresponds to fair value	Level 1	Level 2	Level 3	Total	
Financial assets measured at fair value	32,887		17,073	15,814		32,887	
Fair Value Option	6,305		1,231	5,074		6,305	
Receivables from banking business – clients	–	–	–	–	–	–	–
Financial investments (share certificates and structured bonds)	6,305	–	1,231	5,074	–	6,305	–
Available-for-sale financial assets	26,582		15,843	10,739		26,582	
Financial investments (share certificates and investment fund shares)	6,129	–	5,704	425	–	6,129	–
Financial assets (bonds)	20,453	–	10,138	10,315	–	20,453	–
Financial assets measured at amortised cost	1,307,510	528,314	16,704	394,047	401,837	1,340,902	
Loans and receivables	1,258,260	523,046		365,657	401,837	1,290,539	
Receivables from banking business – clients	495,569	125,990	–	–	401,837	527,828	–
Receivables from banking business – banks	559,316	193,681	–	365,657	–	559,337	–
Financial investments (fixed and time deposits)	63,138	63,138	–	–	–	63,138	–
Other receivables and assets	91,118	91,118	–	–	–	91,118	26,547
Cash and cash equivalents	49,119	49,119	–	–	–	49,119	–
Held-to-maturity investments	43,983		16,704	28,390		45,095	
Financial assets (bonds)	43,983	–	16,704	28,390	–	45,095	–
Available-for-sale financial assets	5,268	5,268				5,268	
Financial assets (investments)	5,268	5,268	–	–	–	5,268	–
Financial liabilities measured at amortised cost	1,124,066	1,091,172		32,893		1,124,066	
Liabilities due to banking business – clients	1,007,728	991,307	–	16,466	–	1,007,773	–
Liabilities due to banking business – banks	17,380	907	–	16,427	–	17,335	–
Other liabilities	98,958	98,958	–	–	–	98,958	18,823
Sureties and warranties	3,156	3,156				3,156	
Irrevocable credit commitments	32,874	32,874				32,874	

Cash and cash equivalents, receivables and liabilities due to banking business without agreed terms to maturity, trade receivables, receivables from companies in which the Group holds an interest and other assets all predominantly have short terms to maturity. Their carrying amounts on the balance sheet date are therefore almost identical to the fair values. The same applies to the trade accounts payable.

On the reporting date, MLP held financial guarantees in the form of avals of € 2,427 thsd (previous year: € 1,244 thsd). Within the scope of initial measurement, these financial guarantees are stated at their fair values and netted against the present values of agreed aval commission in accordance with IAS 39. If subsequent measurement results in a higher figure, this will be recognised as a financial liability in accordance with IAS 37.

Determining fair value

Insofar as there is an active market for financial assets and financial liabilities, the prices of the market with the greatest trading volume on the closing date are used as the basis for determining the fair value. With investment shares, the fair value corresponds to the redemption prices published by the capital investment companies. If there is no active market on the closing date, the fair value is determined using recognised valuation models.

For equity instruments of financial investments not listed on an active market, the fair value is generally determined on the basis of the gross rental method using non-observable parameters such as beta factors or risk-equivalent discount interest rates. If it is not possible to reliably determine the fair value, in particular due to a lack of necessary data on earning projections, equity instruments not listed on an active market are recognised at their acquisition costs, minus any impairments. As of the balance sheet date there is no indication of fair values being lower than carrying amounts. There are also no plans to dispose of these investments.

The valuation model for assets and liabilities assigned to tier 2 takes into account the present value of the anticipated future cash inflows/outflows throughout the remaining term, which are discounted using a risk-free discount rate. The discount rate is based on the current yield curve. The anticipated cash flows are adjusted for the effects of credit and default risks. When determining the fair value of financial investments, on the other hand, the discount rate is adjusted to include a credit spread. Compensation effects from the hedged item are not taken into account when determining the market value of derivative financial instruments.

The table below shows the valuation techniques that were used to determine tier 3 fair values, as well as the significant, non-observable input factors applied:

Type	Valuation technique	Significant, non-observable input factors	Relationship between significant, non-observable input factors and measurement at fair value
Receivables from banking business – clients with agreed maturity	The valuation model takes into account the present value of the anticipated future cash inflows/outflows throughout the remaining term, which are discounted using a risk-free discount rate. The discount rate is based on the current yield curve. Credit and default risks, administration costs and expected return on equity are taken into account when determining future cash flows.	Adjustment of cash flows by: • credit and counterparty default risks • administrative expenses • expected return on equity	The estimated fair value would increase (decrease) if: • the credit and default risk were to rise (fall) • the admin costs were to fall (rise) • the expected return on equity were fall (rise).

Net gains and losses from financial instruments are distributed among the categories of IAS 39 for financial assets and financial liabilities at the amounts specified:

All figures in €'000	2015	2014
Loans and receivables	19,870	19,832
Held-to-maturity investments	814	902
Available-for-sale financial assets	1,195	616
Financial instruments held for trading	–	-107
Fair Value Option	-11	-564
Financial liabilities measured at amortised cost	-1,650	-2,622

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 € 22,216 thsd (previous year: € 23,550 thsd) and interest costs of € 1,974 thsd (previous year: € 2,891 thsd) were incurred in the last financial year.

For impairment losses, we refer to the note on the items “Receivables from the banking business”, “Other receivables and assets” and “Financial investments”. Commission income and expenses that were not included in the process for determining the effective interest rate can primarily be attributed to early repayment penalties to a negligible extent.

The maximum default risk of the financial instruments held by MLP corresponds to the carrying amount.

38 Financial risk management

With the exception of the disclosures in line with IFRS 7.36-39 (b), the disclosures on the type and severity of risks resulting from financial instruments (IFRS 7.31-42) are included in the risk report of the joint management report and in Note 37.

In the following 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)

Total cash flow (principal and interest) in €'000 as of Dec. 31, 2015	Due on demand	Up to 1 year	1 to 5 years	More than 5 years	Total
Financial liabilities	1,120,711	102,062	7,576	16,877	1,247,225
Liabilities due to banking business – clients	1,080,352	37,884	–	–	1,118,236
Liabilities due to banking business – banks	1,050	87	5,494	16,256	22,886
Other liabilities	39,309	64,091	2,082	621	106,103
Financial guarantees and credit commitments	62,610	–	–	–	62,610
Sureties and warranties	2,577	–	–	–	2,577
Irrevocable credit commitments	60,033	–	–	–	60,033
Total	1,183,321	102,062	7,576	16,877	1,309,835

Total cash flow (principal and interest)

Total cash flow (principal and interest) in €'000 as of Dec. 31, 2014	Due on demand	Up to 1 year	1 to 5 years	More than 5 years	Total
Financial liabilities	1,037,882	70,038	4,227	12,250	1,124,397
Liabilities due to banking business – clients	991,307	16,433	–	–	1,007,740
Liabilities due to banking business – banks	907	603	3,939	12,250	17,699
Other liabilities	45,668	53,002	288	–	98,958
Financial guarantees and credit commitments	36,030	–	–	–	36,030
Sureties and warranties	3,156	–	–	–	3,156
Irrevocable credit commitments	32,874	–	–	–	32,874
Total	1,073,912	70,038	4,227	12,250	1,160,427

39 Declaration of Compliance with the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG)

The Executive and Supervisory Boards issued a declaration of compliance with the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG) and made it permanently available to the shareholders via its website, ↗ **www.mlp.de** and in the corporate governance report of this Annual Report.

40 Related parties

Executive Board	Mandates in other statutory Supervisory Boards of companies based in Germany	Memberships in comparable domestic and foreign control bodies of commercial enterprises
Dr. Uwe Schroeder-Wildberg, Heidelberg Chairman responsible for Strategy, Communication, Policy/Investor Relations, Marketing, Market and Innovations, Sales	• FERI AG, Bad Homburg v.d.H. (Chairman)	–
Reinhard Loose, Berlin responsible for Compliance, Controlling, IT, Group Accounting, Risk Management, Internal Audit, Legal, Human Resources	• DOMCURA AG, Kiel (since August 27, 2015) • F&F Makler AG, Hamburg (since August 27, 2015) • Nordische Informations-Technologie AG, Kiel (since August 29, 2015)	–
Manfred Bauer, Leimen responsible for Product management	• DOMCURA AG, Kiel (Chairman) (since August 27, 2015) • F&F Makler AG, Hamburg (Chairman) (since August 27, 2015) • Nordische Informations-Technologie AG, Kiel (Chairman) (since August 29, 2015)	• MLP Hyp GmbH, Wiesloch (Supervisory Board)

Supervisory Board	Mandates in other statutory Supervisory Boards of companies based in Germany	Memberships in comparable domestic and foreign control bodies of commercial enterprises
Dr. Peter Lütke-Bornefeld, Everswinkel Chairman formerly Chairman of the Executive Board MLP AG, Wiesloch General Reinsurance AG, Cologne	• VPV Lebensversicherungs- AG, Stuttgart • VHV Vereinigte Hannoversche Versicherung a.G., Hanover (Chairman) • VHV Holding AG, Hannover (Chairman) • VHV Lebensversicherung AG, Hannover (until July 8, 2015) • VHV Allgemeine Versicherung AG, Hanover (since July 8, 2015) • Hannoversche Direktversicherung AG, Hannover • Hannoversche Lebensversicherung AG, Hanover • MLP Finanzdienstleistungen AG, Wiesloch (Chairman)	• ITAS Mutua, Trento, Italy (Member of the Governing Board)
Dr. h.c. Manfred Lautenschläger, Gaiberg Vice Chairman Formerly Chairman of the Executive Board	–	• University Hospital Heidelberg, Heidelberg (Supervisory Board)
Dr. Claus-Michael Dill, Murnau formerly Chairman of the Executive Board AXA Konzern AG, Cologne	• General Reinsurance AG, Cologne (Chairman) (until September 15, 2015) • HUK-COBURG Holding AG, Coburg • HUK-COBURG VVaG, Coburg • HUK-COBURG Versicherung AG, Coburg • XL Catlin Europe SE, Cologne	• XL Catlin Re Switzerland AG, Zurich, Switzerland (Member of the Governing Board) • XL Group plc, Dublin, Ireland (Non-Executive Director) (since August 6, 2015)
Tina Müller, Frankfurt (since June 18, 2015) Chief Marketing Officer and Managing Director at Opel Group GmbH, Rüsselsheim	• MLP Finanzdienstleistungen AG, Wiesloch (until August 4, 2015)	–
Burkhard Schlingermann, Dusseldorf Employees' representative Employee of MLP Finanzdienstleistungen AG, Wiesloch Member of the works council of MLP AG and MLP Finanzdienstleistungen AG, Wiesloch	• MLP Finanzdienstleistungen AG, Wiesloch (employees' representative)	–
Alexander Beer, Karlsruhe Employees' representative Employee of MLP Finanzdienstleistungen AG, Wiesloch	–	–
Johannes Maret, Burgbrohl (until June 18, 2015) Investment Committee Member The Triton Fund, Jersey, GB	–	• Gebrüder Rhodius KG, Burgbrohl (Chairman of the Advisory Board) • The Triton Fund, Jersey, GB (Investment Committee Member) • Befesa Holding S.à.r.l., Luxembourg (Member of the Advisory Board) • Battenfeld Cincinnati Holding 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 € 1,772 thsd (previous year: € 1,811 thsd). The legal transactions were completed under standard market or employee conditions.

On the reporting date of December 31, 2015, members of the Executive Bodies had current account credit lines and surety loans totalling € 544 thsd (previous year: € 538 thsd). Surety loans are charged an interest rate of 1.0% (previous year: 1.0%) and the current account debits 6.50% to 8.75% (previous year: 6.50% to 8.75%).

The total remuneration for members of the Executive Board active on the reporting date is € 2,029 thsd (previous year: € 2,053 thsd), of which € 1,344 thsd (previous year: € 1,342 thsd) is attributable to the fixed portion of remuneration and € 685 thsd (previous year: € 711 thsd) is attributable to the variable portion of remuneration. In the financial year, expenses of € 290 thsd (previous year: € 290 thsd) were accrued for occupational pension provision. Retired members of the Executive Board received redundancy payments of € 0 thsd (previous year: € 1,440 thsd). As of December 31, 2015, pension provisions of € 16,169 thsd were in place for former members of the Executive Board (previous year: € 17,631 thsd).

Variable portions of remuneration comprise long-term remuneration components.

The members of the Supervisory Board received non-performance-related remuneration of € 494 thsd for their activities in 2015 (previous year: € 500 thsd). In addition, € 17 thsd (previous year: € 22 thsd) was paid as compensation for expenses and training measures.

For the detailed structure of the remuneration system and the remuneration of the Executive Board and Supervisory Board, please refer to the remuneration report in the → "Corporate governance" chapter. The → remuneration report is part of the management report.

Related companies

Alongside the consolidated subsidiaries, MLP AG comes into direct and indirect contact and has relations with a large number of companies within the scope of its ordinary business. This also includes subsidiaries, which are non-consolidated for reasons of materiality, as well as associates. All business dealings are concluded at conditions and terms customary in the industry and which as a matter of principle do not differ from delivery and service relationships with other companies. The services performed for the companies listed in the following essentially concern remuneration for wealth management and consulting, as well as brokerage, sales and trailer commission.

Transactions were carried out with major related companies, which led to the following items in the consolidated financial statements:

Related companies 2015

All figures in €'000	Receivables	Liabilities	Income	Expenses
MLP Consult GmbH, Wiesloch	–	2,082	–	13
MLP Hyp GmbH, Wiesloch	179	–	6,203	63
Michel & Cortesi Assetmanagement AG, Zurich	633	–	347	134
Coresis Management GmbH, Bad Homburg v.d. Höhe	12	–	62	727
US Treuhand Vertriebsgesellschaft mbH, Bad Homburg v.d. Höhe	–	–	81	57
AIF Komplementär GmbH, Munich	–	48	171	27
FPE Direct Coordination GmbH, Munich	–	–	12	–
FPE Private Equity Beteiligungs-Treuhand GmbH, Munich	–	–	150	–
FPE Private Equity Koordinations GmbH, Munich	–	–	55	–
DIEASS GmbH, Kiel	–	5	–	5
Portus Assekuranz Vermittlungsgesellschaft mbH, Kiel	–	15	–	15
Nordische Informations-Technologie AG, Kiel	10	–	11	–
Walther GmbH Versicherungsmakler, Hamburg	0	24	–	24
Total	834	2,174	7,092	1,063

Related companies 2014

All figures in €'000	Receivables	Liabilities	Income	Expenses
MLP Consult GmbH, Wiesloch	0	2,065	–	13
MLP Hyp GmbH, Wiesloch	26	–	4,677	20
FERI Trust AG (Switzerland), St. Gallen	405	–	12	–
Coresis Management GmbH, Bad Homburg v.d. Höhe	1	–	40	786
UST Immobilien GmbH, Bad Homburg v.d. Höhe	16	–	87	82
AIF Komplementär GmbH, Munich	499	–	419	–
Total	946	2,065	5,236	901

41 Number of employees

The average number of staff employed increased from 1,542 in 2014 to 1,802 in 2015.

	2015			2014		
		of which executive employees	of which marginal part-time employees		of which executive employees	of which marginal part-time employees
Financial services	1,300	28	75	1,303	32	87
FERI	235	9	54	232	8	54
DOMCURA	261	7	25	–	–	–
Holding	7	2	–	7	2	–
Total	1,802	46	154	1,542	42	141

An average of 111 people (previous year: 95) underwent vocational training in the financial year.

42 Auditor's fees

The total fees for services performed by the auditing firm KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt in the financial year 2015 (including expenses, but excluding statutory value added tax) are as follows:

All figures in €'000	2015	2014
Audit services	680	631
Other assurance services	99	112
Tax advisory services	21	–
Other services	107	192
Total	907	935

The item Audit services contains the fees paid for the audit of the consolidated financial statements and for the audit of the other legally stipulated financial statements of MLP AG and its subsidiaries.

43 Disclosures on equity / capital control

A primary objective of equity control is to ensure that the legal solvency regulations for banking and financial services businesses, which prescribe a minimum capital adequacy, are fulfilled and that the sound quantitative and qualitative equity base is strengthened. At MLP, the examinations for the purpose of complying with the solvency regulations, which came into force on January 1, 2014, as well as Article 7 and Article 11 et seq. of EU Directive No. 575/2013 of the European Parliament and Council from June 26, 2013 regarding the supervisory requirements of financial institutions and investment firms, are performed on a consolidated basis (Group). As per Article 11 of the CRR, the relevant Group includes MLP AG, Wiesloch, MLP Finanzdienstleistungen AG, Wiesloch, FERI AG, Bad Homburg v. d. Höhe, FERI Trust GmbH, Bad Homburg v. d. Höhe, FEREAL AG, Bad Homburg v. d. Höhe, FERI Trust (Luxembourg) S. A., Luxembourg, as well as ZSH GmbH Finanzdienstleistungen, Heidelberg.

Pursuant to Article 11 of the CRR, the relevant Group has also included Schwarzer Familienholding GmbH, Kiel (SFH Group) and its subsidiary F & F Makler AG, Hamburg since September 2015.

Pursuant to the CRR, the following companies of the SFH Group are to be classified as “other companies” and are voluntarily included in the scope of consolidation: DOMCURA AG, Kiel, with its subsidiary NORDVERS GmbH, Kiel, as well as the subsidiaries of F & F Makler AG,

Kiel, nordias GmbH Versicherungsmakler, Kiel, Ralf W. Barth GmbH, Hamburg, Willy F. O.

Köster GmbH, Hamburg and Siebert GmbH Versicherungsmakler, Arnstadt.

This ensures that the vast majority of companies in the SFH Group are included in scope of supervisory:

monitoring and reporting activities and thereby the scope of our whole Group.

Pursuant to the CRR, the following companies are not included in the Group as “Other companies”:

MLPdialog GmbH, Wiesloch, MLP Hyp GmbH, Wiesloch and FERI EuroRating Services AG, Bad Homburg v. d. Höhe.

At TPC GmbH, Hamburg, use is made of an exemption as per Article 19 of the CRR. These deviations from the IFRS scope of consolidation are considered insignificant.

As a depository institution, MLP Finanzdienstleistungen AG, Wiesloch is the controlling institution as per Article 11 of the CRR.

The following means and measures for controlling and adjusting the equity capital of the Group are available to MLP: (I) Issuing new shares and (II) Making transfers to the statutory reserve to strengthen Tier 1 capital.

Pursuant to Article 92 et seq. of the CRR, MLP is obliged to back its capital adequacy requirements for both counterparty default risks and the operational risk at Group level with at least 8% eligible own funds (equity ratio). MLP applies the standardised approach to credit risk for determining the risk-weighted exposure values (counterparty default risks) in accordance with Article 111 et seq. of the Capital Requirements Regulation (CRR). The basic indicator approach is used for determining the amount for the operational risk (Article 315 et seq. of the CRR).

The backing of risk assets with eligible own funds for tier 1 capital generally requires a minimum ratio of 4.5% (previous year: 4%).

As per Article 25 et seq. of the CRR, the Group's Tier 1 capital includes the following equity items of IFRS capital: share capital, capital reserves, statutory reserve and retained earnings. Among other factors, the following serve to reduce Tier 1 capital: intangible assets, treasury stock, goodwill.

As in the previous year, MLP has fulfilled all legal requirements relating to the minimum shareholders' equity backing during the financial year 2015. The relationship between the risk assets and core capital at year-end closing is illustrated below.

All figures on the basis of the financial statements in €'000	2015	2014
Tier 1 common capital	211,250	228,173
Tier 1 additional capital	–	–
Tier 2 capital	–	–
Eligible own funds	211,250	228,173
Capital adequacy requirements for counterparty default risks	70,392	71,162
Capital adequacy requirements for operational risk	47,532	45,667
Equity ratio (at least 8 %)	14.33	15.62
Tier 1 common capital ratio (at least 4 %)	14.33	15.62

44 Events after the balance sheet date

End of February 2016 MLP announced a further streamlined cost management. This will incur one-off expenses of approximately € 15 million in the financial year 2016. From 2017 onwards, MLP expects this to deliver a distinctly positive EBIT effect. Beyond this there were no appreciable events affecting the Group's net assets, financial position and results of operations.

45 Release of consolidated financial statements

The Executive Board prepared the consolidated financial statements on February 25, 2016 and will present them to the Supervisory Board on March 16, 2016 for publication.

Wiesloch, February 25, 2016
MLP AG
Executive Board

Dr. Uwe Schroeder-Wildberg | Manfred Bauer | Reinhard Loose

Auditor’s Report

We have audited the consolidated financial statements prepared by the MLP AG, Wiesloch, comprising the consolidated income statement and statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flow and consolidated statement of changes in equity and the notes to the consolidated financial statements and its joint management report on the position of the Company and the Group for the business year from January 1 to December 31, 2015. The preparation of the consolidated financial statements and the joint management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB [Handelsgesetzbuch “German Commercial Code”] are the responsibility of the parent company’s management. Our responsibility is to express an opinion on the consolidated financial statements and on the joint management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [Handelsgesetzbuch „German Commercial Code“] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with [German] principles of proper accounting and in the joint management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accountingrelated internal control system and the evidence supporting the disclosures in the consolidated financial statements and the joint management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and joint management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The joint management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group’s position and suitably presents the opportunities and risks of future development.

Frankfurt/ Main, March 2, 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr. Hübner	Fust
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Responsibility statement

"To the best of our knowledge and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the joint management report gives a fair view of the performance of the business including business results and the overall position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group."

Wiesloch, February 25, 2016

Dr. Uwe Schroeder-Wildberg   Manfred Bauer   Reinhard Loose

Financial calendar

FEBRUARY

February 25, 2016

Publication of the results for the financial year 2015.

Annual press conference and analyst conference in Frankfurt.

MARCH

March 24, 2016

Publication of the Annual Report for the financial year 2015.

MAY

May 12, 2016

Publication of the results for the first quarter 2016.

JUNE

June 16, 2016

Annual General Meeting (AGM) of MLP AG in Wiesloch.

MLP AG holds its AGM at the Palatin Congress Center in Wiesloch.

AUGUST

August 11, 2016

Publication of the results for the first half-year and the second quarter 2016.

NOVEMBER

November 10, 2016

Publication of the results for the first nine months and third quarter 2016.

More information at ↗ www.mlp-ag.com, Investor Relations, Calendar

Any questions?

MLP AG

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- Dr. Uwe Schroeder-Wildberg (Vorstandsvorsitzender)
- Manfred Bauer
- Reinhard Loose

Chairman of the Supervisory Board
Dr. Peter Lütke-Bornefeld

Commercial Register
Registergericht Mannheim HRB 332697

Value Added Tax Identification Number
DE 143449956