# Interim Group report for the first half year and second quarter of 2018

MLP

## MLP key figures

| All figures in € million | 2nd quarter 2018 | 2nd quarter 2017 | 1st half year 2018 | 1st half year 2017 | Change in % |
|---|---|---|---|---|---|
| **MLP Group** | | | | | |
| Total revenue | 142.7 | 137.6 | 310.6 | 300.6 | 3.3 % |
| Revenue | 139.3 | 132.7 | 304.0 | 291.6 | 4.3 % |
| Other revenue | 3.4 | 5.0 | 6.6 | 9.0 | –26.7 % |
| Earnings before interest and taxes (EBIT) (before one-off expenses – operating EBIT) | –1.0 | 2.7 | 12.1 | 15.9 | –23.9 % |
| Earnings before interest and taxes (EBIT) | –1.0 | 2.1 | 12.1 | 14.5 | –16.6 % |
| EBIT margin (%) | 0 % | 1.5 % | 3.9 % | 4.8 % | |
| Net profit | 0.5 | 2.0 | 9.8 | 10.5 | –6.7 % |
| Earnings per share (diluted/undiluted) in € | 0.00 | 0.02 | 0.9 | 0.10 | –10.0 % |
| Cashflow from operating activities | –16.2 | – 18.7 | 50.5 | 7.4 | >100 % |
| Capital expenditure | 2.9 | 1.6 | 6.0 | 2.8 | >100 % |
| Shareholders' equity | – | – | 400.0 | 404.9[1] | –1.2 % |
| Equity ratio (%) | – | – | 17.7 % | 18.7 %[1] | –8.8 % |
| Balance sheet total | – | – | 2,660.1 | 2,169.5 [1] | 4.2 % |
| Private clients (Family) | – | – | 535,100 | 529,100[1] | 2.3 % |
| Corporate and institutional clients | – | – | 20,400 | 19,800[1] | 5.2 % |
| Consultants | – | – | 1,880 | 1,909[1] | –0.8 % |
| Branch offices | – | – | 132 | 145[1] | –9.6 % |
| University teams | | | 64 | 58[1] | |
| Employees | – | – | 1,715[3] | 1,669 | 2.8 % |
| **Arranged new business** | | | | | |
| Old-age provisions (premium sum) | 712.9 | 669.5 | 1,351.1 | 1,236.5 | 9.3 % |
| Loans and mortgages | 482.2 | 459.8 | 988.3 | 966.5 | 2.2 % |
| Assets under management in € billion | – | – | 35.4 | 32.0[1] | 10.6 % |

[1] As of December 31, 2017.

# Interim Group report for the first half year and the second quarter of 2018

## THE FIRST HALF YEAR AND THE SECOND QUARTER 2018 AT A GLANCE

- Total revenue rose to € 310.6 million in the first six months of the year (H1 2017: € 300.6 million), net profit of € 9.8 million remained at the high level of the previous year (€ 10.5 million)
- Broad-based growth across virtually all consulting fields
- Wealth management: revenue increases by 6 percent to € 97.5 million. At € 35.4 billion, assets under management reach new record level
- Q2: Slight growth in the old-age provision area, total revenue up 4 percent to € 142.7 million; EBIT: € –1.0 million; Net profit: € 0.5 million
- Outlook confirmed

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# Introductory notes

This Group interim report was drafted in compliance with the regulations of German Accounting Standard No. 16 (DRS 16) "Interim Financial Reporting" and continues on from the 2017 consolidated financial statements. It presents important events and business transactions in the first half of 2018 and updates forecast-based information from the last joint management report. The Annual Report is available on our homepage at www.mlp-se.com.

In the 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.

The information in this Group interim report has neither been verified by an auditor nor subjected to a review.

# Profile

**MLP Group – The partner for all financial matters**

The MLP Group is the partner for all financial matters – for private clients, as well as companies and institutional investors. With our four brands, each of which enjoys a leading position in their respective markets, we offer a broad range of services:

- MLP: The dialogue partner for all financial matters
- FERI: The investment company for institutional investors and high net-worth individuals
- DOMCURA: The underwriting agency, focussing on private and commercial non-life insurance products
- TPC: The specialist in occupational pension provision management for companies

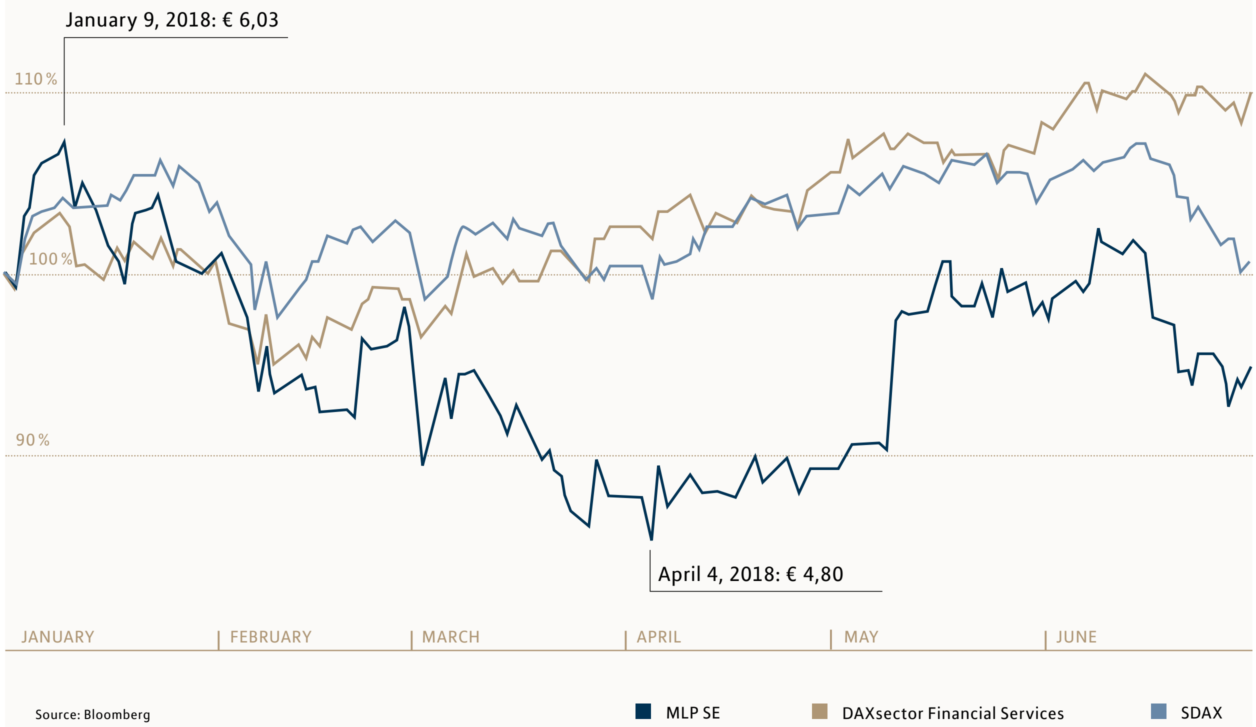
Since it was founded by Manfred Lautenschläger and Eicke Marschollek in 1971, the MLP Group (MLP) has consistently striven to establish long-term relationships with its clients. This requires profound understanding of their individual requirements. Each of our approximately 1,900 consultants in the private client business therefore focuses on one 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.

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 scientifically substantiated market and product analyses.

# Investor Relations

Following an excellent year in 2017, the international stock markets initially continued their rally into the new year, delivering a successful start in 2018. The strength of the global economy and the ongoing growth in corporate profits bolstered the stock markets and led to new record highs. However, fears regarding interest rates put an abrupt end to the record rally in February and led to a wave of profit-taking. Investors feared a tightening of monetary policy by the designated Head of the US Federal Reserve, Jerome Powell. In addition to this, company ratings had risen to a high level making shares susceptible to sale. Confident assessments of global economic development then helped markets rise again. However, the recovery phases on the financial markets were repeatedly thwarted. This was primarily due to the smouldering trade dispute between the US and China, followed by political topics such as the crisis in Syria, the elections in Italy and the government crisis in Spain. The unilateral cancellation of the Iran nuclear deal by the US government also triggered a degree of nervousness and led to reservations among investors. Statements issued by the central banks were also a topic for discussion on the financial markets, although any actual effects on prices were mostly short-term. Comments made by European Central Bank (ECB) boss Mario Draghi, according to which growth in Europe may have already peaked had a negative effect on the euro. In addition to this, a surprisingly clear schedule for exiting the expansive monetary policy served to weaken the common currency. The economic data over the remainder of the first six months painted a rather mixed picture, yet indicated that the economy was in solid overall condition. The half-yearly results of the German stock market barometer are once again led by the TecDAX with a profit of 6.42 %, followed by the SDAX with an increase of 0.53 %. The two largest German indices on the other hand recorded losses. The MDAX declined by 1.32 %, while the leading index DAX took last place with a reduction of 4.73 % in the first half of the year.

**MLP Share and DAXsector Financial Services, January to June 2018**




Source: Bloomberg

### The MLP Share

The MLP SE share showed volatile development in the first half of 2018. The share enjoyed a positive start in the new year. In fact, it already reached its highest level in the reporting period of € 6.03 on January 9, which then led to some minor profit-taking. The stock market environment, which remained positive, was initially able to prevent any further losses. Having hit new record highs, however, sentiment in the financial markets changed rapidly in February and also dragged the MLP share price with it. The successful earnings trend highlighted in the published business figures for 2017 was only able to provide a short-term boost to the share price. The sense of uncertainty among investors was reflected in increased volatility and led to price fluctuations, some of which were quite severe. At the start of February, the price declined to € 5.09 before being traded again at € 5.65 at the end of the month. The message regarding removal of the title from the SDAX led to disappointment among investors and the share price then declined again. At the start of April it decreased further to € 4.80, its lowest price in the first half of the year, but was able to recover quickly and reach € 5.81 afterwards. Convincing figures for the first quarter stimulated purchasing interest in the share and drove the price up. The stock market environment, which deteriorated somewhat towards the end of the first six months, also led to profit-taking with the MLP share.

**Key figures on the MLP Share**

| | 1st half year 2018 | 1st half year 2017 |
|---|---|---|
| Grundkapital in Aktien zum 30. Juni 2018 | 109,334,686* | 109,334,686 |
| Aktienkurs zum Jahresanfang | 5.63 € | 4.11 € |
| Kurshoch | 6.03 € | 6.47 € |
| Kurstief | 4.80 € | 4.17 € |
| Aktienkurs zum 30. Juni 2018 | 5.33 € | 5.84 € |
| Dividende für das Vorjahr | 0.20 € | 0.08 € |
| Börsenkapitalisierung (Ende Berichtszeitraum) | 582,753,876 € | 638,077,309 € |

[1] As of June 30, MLP SE held 4.124 shares in treasury

### Share buyback

As announced during the 2017 Annual General Meeting, MLP established a share-based participation programme at the start of this year for MLP branch managers and MLP consultants. The aim of this measure was to strengthen the collaborative component in the MLP business model. In the time period from February 1 to February 28, 2018, a total of 382,000 shares were bought back at an average price of € 5.3874. 377,876 shares were then issued to the recipients, meaning that MLP SE still held 4,124 shares in its treasury as at June 30, 2018.

**MLP Annual General Meeting**

At the Annual General Meeting of MLP SE, held in Wiesloch on June 14, 2018, the shareholders approved all items on the agenda with a large majority. The shareholders voted virtually unanimously (99.99 %) to approve the proposal of the Supervisory Board and Executive Board to pay a dividend of € 0.20 per share. The distribution rate was therefore 64 % of Group net profit. The actions of the Supervisory Board and Executive Board were also approved virtually unanimously.

The term in office of the members of the first Supervisory Board at MLP SE ended with the conclusion of this year's Annual General Meeting. Respectively more than 93 percent followed the proposals of the nomination committee for the composition of the new Supervisory Board of MLP SE. Shareholders therefore confirmed Dr. Peter Lütke-Bornefeld (Chairman), Tina Müller and Dr. Claus-Michael Dill as shareholder representatives, while Matthias Lautenschläger was newly elected to the Supervisory Board. In addition to this, Alexander Beer and Burkhard Schlingermann were already elected as employees' representatives at the end of May.

Company founder Dr. h. c. Manfred Lautenschläger chose not to stand for a seat on the Supervisory Board at his own request. However, his son Matthias Lautenschläger, who previously held a position on the Supervisory Board at the largest subsidiary, joined the Supervisory Board and thereby underlined the continuous and multi-generational commitment of the founding family at MLP. For his extraordinary contribution and commitment to the company, the previous Supervisory Board appointed Dr. h. c. Manfred Lautenschläger Honorary Chairman of the Board.

In total, more than 450 shareholders took part in the Annual General Meeting. Those in attendance represented around 76 % of the share capital.

All information on the Annual General Meeting is available at www.mlp-agm.com.

# Interim Group management report for the first half year and second quarter of 2018

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

## FUNDAMENTAL PRINCIPLES OF THE GROUP

In comparison with the corporate profile described in MLP's 2017 Annual Report, the changes presented below were made during the reporting period. These relate to organisation and administration. There were no changes in the scope of consolidation.

You can find detailed disclosures on our business model, our corporate structure and our control system in the MLP Group Annual Report 2017 at www.mlp-annual-report.com.

### Change to organisation and administration

The Supervisory Board at MLP SE unanimously voted to extend the current contract of Chief Financial Officer Reinhard Loose, which runs to January 31, 2019, by five more years to 2024. The Chief Financial Officer at MLP SE is responsible for Compliance, Controlling, Purchasing, IT, Group Accounting, Risk Management, Internal Audit, Legal and HR Management. In his role, he also holds a position of the Executive Board at the two subsidiaries MLP Finanzberatung SE and MLP Banking AG.

In March 2018, Maximilian Lautenschläger was appointed to the Supervisory Board at MLP Finanzberatung SE. Within the scope of separating the banking and brokerage business in 2017, the Supervisory Board members were appointed at MLP Finanzberatung SE and MLP Banking AG. As part of this, Maximilian Lautenschläger, another son of company founder Dr. h. c. Manfred Lautenschläger, joined the Group's supervisory bodies. His older son Matthias Lautenschläger had already been appointed to the Supervisory Board at the former MLP Finanzdienstleistungen AG in August 2015 and was elected to the Supervisory Board of the Group holding company, MLP SE, in the Annual General Meeting held on June 14, 2018.

### Changes in the scope of consolidation

There were no changes to the IFRS scope of consolidation in the reporting period.

### Research and development

Since our consulting firm is a service provider, we are not engaged in any research or development in the classic sense. We also make other resources available, for example to develop our own software or refine acquired software.

ECONOMIC REPORT

## Overall economic climate

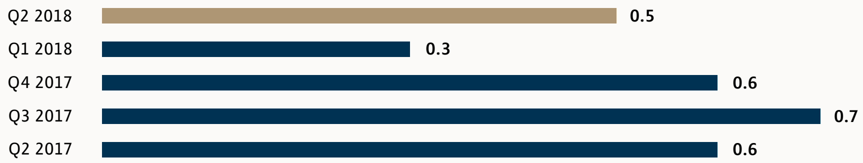
Sentiment in the German economy deteriorated somewhat towards the end of the first half of the year – the ifo business climate index fell in June due to the trade dispute with the US, although companies remain mildly optimistic in their expectations according to the Ifo Institute. FERI Investment Research also shares this optimistic view and considers the central demand-driving forces of the recovery to still be intact for the economy in the eurozone. After all, the effects of the tax reform in the US have led to high demand for European and German products. The duties now introduced on steel and aluminium do not change this.

In the second quarter of 2018, GDP rose by 0.5 % (price-adjusted) over the previous quarter and by 2.2 % (price-adjusted) over the same quarter of the previous year according to the experts at FERI Investment Research.

Higher employment figures within the eurozone are having a positive impact on consumption and investments.

Employment subject to compulsory social security contributions increased further in Germany in the reporting period. At the same time, demand from companies for employees remains at a high level. The unemployment rate, based on all civilians in gainful employment, was 5.0 % in June, which represents a 0.5 percentage point decline over the previous year.

**Economic growth in Germany (Change in % to the previous quarter)**




Source: Federal Statistical Office, FERI Investment Research.

## Industry situation and competitive environment

### Old-age provision

The old-age provision area continues to operate in a difficult market environment, in which numerous factors are continually fuelling uncertainty among consumers. These include a lack of transparency with regard to the pension benefits they can expect, political discussions on pension reform, ongoing negative press regarding insurers, as well as the persistently low interest rate environment. The industry situation in this field of consulting has not changed compared with the statements made in the Annual Report of the MLP Group.

The lack of trust in the political system when it comes to the topic of old-age provision also became clear in the AXA Germany Report 2018. Indeed, some 71 % of those in active employment in Germany confirmed this in the survey. A large majority is demanding that the state provides better financial support for pensioners. However, a lack of transparency regarding pension entitlements is leading to a situation in which consumers often do not recognise the need for action and therefore do not consider signing new contracts to provide themselves with the support they will need when they retire.

This situation is compounded further by inaccurate life expectancy projections which, according to a recent study undertaken by the German Insurance Association (GDV), are seven years too low on average. Only 20 % of those surveyed expect to reach the age of 90 or older. However, things look rather different in reality. Indeed, some 40 % of women who are currently 50 years old are likely to reach the age of 90. The ongoing low interest rate environment and the public discussion regarding effects on supplementary old-age provision are continuing to compound an already difficult market environment.

Occupational pension provision, on the other hand, is displaying positive development in the market for old-age provision. German employers and consumers have become increasingly aware of this concept since June 2017 thanks to the legislation to strengthen occupational pension provision in Germany (BRSG), which provides greater tax and social security subsidies. Occupational pension provision is therefore likely to become more established as a central pillar of old-age provision alongside the statutory pension. Around 40 % of German employees have yet to take advantage of this provision opportunity. There is a particular backlog among small and medium-sized enterprises, which offers potential for the market.

New business in the old-age provision area showed a slightly positive development throughout the market in the first six months of the year. According to the latest figures of the German Insurance Association (GDV), the premium sum of new business increased by 4.3 % in the first half of the year.

### Wealth management

According to data published by the German Association of Investment and Asset Management (BVI e.V.), the assets under management in the market increased to € 3,037 billion (€ 2,928 billion) by the end of May. The institutional business recorded its highest net cash inflows. Some € 33 billion in new money was invested in open special funds in the first five months. Open mutual funds recorded a net inflow of funds of € 11.5 billion, whereby mixed funds had a share of € 10.1 billion, followed by asset-based funds (€ 2.2 billion) and mutual equity funds (€ 2.0 billion).

The volume of managed exchange traded funds (ETFs) has doubled since the end of 2010 from € 68 billion to € 137 billion. Its share of all open mutual funds thereby rose from 9.6 % to 13.1 %. Just under 90 % of the ETF assets can be attributed to institutional investors. At € 115 billion, share ETFs are the largest group in terms of volume, followed by pension ETFs at € 18 billion.

There were no fundamental changes to the industry situation described in the Annual Report of the MLP Group.

### Non-life insurance

According to a survey performed by AssCompact last year, 70 % of brokers surveyed currently consider the private non-life insurance business to be highly relevant. This figure was just 40 % two years previously. More and more insurance companies are therefore starting to focus on this business area in their product portfolios, also due to the declines in other fields of insurance such as the life insurance business.

Following numerous fintechs and insurtechs foundations in the recent years, this first wave of new company foundations in the market is slowly abating. None of the business models has proven disruptive for the existing market. In fact, more and more fintechs are actually seeking to engage in cooperations with insurers. The first purely digital insurers have now been launched – at some insurers only in the direct business, at others intentionally focussing on the brokerage business and the processes associated with this.

The overall industry situation in this field of consulting has not changed for MLP.

### Health insurance

Private health insurance continues to operate in a difficult market environment, with the negative trend in particular continuing in the comprehensive private insurance area. Just under 9 million people hold private health insurance in Germany, added to which are around 25 million supplementary insurance policies. Supplementary insurance policies are actually recording good gains as a way of covering gaps in the statutory health insurance system. Supplementary dental insurance is proving by far the most popular of these policies.

According to data published by the Association of Private Health Insurers, the number of persons holding comprehensive health insurance has already been in decline since 2011. Indeed, in 2017 the figure was around 8.7 million, which is approximately 223,000 fewer than in 2011. According to the association, however, supplementary insurance policies are continuing to display positive development with lots of new signings. The number of contracts increased from around 22.5 million policy holders in 2011 to a total of 25.5 million in 2017.

The overall industry situation in this consulting area has not changed compared with the statements made in the MLP Group Annual Report.

### Real estate

Low interest rates have led to rapid developments in the German real estate market over the last few years. Both owner-occupied properties and those used by third parties have enjoyed increasing significance with a view to long-term capital accumulation. Yet rising property prices are counteracting this effect.

According to experts from the German Institute for Economic Research (DIW), however, the overall economic risks of the current property boom are currently still fairly low, as the lending policies of German banks are highly risk-aware.

### Loans and mortgages

Bank lending in the eurozone is picking up thanks to the still extremely relaxed monetary policy of the European Central Bank (ECB). In May, banks in the euro area issued 3.6 % more loans to companies than one year previously. Banks granted 2.9 % more loans to private households in April than one year ago. The ECB is keeping the prime rate at 0 %, although it has announced that it wishes to end its programme of bond redemption. Although the interest rates for 10-year property loans have risen slightly since their historic low in the autumn of 2016, they remain at a very low level.

The German government is attempting to help young families buy or build their own home with the new „Baukindergeld“ grant sceme . Families whose total income is below the € 75,000 per year threshold qualify for this. This threshold is increased by € 15,000 per child.

### Competition and regulation

Neither the competitive conditions nor the regulatory environment saw any significant changes in the first half of the year in comparison with the description provided in the MLP Group Annual Report 2017.

As reported, the International Accounting Standards Board (IASB) drafted new standards in 2014 in the shape of IFRS 15 and IFRS 9, which are to be applied to reporting periods starting on or after January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers – aims to merge the large number of provisions previously contained in various standards and interpretations for revenue recognition. The application at MLP leads to sales revenue from brokerage services at the time of contract conclusion now also including the estimated sales revenue from anticipated regular acquisition commissions, as well as trail commissions paid by the insurer throughout the contribution period.

IFRS 9 – Financial Instruments – introduces a uniform approach to classification and measurement of financial assets and replaces the former IAS 39. You can find further information on the two new accounting standards in Note 3 to this report.

When the Insurance Distribution Directive (IDD) came into force in February of this year, the ban on passing on commission in the insurance sector was retained, as announced. Implementation of the IDD also requires insurance brokers to attend 15 hours of further training each year. No major effects on MLP‘s business model are to be anticipated, as continuous further training of consultants has always been a key aspect of operations at MLP. And as MLP client consultants attend at least 30 hours of further training each other. Yet despite this, MLP – just like all other market members – had to implement process-based adjustments to comply with the IDD stipulations.

The Markets in Financial Instruments Directive (MiFID II) came into force in January. This brought national regulations in the field of financial market supervision into line with numerous new European stipulations. The legislation will lead to significant implementation costs for all market members in areas including IT systems, cost transparency, client information and reporting. With MLP‘s current position in the wealth management area, however, we were well positioned to handle implementation of the requirements, which was completed on schedule.

## Business performance

The MLP Group was able to further increase total revenue in the first half of the year and also further expand the diversification of its revenue streams. MLP recorded gains across virtually all consulting fields. Those areas that MLP has strategically established and expanded over the last few years delivered particularly impressive growth, including real estate brokerage (plus 36.5 %), non-life insurance (plus 6.9 %) and wealth management (plus 5.9 %).

In the old-age provision area, revenue was not quite able to reach the previous year‘s level. This is essentially due to the effects of the new IFRS 15 accounting standard, which is to be applied from January 1, 2018 and already negatively impacted revenues in the first quarter. The health insurance area was 2.2 % up on the previous year. Revenue generated from the loans and mortgage business increased by 15.6 %.

Although the first half of the year has become more significant in the last few years as a result of MLP‘s strategic further refinement, the seasonality of our business means that the second half of the year continues to deliver significant profit contributions – particularly in the fourth quarter.

### New clients

MLP was able to acquire 8,800 new family clients in the first six months of the year, compared with 10,000 in the previous year.

As at the end of June 2018, the MLP Group served a total of 535,100 family clients (December 31, 2017: 529,100) and 20,400 corporate and institutional clients (December 31, 2017: 19,800).

## Results of operations

### Development of total revenue

In the time period from January to June 2018, total revenue of the MLP Group increased by 3.3 % to € 310.6 million (€ 300.6 million). Commission income, which increased from € 281.3 million to € 295.2 million, made the greatest contribution to this. As expected, revenue from the interest rate business of € 8.8 million (€ 10.3 million) was below the previous year‘s level. Other revenue was € 6.6 million (€ 9.0 million).

Looking at the individual consulting fields, slight growth was generated in the wealth management area in the first six months, with a rise in revenue of 5.4 % to € 97.5 million (€ 92.1 million). MLP is benefiting from an increase in new business both at its subsidiary FERI and MLP’s private client business. Assets under management in the MLP Group rose to a new peak of € 35.4 billion as of June 30, 2018 (December 31, 2017: € 33.9 billion).

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


The brokered premium sum of new business in the old-age provision area increased by 9.2 % to € 1,351 million in the first six months of the year (€ 1,237 million). At € 76.2 million, however, revenue in this consulting area remained below the previous year (€ 77.2 million). The weaker revenue development can primarily be attributed to application of the IFRS 15 accounting standard, which has been in force since January 2018 and had a particular impact on revenue in the old-age provision area in the first quarter of the year.

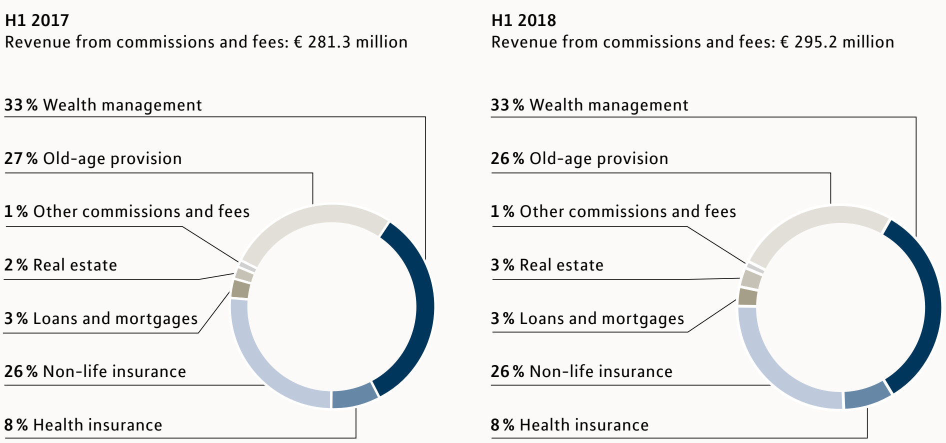
Revenue in the non-life insurance area increased by 6.9 % in the first six months and was € 77.3 million (€ 72.3 million). The MLP Group's portfolio of non-life insurance policies also enjoyed positive development. Indeed, it rose to € 374.3 million by June 30, 2018 (December 31, 2017: € 360.1 million).

At € 23.2 million, revenue in the health insurance area was slightly up on the previous year (€ 22.7 million). The strongest growth was recorded in the real estate brokerage area, which achieved a 36.5 % increase in revenue to € 10.1 million (€ 7.4 million). The loans and mortgages area also enjoyed positive development, with revenue increasing by 15.6 % to € 8.9 million (€ 7.7 million). Other commission and fees, which still included real estate brokerage in the previous year, remained unchanged – adjusted for this item – at € 2.0 million (€ 2.0 million).

Considering only the second quarter, total revenue rose to € 142.7 million (€ 137.6 million). Commission income rose by 5.7 % to € 134.8 million (€ 127.5 million). Revenue from the interest rate business of € 4.5 million (€ 5.2 million) remained below the previous year's level.

The breakdown by consulting fields also shows slight growth in the wealth management area in the second quarter, in which revenue increased by 7.8 % to € 50.0 million (€ 46.4 million). Revenue in the old-age provision area also rose by 1.2 % to € 42.5 million (€ 42.0 million). Revenue from the non-life insurance area rose by 8.8 % to € 21.1 million (€ 19.4 million). The strongest growth in the second quarter was also again recorded by the real estate brokerage area, which achieved a 30.0 % increase in revenue to € 5.2 million (€ 4.0 million). At € 3.7 million, revenue in the loans and mortgages area was not quite able to reach the previous year's level (€ 3.9 million). Following € 1.0 million in the previous year, other commission and fees were € 0.8 million.

**Comparison of commission income**



### Analysis of expenses

Commission expenses primarily comprise performance-linked commission payments to our consultants. 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 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.

Set in particular against the background of increased commission income, commission expenses increased to € 161.0 million (€ 149.8 million). Interest expenses declined to € 0.5 million (€ 1.3 million). Accordingly, the total cost of sales rose to € 161.4 million (€ 151.2 million).

Looking only at the second quarter, the cost of sales rose to € 73.6 million (€ 68.5 million). Largely influenced by higher commission income, commission expenses rose to € 73.4 million (€ 67.7 million). Interest expenses declined to € 0.3 million (€ 0.8 million).

The loan loss provision was € 0.0 million after the first six months of the year (€ 0.4 million). Administrative expenses (defined as the sum of personnel expenses, plannend depreciation/amortisation and impairment, as well as other operating expenses) were at € 138.3 million in the reporting period (€ 135.6 million). Personnel expenses increased from € 60.3 million to € 62.6 million, largely influenced by the announced strengthening of the university segment and a slightly higher overall number of employees. At € 7.7 million (€ 7.6 million) and € 68.0 million (€ 67.7 million) respectively, planned depreciation/amortisation and impairment charges, as well as other operating expenses remained at the previous year‘s level.

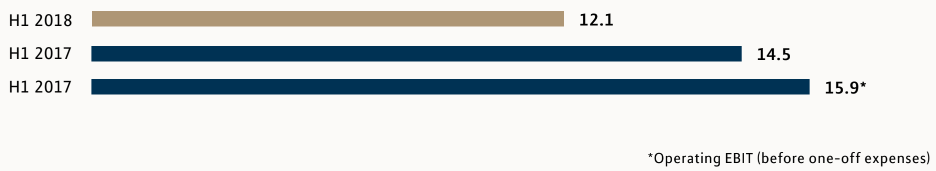
Considering only the second quarter, administration costs rose to € 70.2 million (€ 68.1 million). Personnel expenses were € 31.2 million (€ 30.4 million). At € 3.9 million, depreciation/amortisation and impairment remained at the previous year‘s level (€ 3.8 million). Other operating expenses increased to € 35.1 million (€ 33.9 million), among other things due to higher IT expenses.

### Earnings trend

Earnings before interest and taxes (EBIT) declined to € 12.1 million in the first six months (€ 14.5 million). The reasons for this include a higher one-off positive effect in the second quarter of the previous year at DOMCURA, increased investments in the university segment, in-year movements in terms of commissions paid, as well as the fact that the brokered premium sum in the high-margin old-age provision area is not yet reflected in revenue due to the new accounting standards and therefore does not yet appear in earnings. In the first six months of the previous year, one-off costs of € 1.4 million were accrued for the announced further refinement of the Group structure. The finance cost slightly improved to € -0.4 million (€ -0.6 million). Earnings before tax (EBT) were therefore € 11.7 million (€ 13.9 million).

The tax rate was 16.1 %. Net profit declined to € 9.8 million (€ 10.5 million). The diluted and basic earnings per share were € 0.09 (€ 0.10).

**EBIT development (all figures in € million)**




Examining just the traditionally rather slow second quarter, EBIT declined to € -1.0 million (€ 2.1 million) as a result of the effects described for the half of the year. One-off expenses of € 0.6 million were accrued in the second quarter of the previous year. The finance cost was € 0.0 million, following € -0.1 million in the previous year.

**Structure and changes in earnings in the Group**

| All figures in € million | 1st half year 2018 | 1st half year 2017 | Change in % |
|---|---|---|---|
| Total revenue | 310.6 | 300.6 | 3.3% |
| Gross profit[1] | 149.1 | 149.5 | –0.3 % |
| Gross profit margin (%) | 48.0 % | 49.7 % | – |
| EBIT | 12.1 | 14.5 | –16.6 % |
| EBIT margin (%) | 3.9 % | 4.8 % | – |
| Finance cost | –0.4 | –0.6 | 33.3 % |
| EBT | 11.7 | 13.9 | –15.8 % |
| EBT margin (%) | 3.8 % | 4.6 % | – |
| Income taxes | –1.9 | –3.4 | –44.1 % |
| Net profit | 9.8 | 10.5 | –6.7 % |
| Net margin (%) | 3.2 % | 3.5 % | – |

1Definition: Gross profit is the result of total revenue less commission expenses and interest expenses.

You can find disclosures on major transactions with related parties in Note 18.

## Financial position

### Aims of financial management

You can find detailed information on the objectives of financial management in the 2017 Annual Report of the MLP Group at www.mlp-annual-report.com.

### Financing analysis

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 in part 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.

As of June 30, 2018, liabilities due to clients and financial institutions from the banking business of € 1,628.2 million (December 31, 2017: € 1,501.2 million) were offset on the assets side of the balance sheet by receivables from clients and financial institutions in the banking business of € 1,399.0 million (December 31, 2017: € 1,336.2 million).

We did not perform any increase in capital stock in the reporting period.

### Liquidity analysis

Cash flow from operating activities increased to € 50.5 million from € 7.4 million in the same period of the previous year. Here, significant cash flows result from the deposit business with our clients and from the investment of these funds.

Cash flow from investing activities changed from € -33.8 million to € 1.9 million. More time deposits matured in the reporting period than in the same period of the previous year.

#### Condensed statement of cash flow

| In € million | 2nd quarter 2018 | 2nd quarter 2017 | 1st half year 2018 | 1st half year 2017 |
|---|---|---|---|---|
| **Cash and cash equivalents at beginning of period** | **365.1** | **186.1** | **301.0** | **184.8** |
| Cash flow from operating activities | –16.2 | –18.7 | 50.5 | 7.4 |
| Cash flow from investing activities | 4.6 | –9.0 | 1.9 | –33.8 |
| Cash flow from financing activities | –21.9 | – | –21.9 | – |
| **Change in cash and cash equivalents** | 33.5 | 27.7 | 30.6 | -26.5 |
| **Cash and cash equivalents at end of period** | **331.6** | **158.4** | **331.6** | **158.4** |

As at the end of the first quarter 2018, the MLP Group has access to cash holdings of around € 367 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.

### Capital expenditure analysis

The investment volume of the MLP Group rose to € 6.0 million at the end of June 2018 (€ 2.8 million). The vast majority of capital expenditure was invested in the financial consulting segment, focusing in particular on investments in operating and office equipment, software and IT. We financed all capital expenditure from cash flow.

## Net assets

### Analysis of the asset and liability structure

On the reporting date, June 30, 2018, the balance sheet total of the MLP Group was € 2,260.1 million (€ 2,169.5 million). On the assets side, intangible assets declined to € 158.7 million within the scope of regular depreciation expenses (December 31, 2017: € 161.8 million). At € 63.3 million (December 31, 2017 € 61.9 million), property, plant and equipment is slightly above the previous year's level. As is typical over the course of the year, the investments accounted for using the equity method, which reflects our share of net income in the joint venture MLP Hyp, were reduced to € 2.7 million (December 31, 2017: € 4.1 million). Deferred tax assets decreased to € 5.5 million (December 31, 2017: € 8.0 million). Receivables from clients in the banking business increased to € 722.4 million (December 31, 2017: € 702.0 million). This can essentially be attributed to the increase in promotional loans directly passed on to our clients and own-resource loans, as well as a higher investment volume in promissory note bonds. Receivables from banks in the banking business increased to € 676.6 million as a result of higher investments in daily deposits due on demand, as well as higher promissory note bonds (December 31, 2017: € 634.2 million). Financial investments decreased to € 149.9 million (December 31, 2017: € 158.5 million). This is essentially due to a lower reinvestment of maturing money deposits than in the previous year. Other receivables and assets rose slightly to € 137.8 million (December 31, 2017: € 125.7 million). This item essentially contains commission receivables from insurers resulting from the brokerage of insurance products. Due to the typically strong year-end business, these increase considerably at the end of the year and then decline again during the course of the following financial year. In the course of initial adoption of the new IFRS 15 accounting standard, there were additional effects that served to increase this item and more than compensated for the typical decline in the first six months.

Cash and cash equivalents increased to € 331.6 million (December 31, 2017: € 301.0 million) and can essentially be attributed to an increased investment volume at the German Central Bank (Bundesbank), as well as receipt of profit transfer payments from subsidiaries. The payment of dividends to our shareholders had a reducing effect in the second quarter.

**Assets as of June 30, 2018**

| All figures in € million | June 30, 2018 | Dec 31, 2017 | Change in % |
|---|---|---|---|
| Intangible Assets | 158.7 | 161.8 | –1.9 % |
| Property, plant and equipement | 63.3 | 61.9 | 2.3 % |
| Investments acounted for using the equity method | 2.7 | 4.1 | –34.1 % |
| Deferred tax assets | 5.5 | 8.0 | 31.3 % |
| Receivables from clients in the banking business | 722.4 | 702.0 | 2.9 % |
| Receivables from banks in the banking business | 676.6 | 634.2 | 6.7 % |
| Financial assets | 149.9 | 158.5 | –5.4 % |
| Tax refund claims | 11.5 | 12.3 | –6.5 % |
| Other receivables and assets | 137.8 | 125.7 | 9.6 % |
| Cash and cash equivalents | 331.6 | 301.0 | 10.2 % |
| **Total** | **2,260.1** | **2,169.5** | **4.2 %** |

On the reporting date, June 30, 2018, the shareholders' equity of the MLP Group was € 400.0 million (December 31, 2017: € 404.9 million). The change in shareholders' equity reflects various effects, including those resulting from initial adoption of the accounting regulations in IFRS 9 and IFRS 15, which have been in force since January 1, 2018. While initial adoption of IFRS 15 had a positive impact of € 11.9 million on shareholders' equity, initial adoption of IFRS 9 had a negative effect of € 4.0 million. In connection with IFRS 15, anticipated sales revenue from regular acquisition commission and trail commission resulting from contracts concluded prior to January 1, 2018 and paid by the insurer throughout the contribution period are brought forward and shown in the initial adoption of the new accounting standard as if they had already been booked in accordance with the new standard on December 31, 2017. This was performed in the initial adoption on January 1, 2018 through a one-off increase in shareholders' equity. Group net profit of € 9.8 million also contributed to the increase. On the other hand, the payment of the dividend to our shareholders had an opposite effect. The equity ratio was 17.7 % (December 31, 2017: 18.7 %).

Provisions were reduced to € 79.5 million (December 31, 2017: € 88.7 million). This decrease is mainly attributable to the reductions in provisions for client support commission after this was paid on schedule in the course of the second quarter. Liabilities due to clients in the banking business increased to € 1,554.8 million (December 31, 2017: € 1,439.8 million) and reflect the continued rise in client deposits. Liabilities due to banks in the banking business rose to € 73.4 million (December 31, 2017: € 61.4 million). This can mainly be attributed to a higher volume of promotional loans being passed on to our clients. Other liabilities fell to € 138.5 million (December 31, 2017: € 154.9 million). Among other things, this reflects the lower liabilities from the underwriting business, as well as lower commission claims of our consultants. Due to our typically strong year-end business, the commission claims of our consultants increase markedly on the balance sheet date, December 31, and then decline again in the subsequent quarters.

**Liabilities and shareholders' equity as of June 30, 2018**

| All figures in € million | June 30, 2018 | Dec 31, 2017 | Change in % |
|---|---|---|---|
| Shareholders' equity | 400.0 | 404.9 | –1.2 % |
| Provisions | 79.5 | 88.7 | –10.4 % |
| Deferred tax liabilities | 10.2 | 9.5 | 7.4 % |
| Liabilities due to clients in the banking business | 1,554.8 | 1,439.8 | 8.0 % |
| Liabilities due to banks in the banking business | 73.4 | 61.4 | 19.5 % |
| Tax liabililties | 3.8 | 10.2 | –62.7 % |
| Other liabililties | 138.5 | 154.9 | –10.6 % |
| **Total** | **2,260.1** | **1,169.5** | **4.2 %** |

**Comparison of actual and forecast development of business**

Following on from the first six months of 2018, we remain committed to the statement made in the Forecast section of our 2017 Annual Report that we will achieve a significant increase in EBIT for the financial year 2018. Compared with the previous year‘s operating EBIT, i.e. exclusively the previous year‘s one-off expenses, we continue to expect stable development.

Despite new business being above the previous year‘s level, revenue in the old-age provision area displayed a slight downward trend in the first six months and was therefore slightly below our expectations. This is primarily due to the described effect resulting from initial adoption of IFRS 15. Revenue in the health insurance area was slightly above the previous year‘s level and thereby within the scope of our expectations. Revenue in the wealth management area displayed better development than we initially forecast at the start of the year. Having recorded a slight increase, the non-life insurance area is within our expectations. Revenue in the property brokerage and loans and mortgages areas was significantly above the previous year‘s level. Overall, revenue developed within the scope of our expectations.

There were several movements in terms of costs. However, the development of costs and earnings is within the scope of our overall expectations.

## Segment Report

The MLP Group is broken down into the following segments:
- Financial Consulting
- Banking
- FERI
- DOMCURA
- Holding

In the financial year 2017 the brokerage branch of activity was spun off from MLP Banking AG with retroactive effect from October 1, 2017. With this step, all regulated banking activities, including investment advisory services, were bundled at MLP Banking AG, while all other consulting services are now provided by the new MLP Finanzberatung SE. You can find detailed information on this in the MLP Annual Report 2017 in the chapter entitled ”Fundamental principles of the Group“, as well as in the individual segment reports in the following.

The financial consulting segment includes revenue from all fields of consulting – i.e. old-age provision, health and non-life insurance, as well as loans and mortgages and real estate brokerage. The banking segment brings together all banking services for both private and corporate clients – from wealth management, accounts and cards, through to the interest rate business. The described demerger means that no comparison figures from the previous year are available for the Financial Consulting and Banking segments.

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 Holding segment does not have active operations.

**Financial Consulting segment**

Total revenue in the Financial Consulting segment was € 160.6 million in the first six months. Sales revenue amounted to € 151.0 million, while other revenue was € 9.6 million.

Commission expenses were € 74.9 million. The ”Interest expenses“ item no longer exists since the separation of the broker and banking business. This now resides in the Banking segment. The allowances for losses amounted to € 0.3 million. Personnel expenses amounted to € 33.1 million. Depreciation/amortisation and impairment was € 5.6 million. Other operating expenses were € 49.9 million. EBIT reached € -2.1 million. The reasons for this include in-year movements in terms of commissions paid, as well as the fact that the brokered premium sum in the high-margin old-age provision area is not yet included in revenue due to the new accounting standards and therefore does not yet appear in earnings. As announced, the increased expenses for strengthening the university segment are added to this. The finance cost was € -0.2 million. EBT was € -2.4 million.

Considering only the second quarter, revenue reached € 74.2 million. Sales revenue amounted to € 70.3 million, while other revenue was € 4.0 million.

Commission expenses were € 34.9 million. Personnel expenses amounted to € 16.4 million. Depreciation/amortisation and impairment was € 2.9 million. Other operating expenses were € 25.8 million.

EBIT was € -5.1 million in the second quarter as a result of the effects described for the half of the year. At a finance cost of € 0.1 million, EBT was € -5.0 million.

**Banking segment**

Total revenue in the banking segment was € 38.8 million after the first six months of the year. Sales revenue amounted to € 36.8 million, while other revenue was € 2.0 million.

Commission expenses were € 15.1 million. Interest expenses were € 0.5 million. The allowances for losses were positive at € 0.4 million. Personnel expenses were € 5.3 million, while depreciation/amortisation and impairment was € 0.0 million. Other operating expenses were € 17.5 million.

EBIT was € 0.8 million in the first six months. At a finance cost of € 0.0 million, EBT was also € 0.8 million.

Looking at the second quarter on its own, total revenue was € 19.9 million. Commission expenses were € 7.7 million, while interest expenses amounted to € 0.3 million. Administrative expenses were € 11.5 million in the second quarter. EBIT was therefore € 0.0 million. With a finance cost of € 0.0 million, EBT was € 0.0 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 in the FERI segment rose to € 72.2 million in the first half of the year (€ 70.0 million), with sales revenue rising from € 67.8 million to € 70.6 million. Following € 2.2 million in the previous year, other revenue was € 1.6 million. As a result of higher revenue, commission expenses also rose to € 42.6 million (€ 40.5 million). As was the case in the previous year, allowances for losses were € 0.0 million (€ 0.0 million). At € 15.2 million (€ 14.4 million), personnel expenses were slightly above the previous year's level. At € 0.6 million, depreciation/amortisation and impairment remained at the previous year's level (€ 0.6 million). Other operating expenses decreased to € 4.9 million (€ 5.5 million). At € 9.0 million, EBIT remained at the previous year's level (€ 9.1 million). With a finance cost of € 0.0 million (€ 0.0 million), EBT was € 8.9 million (€ 9.0 million).

Considering only the second quarter, total revenue rose to € 37.5 million (€ 34.9 million), while sales revenue increased to € 36.5 million (€ 33.9 million). Other revenue remained un-changed at € 1.0 million (€ 1.0 million). As a result of higher sales revenue, commission expenses increased to € 21.6 million (€ 20.4 million). EBIT therefore reached € 5.3 million (€ 4.3 million). With a finance cost of € 0.0 million (€ 0.0 million), EBT was € 5.2 million (€ 4.3 million).

**DOMCURA segment**

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 revenue and comparably high earnings in the first quarter of each year. This is then typically followed by a loss from the second quarter to the fourth quarter.

Total revenue in the DOMCURA segment increased to € 52.8 million in the first six months of the year (€ 48.7 million), with sales revenue rising from € 46.1 million to € 51.7 million. Other revenue declined to € 1.1 million (€ 2.6 million). The previous year's higher figure was due to a positive special effect resulting from the final settlement of expiring contracts with insurers. There was also a one-off positive effect in the second quarter of this year, although the level was significantly lower than the previous year's figure. As a result of higher sales revenue, commission expenses increased to € 34.4 million (€ 30.2 million). Allowances for losses remained unchanged at € 0.0 million (€ 0.0 million). Personnel expenses increased slightly to € 7.4 million due to slightly higher employee numbers (€ 6.9 million). Depreciation/amortisation and impairment was € 0.7 million (€ 0.6 million). Other operating expenses rose to € 3.5 million (€ 3.1 million). EBIT declined to € 6.9 million as a result of the positive one-off effect in the previous year (€ 7.9 million). At an unchanged finance cost of € 0.0 million (€ 0.0 million), EBT was € 6.9 million (€ 7.8 million).

Examining just the second quarter, total revenue remained constant at € 16.7 million (€ 16.3 million). Following € 13.9 million in the previous year, total revenue rose to € 15.7 million. Other revenue declined from € 2.4 million to € 1.0 million as a result of the described one-off effect in the previous year. Commission expenses increased to € 11.2 million (€ 9.7 million). At € 5.6 million, administrative expenses were slightly above the previous year's level (€ 5.3 million). EBIT was therefore € 0.0 million, following € 1.4 million in the previous year. At an unchanged finance cost of € 0.0 million (€ 0.0 million), EBT was € 0.0 million (€ 1.4 million).

**Holding segment**

The Holding segment does not have active operations. Total revenue in the first six months of the year was € 4.6 million (€ 5.0 million). This can essentially be attributed to the leasing of buildings to affiliated companies. At € 1.7 million, personnel expenses remained just under the previous year's level (€ 1.8 million). At € 0.8 million, depreciation and impairment were also slightly down on the previous year (€ 0.9 million). Other operating expenses also fell to € 4.5 million (€ 5.5 million). The previous year's figure included one-off expenses of € 0.4 million. EBIT improved to € -2.3 million (€ -3.2 million). With a finance cost of € -0.2 million (€ -0.1 million), EBT was € -2.5 million (€ –3.3 million).

Looking at the second quarter on its own, total revenue remained virtually unchanged at € 2.4 million (€ 2.5 million). Personnel expenses amounted to € 0.7 million (€ 0.8 million). Depreciation/amortisation and impairments remained unchanged at € 0.4 million (€ 0.4 million). Other operating expenses decreased to € 2.3 million (€ 2.7 million). EBIT amounted to € -1.1 million (€ -1.4 million). With a finance cost of € -0.1 million (€ 0.0 million), EBT was € -1.1 million (€ -1.4 million).

## Employees and self-employed client consultants

As MLP is a knowledge-based service provider, qualified and motivated employees and self-employed client consultants represent the most important foundation for sustainable company success. Acquisition of new consultants, as well as their qualification and further development, therefore represents an important focus together with continuous further development of our employees.

The number of employees rose to 1,715 (1,669) in the reporting period. The increase can essentially be attributed to employees returning from parental leave, as well as new hirings.

**Employees by segment (excluding MLP consultants)**

| Segment | June 30, 2018 | June 30, 2017 |
|---|---|---|
| Financial services[1] | – | 1.195 |
| Financial consulting[2] | 1,052 | – |
| Banking | 178 | – |
| FERI | 221 | 224 |
| DOMCURA | 258 | 224 |
| Holding | 6 | 6 |
| **Total** | **1,715** | **1,669** |

[1]This Segment existed until September 30, 2017
[2]Including TPC, ZSH and MLP Dialog

The number of self-employed client consultants was 1,880 at the end of the first half of the year (December 31, 2017: 1,909). As of June 30, 2018, MLP operated 132 branch offices (December 31, 2017: 145). The number of university teams increased to 64 at the end of the first half of the year (December 31, 2017: 58).

## RISK AND 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. 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.

There were no significant changes to the risk or opportunity situation of the MLP Group in the reporting period. There were no extraordinary charges within the scope of our counterparty default, market price and liquidity risks, operational risks or other risks in the first half of 2018. The MLP Group has sufficient liquid funds at its disposal. Our equity ratio on the reporting date, June 30, 2018, was 17.4 % (December 31, 2017: 20.2 %) and therefore remains above the 8 % stipulated by the supervisory regulations plus 1.875 % capital conservation buffer. This increase can primarily be attributed to the change in Group structure and adjustments to the supervisory scope of consolidation which were implemented last year. This was offset by the dividend payout to our shareholders. There are currently no identifiable risks that threaten the going-concern of the MLP Group.

You can find a detailed presentation of the business risks and opportunities, as well as a detailed description of our risk and opportunity management system in our risk and opportunity report in the 2017 Annual Report of the MLP Group.

## FORECAST

### Future overall economic development

There were no significant changes to our expectations for future overall economic development in the reporting period.

The experts at FERI Investment Research are predicting GDP growth of 2.1 % for 2018.

You can find a detailed presentation on this in the Forecast included in the 2017 Annual Report of the MLP Group.

## Future industry situation and competitive environment

There were no significant changes to our expectations regarding the future industry situation or competitive environment in the reporting period. You can find a detailed presentation on this in the Forecast included in the 2017 Annual Report of the MLP Group.

The old-age provision area is still operating in a difficult market environment, in which reservations regarding signing long-term contracts are likely to continue – despite state subsidies/allowances for both private and occupational pension provision, the falling pension level and increasing life expectancy. However, the market potential remains promising due to the ever greater pension shortfall. Various studies, including those undertaken by Horváth & Partners, have shown that in particular company/workforce-based offers of any kind are likely to become significantly more important in future within the scope of occupational provision.

The development of the market environment in the wealth management area can be seen as positive. The need for high-quality wealth management services is set to increase in the long term, due to the constantly growing number of high net-worth individuals.

The non-life insurance business will become even more important in the market. Indeed, 73 % of insurance brokers taking part in a survey performed by AssCompact believe that the private non-life insurance business will be highly relevant in the coming four years.

The health insurance area is also unlikely to enjoy any significant improvements to market conditions in the short term – in particular due to the ongoing period of low interest rates. The German government is currently focussing on changes to statutory health insurance in the form of the Statutory Health Insurance Contribution Relief Act. The legislation will lower the premiums for employees and, in particular, for the self-employed from 2019 onwards. This is unlikely to provide any stimulus for new business in the comprehensive private insurance area of the market.

The real estate market has also had to deal with a change since August 1, 2018 following introduction of the ”Act for introducing professional licensing regulations for commercial estate agents and residential property managers“. This new legislation means that estate agents and property managers are now obligated to attend 20 hours of further training within three years. Due to the comprehensive further training offer at the MLP Corporate University, MLP is ideally prepared to meet these requirements.

The experts at FERI expect the monetary policy of the ECB to remain very expansive for quite a long time and state that no initial interest rate rises should be anticipated before autumn next year. A moderate increase in conditions associated with this in the financing and investment area is only likely to be observed over the course of 2019. At the same time, the money market rates will only face minor changes over the course of 2018 according to FERI and should thereby remain below the 0 % mark. The interbank rates are unlikely to rise above the 0 % mark until the run-up to the increase in the repo rate by the ECB, which FERI now anticipates in the autumn of 2019.

## Anticipated business development

Developments in the first half year were essentially in line with our expectations. Following on from the first six months of the year, we remain committed to the statements made in the Forecast section of the 2017 Annual Report that we will achieve a significant increase in EBIT in the financial year 2018. Compared with the previous year's operating EBIT, i.e. excluding the one-off expenses incurred in the previous year, we continue to expect stable development. We essentially remain committed to the qualitative assessment of our revenue forecast. Yet unlike before, we are anticipating a strong increase in the real estate brokerage area. However, on the other hand, growth in the old-age provision area could be less than anticipated at the start of the year. You can find details on our forecast in the Annual Report of the MLP Group at www.mlp-annual-report.com.

# Income statement and statement of comprehensive income

## Income statement for the period from January 1 to June 30, 2018

| All figures in €'000 | Notes | 2nd quarter 2018 | 2nd quarter 2017 | 1st half year 2018 | 1st half year 2017 |
|---|---|---|---|---|---|
| Revenue | (6) | 139,259 | 132,651 | 304,000 | 291,595 |
| Other Revenue | | 3,407 | 4,950 | 6,607 | 8,970 |
| **Total revenue** | | **142,666** | **137,600** | **310,607** | **300,565** |
| Commission expenses | (7) | –73,352 | –67,654 | –160,982 | –149,846 |
| Interest expenses | | –292 | –799 | –453 | –1,339 |
| Valuation result/loan loss provisions | | –474 | 269 | 35 | –445 |
| Personnel expenses | (8) | –31,195 | –30,354 | –62,551 | –60,277 |
| Depreciation and impairments | (9) | –3,926 | –3,799 | –7,712 | –7,590 |
| Other operating expenses | (10) | –35,137 | –33,857 | –67,953 | –67,668 |
| Earnings from investments accounted for using the equity method | | 755 | 653 | 1,088 | 1,130 |
| **Earnings before interest and tax (EBIT)** | | **–955** | **2,060** | **12,079** | **14,532** |
| Other interest and similar income | | 23 | 69 | 77 | 130 |
| Other interest and similar expenses | | –25 | –203 | –483 | –712 |
| Valuation result not relating to operating activities | | 9 | – | 3 | – |
| **Finance cost** | **(11)** | **7** | **–134** | **–403** | **–583** |
| **Earnings before tax (EBT)** | | **–948** | **1,926** | **11,676** | **13,949** |
| Income taxes | | 1,428 | 47 | –1,881 | –3,411 |
| **Net profit** | | **480** | **1,974** | **9,795** | **10,539** |
| Of which attributable to | | | | | |
| owners of the parent company | | 480 | 1,974 | 9,795 | 10,539 |
| **Earnings per share in €*** | | | | | |
| basic/diluted | | 0.00 | 0.02 | 0.09 | 0.10 |

*Basis of calculation: average number of ordinary shares outstanding at June 30, 2018: 109,333,655.

## Statement of comprehensive income for the period from January 1 to June 30, 2018

| All figures in €'000 | 2nd quarter 2018 | 2nd quarter 2017 | 1st half year 2018 | 1st half year 2017 |
|---|---|---|---|---|
| **Net profit** | **480** | **1,974** | **9,795** | **10,539** |
| Gains/losses due to the revaluation of defined benefit obligations | 423 | 1,707 | 423 | 2,594 |
| Deferred taxes on non-reclassifiable gains/losses | –125 | –501 | –75 | –761 |
| **Non reclassifiable gains/losses** | **298** | **1.206** | **348** | **1.832** |
| Gains/losses from changes in the fair value of available-for-sale securities | – | 180 | – | 833 |
| Deferred taxes on reclassifiable gains/losses | – | –45 | – | –177 |
| **Reclassifiable gains/losses** | **–** | **135** | **–** | **656** |
| **Other comprehensive income** | **298** | **1,342** | **348** | **2,488** |
| **Total comprehensive income** | **778** | **3,315** | **10,142** | **13,027** |
| Of which attributable to | | | | |
| owners of the parent company | 778 | 3,315 | 10,142 | 13,027 |

# Statement of financial position

## Assets as of June 30, 2018

| All figures in €'000 | Notes | June 30, 2018 | Dec 31, 2017 |
|---|---|---|---|
| Intangible assets | | 158,672 | 161,838 |
| Property, plant and equipment | | 63,322 | 61,861 |
| Investments accounted for using the equity method | | 2,727 | 4,132 |
| Deferred tax assets | | 5,468 | 8,035 |
| Receivables from clients in the banking business | | 722,437 | 701,975 |
| Receivables from banks in the banking business | | 676,619 | 634,150 |
| Financial assets | (12) | 149,943 | 158,457 |
| Tax refund claims | | 11,526 | 12,346 |
| Other receivables and assets | (13) | 137,796 | 125,741 |
| Cash and cash equivalents | | 331,571 | 301,013 |
| **Total** | | **2,260,081** | **2,169,547** |

## Liabilities and shareholders' equity as of June 30, 2018

| All figures in €'000 | Notes | June 30, 2018 | Dec 31, 2017 |
|---|---|---|---|
| Shareholders' equity | (14) | 399,978 | 404,935 |
| Provisions | | 79,506 | 88,737 |
| Deferred tax liabilities | | 10,183 | 9,531 |
| Liabilities due to clients in the banking business | | 1,554,802 | 1,439,805 |
| Liabilities due to banks in the banking business | | 73,400 | 61,383 |
| Tax liabilities | | 3,752 | 10,243 |
| Other liabilities | (13) | 138,461 | 154,913 |
| **Total** | | **2,260,081** | **2,169,547** |

# Condensed statement of cash flow

### Condensed statement of cash flow for the period from January 1 to June 30, 2018

| All figures in €'000 | 1st half year 2018 | 1st half year 2017 |
|---|---|---|
| Cashflow from operating activities | 50,495 | 7,391 |
| Cashflow from investing activities | 1,929 | –33,845 |
| Cashflow from financing activities | –21,866 | – |
| **Change in cash and cash equivalents** | **30,558** | **–26,454** |
| **Cash and cash equivalents at the end of the period** | **331,571** | **158,375** |

### Condensed statement of cash flow for the period from April 1 to June 30, 2018

| All figures in €'000 | 2nd quarter 2018 | 2nd quarter 2017 |
|---|---|---|
| Cashflow from operating activities | –16,244 | –18,717 |
| Cashflow from investing activities | 4,567 | –8,990 |
| Cashflow from financing activities | –21,866 | – |
| **Change in cash and cash equivalents** | **–33,544** | **–27,707** |
| **Cash and cash equivalents at the end of the period** | **331,571** | **158,375** |

Further details on the statement of cash flow appear in Note 15.

# Statement of changes in equity

## Statement of changes in equity for the period from January 1 to June 30, 2018

| | Equity attributable to MLP SE shareholders | | | | | |
|---|---|---|---|---|---|---|
| **All figures in €'000** | **Share capital** | **Capital reserves** | **Gains/losses from changes in the fair value of available-for-sale securities[1]** | **Revaluation gains/losses related to defined benefit obligations after taxes** | **Retained earnings** | **Total shareholders equity** |
| **As of January 1,2017** | **109,335** | **146,727** | **1,252** | **–12,752** | **139,024** | **383,585** |
| Dividend | – | – | – | – | –8,747 | –8,747 |
| **Transactions with owners** | **–** | **–** | **–** | **–** | **–8,747** | **–8,747** |
| Net profit | – | – | – | – | 10,539 | 10,539 |
| Other comprehensive income after taxes | – | – | 656 | 1,832 | – | 2,488 |
| **Total comprehensive income** | **–** | **–** | **656** | **1,832** | **10,539** | **13,027** |
| **As of June 30, 2017** | **109,335** | **146,727** | **1,908** | **–10,920** | **140,816** | **387,865** |
| **As of January 1, 2018** | **109,335** | **148,754** | **959** | **–12,184** | **158,072** | **404,935** |
| Effects from first-time adoption of IFRS 9 and IFRS 15 | – | – | –959 | – | 8,807 | 7,848 |
| **As of January 1, 2018** | **109,335** | **148,754** | **–** | **–12,184** | **166,880** | **412,783** |
| Acquisition of treasury stock | –4 | – | – | – | –18 | –23 |
| Share-based payment | – | –1,059 | – | – | – | –1,059 |
| Dividend | – | – | – | – | –21,866 | –21,866 |
| **Transactions with owners** | **–4** | **–1,059** | **–** | **–** | **–21,885** | **–22,948** |
| Net profit | – | – | – | – | 9,795 | 9,795 |
| Other comprehensive income | – | – | – | 348 | – | 348 |
| **Total comprehensive income** | **–** | **–** | **–** | **348** | **9,795** | **10,142** |
| **As of June 30, 2018** | **109,331** | **147,695** | **–** | **–11,837** | **154,790** | **399,978** |

*Reclassifiable gains/losses.

# Notes to the interim financial statement of the MLP Group

## 1 Information about the company

The consolidated financial statements were prepared by MLP SE, Wiesloch, Germany, the ultimate parent company of the MLP Group. MLP SE is listed in the Mannheim Commercial Register under the number HRB 728672 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, loans and mortgages, wealth management and banking services.

## 2 Principles governing the preparation of the financial statements

The interim financial report has been prepared in line with the regulations set out in IAS 34 (Interim financial reporting). It is based on the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as applicable within the European Union (EU). In accordance with the provisions of IAS 34, the scope of the report has been reduced compared to the consolidated financial statements as of December 31, 2017.

Except for the changes presented in Note 3, the condensed consolidated interim financial statements are based on the accounting and valuation methods as well as the consolidation principles that were applied to the Group financial statements for the financial year 2017. These are presented in the Group notes of the Annual Report 2017 that can be downloaded from the company‘s website (www.mlp-se.com).

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

### 3 Adjustments to the accounting policies

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

In the financial year 2018, the following new or amended accounting principles from the IFRS standards are to be used for MLP for the first time:

– IFRS 9 Financial instruments
– IFRS 15 Revenue from Contracts with Customers and associated clarifications
– Amendments to IFRS 2 Classification and measurement of share-based payment transactions
– Revisions to the IFRS 2014–2016
– Amendments to IAS 40
– IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRS 9 was adopted for the first time without adjustment of comparative figures. IFRS 15 was therefore applied for the first time in line with the modified retrospective method. The reclassifications and adjustments resulting from the new regulations will therefore be recorded in the opening balance sheet as of January 1, 2018.

The following tables show the adjustments that have been recorded for every single item.

## Effects on the consolidated balance sheet

### Assets

| All figures in €'000 | Dec 31, 2017 | Disclosure Adjustments* | IFRS 9 effects | IFRS 15 effects | Jan 1, 2018 |
|---|---|---|---|---|---|
| Intangible assets | 161,838 | – | – | – | 161,838 |
| Property, plant and equipment | 61,861 | – | – | – | 61,861 |
| Investments accounted for using the equity method | 4,132 | – | – | – | 4,132 |
| Deferred tax assets | 8,035 | – | 1,278 | –3,079 | 6,234 |
| Receivables from clients in the banking business | 701,975 | 3,031 | –2,513 | – | 702,493 |
| Receivables from banks in the banking business | 634,150 | – | –212 | – | 633,938 |
| Financial assets | 158,457 | – | –276 | – | 158,181 |
| Tax refund claims | 12,346 | – | – | – | 12,346 |
| Other receivables and assets | 125,741 | –3,031 | –1,121 | 36,392 | 157,981 |
| Cash and cash equivalents | 301,013 | – | –5 | – | 301,008 |
| **Total** | **2,169,547** | **0** | **–2,849** | **33,313** | **2,200,011** |

*Recognition of the receivables due from / liabilities due to office managers changed as a result of the revised structure associated with IFRS 9 / IFRS 15.

### Liabilities and shareholders' equity

| All figures in €'000 | Dec 31, 2017 | Disclosure Adjustments* | IFRS 9 effects | IFRS 15 effects | Jan 1, 2018 |
|---|---|---|---|---|---|
| Total shareholders' equity | 404,935 | – | –4,004 | 11,852 | 412,783 |
| Provisions | 88,737 | – | 1,263 | – | 90,000 |
| Deferred tax liabilities | 9,531 | – | –107 | 1,800 | 11,224 |
| Liabilities due to clients in the banking business | 1,439,805 | 8,101 | – | – | 1,447,906 |
| Liabilities due to banks in the banking business | 61,383 | – | – | – | 61,383 |
| Tax liabilities | 10,243 | – | – | – | 10,243 |
| Other liabilities | 154,913 | –8,101 | – | 19,661 | 166,473 |
| **Total** | **2,169,547** | **0** | **–2,849** | **33,313** | **2,200,011** |

*Recognition of the receivables due from / liabilities due to office managers changed as a result of the revised structure associated with IFRS 9 / IFRS 15.

**The overall effect on the Group‘s retained earnings as of January 1, 2018 is as follows:**

| All figures in €‘000 | |
|---|---|
| Retained earnings as of Dec 31, 2017 | 158,072 |
| IFRS 9 | |
| Reclassification of financial assets from “available for sale” to „FVPL“ | 959 |
| Reclassification of financial assets from “available for sale” to “AC” | –237 |
| Recognition of higher impairments on receivables from clients in the banking business | –2,513 |
| Recognition of higher impairments on receivables from banks in the banking business | –212 |
| Recognition of higher impairments on financial investments measured at amortised cost | –39 |
| Recognition of higher impairments on receivables and assets | –1,121 |
| Recognition of higher impairments on cash and cash equivalents | –5 |
| Recognition of higher provisions for sureties warranties and undrawn credit lines | –1,263 |
| Recognition of higher deferred tax assets with regard to impairment provisions | 1,385 |
| IFRS 15 | |
| Initial adoption effect due to capitalisation of contractual assets minus redemption of accrued commission formed under IAS 18 | 36,392 |
| Initial adoption effect due to recognition of contractual liabilities | –19,661 |
| Reduction in deferred tax assets due to initial adoption effects of IFRS 15 | –4,879 |
| Retained earnings as of Jan 1, 2018 | **166,880** |

The adjustments are explained individually per standard further below.

**IFRS 9**

Under IFRS 9, financial assets are classified in three categories in accordance with a uniform model:

**(1)** financial assets measured at amortised cost (AC),
**(2)** financial assets measured at fair value through other comprehensive income(FVOCI) and
(3) financial assets measured at fair value through profit or loss (FVPL).

Financial assets whose cash flows exclusively comprise interest and principal payments are classified on the basis of the business model. MLP is currently only making purchases with the hold-to-collect business model, whereby the asset is held in order to collect contractual cash flows. MLP currently does not operate any hold-to-collect and sell business model, so there are no assets resulting from the business model which are (2) measured at fair value through other comprehensive income or (3) measured at fair value through profit and loss.

Financial assets whose cash flows do not exclusively comprise interest and principal payments, such as shares in investment funds and derivatives, are measured at fair value through profit and loss (FVPL). At MLP, the shares and investment funds, as well as one debenture do not meet the cash flow criterion and are measured at fair value through profit and loss. You can find further information on this in table on page 38. For equity instruments, IFRS 9 provides an option for measurement at fair value through other comprehensive income (FVOCI). MLP applies this option for measurement at fair value through other comprehensive income on a case-by-case basis. The option is not currently being exercised for any assets.

The **impairment model** under IFRS 9 incorporates expectations regarding the future and is based on the anticipated credit losses, while under IAS 39 only losses that have actually occurred are recorded as impairment on financial assets. The impairment model under IFRS 9 provides three levels and can be applied to all financial assets (debt instruments) that are measured either at amortised costs or at fair value through other comprehensive income.

Level 1: Contains all contracts that have not experienced a significant rise in credit risk since receipt. The impairment is determined on the basis of the anticipated credit loss within the next twelve months.

Level 2: Contains financial assets that have experienced a significant rise in credit risk, but whose creditworthiness has not yet been compromised. The impairment is determined on the basis of the anticipated credit loss throughout the entire time remaining to maturity. MLP considers the following conditions/characteristics to represent a significant rise in credit risk:

- More than 30 days in arrears
- Deterioration of the ratings by at least 2 grades grades in comparison with the forward rating and no longer classed as „Investment Grade“
- Intensive support

Level 3: Contains financial assets that display objective indications of an impairment or have default status. The anticipated credit losses are recorded as impairments throughout the entire term of the financial assets. Objective indications that a financial asset is impaired include arrears of more than 90 days, as well as further qualitative information that indicates significant financial difficulties on the part of the debtor.

MLP makes use of the simplification measure for other receivables and assets (Loss rate method). Based on this, these receivables are already assigned to Level 2 during initial recognition and no estimate is performed regarding a significant increase of the credit risk. If the assets display any objective indications of impairment, they are transferred to Level 3.

MLP applies various models for measurement of the anticipated credit losses, depending on the asset in question and the availability of data:

• Determination using the credit risk parameter method:

The Expected Credit Loss (ECL) is determined through multiplicative linking of the Exposure at Default (EaD), Probability of Default (PD) and Loss Given Default (LGD) credit risk parameters. The parameters are determined in such a way that they reflect relevant events in the past, the current situation, as well as information regarding the future. In principle this can be performed using an economic model that contains all of the information gathered or by adjusting existing parameters so that the current economic environment and forecasts with regard to its future development are taken into account. This information encompasses macroeconomic factors (such as GDP growth, unemployment rate) and forecasts regarding future economic framework conditions.

To secure approximate consistency between the risk measurement and the recording of credit losses in the balance sheet, the PD models currently used are applied and suitably extended. In the first step, multi-year PDs (through-the-cycle PDs) are derived from the existing supervisory models. These are then amended using a shift factor method. With the shift factor method, the through-the-cycle PDs (multi-year PDs) derived from rating data are transformed into point-in-time PDs through a multiplicative factor, the shift factor.

• Loss rate method:

Under certain conditions, IFRS 9 allows use of a loss rate method that is based on the default rates for determining anticipated losses. Here, historical credit default rates are determined for defined portfolios with the same risk characteristics.

The anticipated losses are estimated on the basis of historical losses. In contrast to the first process described, there is no explicit subdivision into the components of the probability of default (PD) and loss given default (LGD).

• Expert-based ECL determination:

Expert-based ECL determination is performed individually using a scenario analysis, to which the expert adds the circumstances of the respective individual case. Both general values based on past experience and the specific characteristics are therefore continually considered in the calculation.

A financial instrument is derecognised if an appropriate estimate indicates that a financial asset can be fully or partially realised, for example following completion of the insolvency proceedings or following judicial decisions. MLP is currently only making minor non-significant modifications on a small scale. In these cases, the contractual revisions will not lead to derecognition of the asset. The difference determined between the gross carrying amount of the original contract and present value of the modified contract is recognised in the income statement.

The initial adoption of IFRS 9 at MLP led to an initial adoption effect in the equity after deferred taxes of € 4,004 thsd. The following section presents a reconciliation of the values reported pursuant to IAS 39 with the values to be applied pursuant to IFRS 9.

| | | Dec 31,2017 IAS 39 | | | Jan 1, 2018 IFRS 9 | | |
|---|---|---|---|---|---|---|---|
| All figures in €'000 | Reference | Category | Carrying amount | no financial instruments according to IAS32/39 | Category | Carrying amount | no financial instruments according to IAS 32/ IFRS 9 |
| Receivables from banking business – clients | A | L+R | 701,975 | – | AC | 699,462 | – |
| Receivables from banking business – banks | A | L+R | 634,150 | – | AC | 633,938 | – |
| Financial assets (bonds) | B | FVPL | 4,978 | – | FVPL | 4,978 | – |
| Financial assets (share certificates and investment fund shares) | C | AfS | 4,047 | – | FVPL | 4,047 | – |
| | | | | | EK (FVPL) | 589 | |
| | | | | | FK (FVPL) | 3,458 | |
| Financial assets (bonds) | D | AfS | 19,399 | – | AC | 19,157 | – |
| Financial assets (investments) | E | AfS | 6,624 | – | FVPL | 1,078 | 5,546 |
| Financial assets (fixed and time deposits) | A | L+R | 55,087 | – | AC | 55,072 | |
| Financial assets (loans) | A | L+R | 10,000 | – | AC | 9,998 | – |
| Financial assets (bonds) | F | HtM | 58,322 | – | AC | 58,306 | – |
| Other receivables and assets | A | L+R | 99,822 | 25,920 | AC | 97,665 | 26,955 |
| Cash and cash equivalents | A | L+R | 301,013 | – | AC | 301,008 | – |
| Liabilities due to banking business – clients | G | AC | 1,439,805 | – | AC | 1,439,805 | – |
| Liabilities due to banking business – banks | G | AC | 61,383 | – | AC | 61,383 | – |
| Other liabilities | G | AC | 118,018 | 36,895 | AC | 116,522 | 38,391 |
| Sureties and warranties | H | AC | 3,848 | – | AC | 3,746 | – |
| Undrawn credit lines | H | AC | 829,764 | – | AC | 828,603 | – |

**Note on the reclassifications:**
A) The receivables and liabilities recognised at amortised cost under IAS 39 meet the cash flow criterion under IFRS 9 and can continue to be recognised at amortised cost.
The reductions to the carrying amounts result from the newly calculated loan loss provision. The effects are presented in the following table.
B) The debenture does not meet the cash flow criterion and continues to be recognised in the balance sheet at fair value through profit and loss under IFRS 9.
C) The shares and investments in the portfolio as of January 1, 2018 are equity instruments and do not meet the cash flow criterion. Pursuant to IFRS 9, the papers are to be recognised in the balance sheet at fair value through profit or loss. No use was made of the OCI option. The investment funds are debt instruments that also do not meet the cash flow criterion, which is why they are recognised in the balance sheet at fair value through profit or loss.

D) The papers meet the cash flow criterion and are therefore to be measured at AC. The Fair Value as of December 31, 2017 was € 19,399 thsd. The amortised costs as of January 1, 2018 are € 19,157 thsd. The first-time adoption effect from reclassification of € 236 thsd and from building loan loss provisions of € 6 thsd was recognised in the retained earnings.
E) For reasons of materiality, non-consolidated investments were already measured at amortised costs under IAS 39. On January 1, 2018, the simplifications pursuant to IFRS 9.B5.2.3 were applied and the measurement performed at amortised cost.
F) As of January 1, 2018, the HTM portfolio contained only debentures that met the cash flow criterion, meaning that all HTM papers in the portfolio can be classified as AC.
G) The liabilities recognised at amortised cost under IAS 39 meet the cash flow criterion under IFRS 9 and can continue to be recognised at amortised cost.
H) The reductions to the carrying amounts result from the extended application scope of loan loss provisions pursuant to IFRS 9. With initial adoption of IFRS 9, an impairment of € 1,263 thsd was formed for the sureties and warranties and credit commitments.

The following section presents the amendments to the first-time adoption for allowances and provisions for losses:

| | | IAS 39 | | | IFRS 9 | | |
|---|---|---|---|---|---|---|---|
| All figures in €'000 | Reference | Category | Impaiment Dec 31, 2017 | Disclosure Adjustments* | Kategorie | Impaiment Jan 31, 2017 | Difference in retained earnings |
| Receivables from banking business – clients | A | L+R | –7,360 | –1,450 | AC | –11,323 | 2,513 |
| Receivables from banking business – banks | B | L+R | – | | AC | –212 | 212 |
| Financial assets (fixed and time deposits) | C | L+R | – | | AC | –15 | 15 |
| Financial assets (loans) | C | L+R | – | | AC | –2 | 2 |
| Financial assets (bonds) | C | HtM | – | | AC | –16 | 16 |
| Financial assets (bonds) | C | AfS | | | AC | –6 | 6 |
| Other receivables and assets | D | L+R | –5,432 | 1,450 | AC | –5,106 | 1,121 |
| Cash and cash equivalents | C | L+R | – | | AC | –5 | 5 |
| Sureties and warranties | E | AC | – | | AC | –102 | 102 |
| Undrawn credit lines | E | AC | – | | AC | –1,161 | 1,161 |

A) The increase in impairment primarily results from extending the application scope and adopting the credit risk parameter method described above of € 2,513 thsd.
B) Pursuant to IAS 39, no impairments were formed for the receivables from banking business. As a result of extending the application scope due to IFRS 9, an impairment of € 212 thsd was formed for the initial adoption. These receivables are also based on the credit risk parameter method described above.
C) The first-time adoption of IFRS 9 leads to formation of an impairment of € 44 thsd for cash and cash equivalents, time deposits, loans and bonds measured at amortised costs.
D) The increase in impairment primarily results from extension of the application scope and consequently from the switchover to the loss-rate method described above of € 1,121 thsd.
E) The off-balance-sheet items are also impaired using the credit risk parameter method. Pursuant to IAS 39, no impairment was formed for sureties and warranties or open credit commitments. The impairment of € 1,263 thsd from the initial adoption effect is recognised in the provisions.

**IFRS 15**

Accounting principles:

IFRS 15 is to be applied for recording revenue from customer contracts from January 1, 2018. Here, the application scope of IFRS 15 includes **mutual contracts** in which the other contracting party qualifies as a client, i.e. concludes a contract with MLP regarding receipt of services from ordinary business activities in return for payment. The **identification of a client** with regard to MLP‘s transactions can be performed regularly and easily.

Since there is no requirement for a mutual client contract, IFRS 15 is not applied to **dividend earnings** (IFRS 15.BC28). Revenue generated from these transactions is to be recorded in accordance with the applicable standard. The provisions previously anchored in IAS 18 for recording dividend earnings were adopted in IFRS 9. **Interest income**, too, does not fall within the scope of IFRS 15. In line with the provisions of IFRS 9, this is now also recorded using the effective interest method.

IFRS 15 standardises the following cumulative **requirements of contracts** with clients:

- The contracting parties have approved the contract and are obligated to fulfil their mutual services.
- The rights of each party and the payment conditions with regard to the goods to be delivered /services to be provided can all be identified.
- The contract has commercial substance (in the sense of anticipated effects on the company‘s future cash flows).
- The company is likely to receive the payment.

Pursuant to IFRS 15, recognition of sales revenue is tied to fulfilment of independent benefit obligations, according to which the services are transferred to the client if the client gains control of the respective assets ("notional" assets in the case of services). Accordingly, MLP only recognises revenue when the client gains the "authority of disposal".

In the area of **old-age provision**, only commission income from the brokering of life insurance products is realised. In the areas of **non-life and health insurance**, commission income is generated 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.

Commission income from the brokering of loans (credit brokering commission) is attributed to the revenue from the **loans and mortgages** business. MLP realises brokerage commissions for loan brokerage after concluding the respective loan agreement. The same applies to r**eal estate brokerage**: Here, revenue is realised when signing the notarised purchase contract. **Other commission and fees** are generated at the level to which consulting services are performed. They are paid in particular for consulting services to companies on setting up occupational pension provision schemes, for consulting services in connection with medical practice financing and business start-ups.

Revenue is generally received after service provision. Typical revenue that is received over a time period includes trailer fees and fund management charges.

Due to the obligation to refund portions of the commission received if brokered insurance policies are terminated prematurely, the amount of commission to which brokers are entitled is tied to uncertainties. Pursuant to IFRS 15 there is a **variable transaction price**. MLP estimates the anticipated payment and only realises revenue when any significant cancellation of recorded revenues is highly unlikely. This estimate applies both to capitalised contractual assets from current acquisition commissions and to expensed cancellation provisions. The change in cancellation provisions is recorded accordingly under revenue.

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 Banking 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.

In the context of initial adoption of IFRS 15, contractual assets of € 41,513 thsd were to be recorded as of January 1, 2018. , which are disclosed under „Other receivables and assets“. However, redemption of accrued commission formed under IAS 18 must be taken into account in this item. The retained earnings increased accordingly. The contractual assets are based on trail commissions for unit-linked life insurance policies.

In the first half of the year, additional revenue to be realised due to IFRS 15 amounted to € 2,030 thsd. The correspondent expenses in the item „commission expenses“ amounted to € 1,136 thsd.

There are no significant effects on the consolidated financial statements of MLP result from the other new or revised standards.

## 4 Seasonal influences and business operations

Due to the seasonal development of its business, the Group generally expects earnings to be higher in the second half-year than in the first half-year.

## 5 Reportable business segments

There were no significant changes in comparison with December 31, 2017. The previous year's segment figures were not adjusted to the new structure with the Financial Consulting and Banking segments.

### Information regarding reportable business segments (quarterly comparison)

| | Financial consulting | | Banking | |
|---|---|---|---|---|
| All figures in €'000 | 2nd quarter 2018 | 2nd quarter 2017 | 2nd quarter 2018 | 2nd quarter 2017 |
| Revenue | 70,278 | – | 18,740 | – |
| of which total inter-segment revenue | 1,198 | – | 800 | – |
| Other revenue | 3,962 | – | 1,204 | – |
| of which total inter-segment revenue | 3,200 | – | 742 | – |
| **Total revenue** | **74,240** | **–** | **19,945** | **–** |
| Commission expenses | –34,850 | – | –7,712 | – |
| Interest expenses | – | – | –292 | – |
| Loan loss provisions / valuation result | –128 | – | –416 | – |
| Personnel expenses | –16,442 | – | –2,669 | – |
| Depreciation and impairment | –2,866 | – | –23 | – |
| Other operating expenses | –25,798 | – | –8,847 | – |
| Earnings from investments accounted for using the equity method | 755 | – | – | – |
| **Segment earnings before interest and tax (EBIT)** | **–5,089** | **–** | **–15** | **–** |
| Other interest and similar income | 3 | – | 29 | – |
| Other interest and similar expenses | 84 | – | –10 | – |
| Valuation result not relating to operating activities | 4 | – | – | – |
| **Finance cost** | **90** | **–** | **19** | **–** |
| **Earnings before tax (EBT)** | **-5,000** | **–** | **4** | **–** |
| Income taxes | – | – | – | – |
| **Net profit** | **–** | **–** | **–** | **–** |

### Information regarding reportable business segments (half-yearly comparison)

| | Financial consulting | | Banking | |
|---|---|---|---|---|
| All figures in €'000 | 1st half year 2018 | 1st Half - year 2017 | 1st half year 2018 | 1st half year 2017 |
| Revenue | 151,006 | – | 36,807 | – |
| of which total inter-segment revenue | 4,511 | – | 1,551 | – |
| Other revenue | 9,636 | – | 2,000 | – |
| of which total inter-segment revenue | 6,589 | – | 1,478 | – |
| **Total revenue** | **160,642** | **–** | **38,807** | **–** |
| Commission expenses | –74,932 | – | –15,106 | – |
| Interest expenses | – | – | –453 | – |
| Loan loss provisions / valuation result | –307 | – | 361 | – |
| Personnel expenses | –33,054 | – | –5,252 | – |
| Depreciation and impairment | –5,632 | – | –46 | – |
| Other operating expenses | –49,945 | – | –17,497 | – |
| Earnings from investments accounted for using the equity method | 1,088 | – | – | – |
| **Segment earnings before interest and tax (EBIT)** | **–2,139** | **–** | **813** | **–** |
| Other interest and similar income | 58 | – | 27 | – |
| Other interest and similar expenses | –282 | – | –20 | – |
| Valuation result not relating to operating activities | 1 | – | – | – |
| **Finance cost** | **–222** | **–** | **7** | **–** |
| **Earnings before tax (EBT)** | **–2,361** | **–** | **820** | **–** |
| Income taxes | – | – | – | – |
| **Net profit** | **–** | **–** | **–** | **–** |

However, to make the figures comparable, the values of the current financial year have also been disclosed in accordance with the previous year's segment structure in the following tables.

| | FERI | | DOMCURA | | Holding | | Consolidation | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2nd quarter 2018 | 2nd quarter 2017 | 2nd quarter 2018 | 2nd quarter 2017 | 2nd.quarter 2018 | 2nd quarter 2017 | 2nd quarter 2018 | 2nd quarter 2017 | 2nd quarter 2018 | 2nd quarter 2017 |
| | 36,520 | – | 15,717 | – | – | – | –1,997 | – | 139,259 | – |
| | – | – | – | – | – | – | –1,997 | – | – | – |
| | 1,002 | – | 981 | – | 2,371 | – | –6,113 | – | 3,407 | – |
| | – | – | – | – | 2,171 | – | –6,113 | – | – | – |
| | **37,522** | **–** | **16,698** | **–** | **2,371** | **–** | **–8,110** | **–** | **142,666** | **–** |
| | –21,562 | – | –11,171 | – | – | – | 1,944 | – | –73,352 | – |
| | – | – | – | – | – | – | – | – | –292 | – |
| | -27 | – | 98 | – | – | – | – | – | –474 | – |
| | –7,893 | – | –3,494 | – | –697 | – | – | – | –31,195 | – |
| | –301 | – | –341 | – | –394 | – | – | – | –3,926 | – |
| | –2,479 | – | –1,806 | – | –2,330 | – | 6,123 | – | –35,137 | – |
| | – | – | – | – | – | – | – | – | 755 | – |
| | **5,258** | **–** | **–15** | **–** | **–1,051** | **–** | **–43** | **–** | **–955** | **–** |
| | –3 | – | 0 | – | –6 | – | 0 | – | 23 | – |
| | –40 | – | –6 | – | –84 | – | 31 | – | –25 | – |
| | 0 | – | 0 | – | 6 | – | – | – | 9 | – |
| | **–43** | **–** | **–5** | **–** | **–84** | **–** | **31** | **–** | **7** | **–** |
| | **5,215** | **–** | **–21** | **–** | **–1,135** | **–** | **–12** | **–** | **–948** | **–** |
| | – | – | – | – | – | – | – | – | 1,428 | – |
| | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **480** | **–** |

| | FERI | | DOMCURA | | Holding | | Consolidation | | Summe | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1st half year 2018 | 1st half year 2017 | 1st half year 2018 | 1st half year 2017 | 1st half year 2018 | 1st half year 2017 | 1st half year 2018 | 1st half year 2017 | 1st half year 2018 | 1st half year 2017 |
| | 70,599 | – | 51,650 | – | – | – | –6,062 | – | 304,000 | – |
| | – | – | – | – | – | – | –6,062 | – | – | – |
| | 1,639 | – | 1,138 | – | 4,601 | – | –12,408 | – | 6,607 | – |
| | – | – | – | – | 4,342 | – | –12,408 | – | – | – |
| | **72,238** | **–** | **52,788** | **–** | **4,601** | **–** | **–18,470** | **–** | **310,607** | **–** |
| | –42,583 | – | –34,372 | – | – | – | 6,010 | – | –160,982 | – |
| | – | – | – | – | – | – | – | – | –453 | – |
| | 11 | – | –30 | – | – | – | – | – | 35 | – |
| | –15,177 | – | –7,386 | – | –1,682 | – | – | – | –62,551 | – |
| | –593 | – | –650 | – | –790 | – | – | – | –7,712 | – |
| | –4,943 | – | –3,491 | – | –4,476 | – | 12,399 | – | –67,953 | – |
| | – | – | – | – | – | – | – | – | 1,088 | – |
| | **8,953** | **–** | **6,859** | **–** | **–2,347** | **–** | **–61** | **–** | **12,079** | **–** |
| | 5 | – | 6 | – | –3 | – | –16 | – | 77 | – |
| | –47 | – | –7 | – | –182 | – | 54 | – | –483 | – |
| | 0 | – | 0 | – | 2 | – | – | – | 3 | – |
| | **–43** | **–** | **–1** | **–** | **–183** | **–** | **38** | **–** | **–403** | **–** |
| | **8,910** | **–** | **6,858** | **–** | **–2,529** | **–** | **–23** | **–** | **11,676** | **–** |
| | – | – | – | – | – | – | – | – | –1,881 | – |
| | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **9,795** | **–** |

### Information regarding reportable business segments (quarterly comparison)

| All figures in €'000 | Financial services<br>2nd quarter 2018 | Financial services<br>2nd quarter 2017 |
|---|---|---|
| Revenue | 88,368 | 85,896 |
| of which total inter-segment revenue | 1,347 | 1,090 |
| Other revenue | 1,685 | 1,928 |
| of which total inter-segment revenue | 461 | 492 |
| **Total revenue** | **90,053** | **87,823** |
| Commission expenses | –41,903 | –38,691 |
| Interest expenses | –292 | –799 |
| Loan loss provisions / valuation result | –544 | 183 |
| Personnel expenses | –19,111 | –18,872 |
| Depreciation and impairment | –2,890 | –2,796 |
| Other operating expenses | –31,174 | –29,814 |
| Earnings from investments accounted for using the equity method | 755 | 653 |
| **Segment earnings before interest and tax (EBIT)** | **–5,105** | **–2,313** |
| Other interest and similar income | 31 | 6 |
| Other interest and similar expenses | 74 | –91 |
| Valuation result not relating to operating activities | 4 | – |
| **Finance cost** | **109** | **–84** |
| **Earnings before tax (EBT)** | **–4,996** | **–2,397** |
| Income taxes | – | – |
| **Net profit** | **–** | **–** |

### Information regarding reportable business segments (half-yearly comparison)

| All figures in €'000 | Financial services<br>1st half year 2018 | Financial services<br>1st half year 2017 |
|---|---|---|
| Revenue | 186,274 | 180,103 |
| of which total inter-segment revenue | 4,523 | 2,476 |
| Other revenue | 4,510 | 4,910 |
| of which total inter-segment revenue | 940 | 964 |
| **Total revenue** | **190,784** | **185,013** |
| Commission expenses | –88,506 | –81,612 |
| Interest expenses | –453 | –1,339 |
| Loan loss provisions / valuation result | 54 | –434 |
| Personnel expenses | –38,306 | –37,235 |
| Depreciation and impairment | –5,678 | –5,539 |
| Other operating expenses | –60,316 | –59,155 |
| Earnings from investments accounted for using the equity method | 1,088 | 1,130 |
| **Segment earnings before interest and tax (EBIT)** | **–1,333** | **828** |
| Other interest and similar income | 85 | 72 |
| Other interest and similar expenses | –301 | –493 |
| Valuation result not relating to operating activities | 1 | – |
| **Finance cost** | **–215** | **–421** |
| **Earnings before tax (EBT)** | **–1,548** | **408** |
| Income taxes | – | – |
| **Net profit** | **–** | **–** |

| FERI | | DOMCURA | | Holding | | Consolidation | | Total | |
|---|---|---|---|---|---|---|---|---|---|
| 2nd quarter 2018 | 2nd quarter 2017 | 2nd quarter 2018 | 2nd quarter 2017 | 2nd quarter 2018 | 2nd quarter 2017 | 2nd quarter 2018 | 2nd quarter 2017 | 2nd quarter 2018 | 2nd quarter 2017 |
| 36,520 | 33,911 | 15,717 | 13,934 | – | – | –1,347 | –1,090 | 139,259 | 132,651 |
| – | – | – | – | – | – | –1,347 | –1,090 | – | – |
| 1,002 | 996 | 981 | 2,384 | 2,371 | 2,476 | –2,632 | –2,833 | 3,407 | 4,950 |
| – | – | – | 15 | 2,171 | 2,326 | –2,632 | –2,833 | – | – |
| **37,522** | **34,906** | **16,698** | **16,319** | **2,371** | **2,476** | **–3,979** | **–3,923** | **142,666** | **137,600** |
| –21,562 | –20,366 | –11,171 | –9,675 | – | – | 1,285 | 1,078 | –73,352 | –67,654 |
| – | – | – | – | – | – | – | – | –292 | –799 |
| -27 | – | 98 | 86 | 0 | – | – | – | –474 | 269 |
| –7,893 | –7,337 | –3,494 | –3,390 | –697 | –755 | – | – | –31,195 | –30,354 |
| –301 | –296 | –341 | –309 | –394 | –398 | – | – | –3,926 | –3,799 |
| –2,479 | –2,608 | –1,806 | –1,600 | –2,330 | –2,696 | 2,652 | 2,862 | –35,137 | –33,857 |
| – | – | – | – | – | – | – | – | 755 | 653 |
| **5,258** | **4,300** | **–15** | **1,431** | **–1,051** | **–1,374** | **–42** | **17** | **–955** | **2,060** |
| –3 | 1 | 0 | 14 | –6 | 55 | – | –8 | 23 | 69 |
| –40 | –37 | –6 | –19 | –84 | –94 | 31 | 38 | –25 | –203 |
| 0 | – | 0 | – | 6 | – | – | – | 9 | – |
| **–43** | **–36** | **–5** | **–5** | **–84** | **–38** | **31** | **30** | **7** | **–134** |
| **5,215** | **4,264** | **–21** | **1,426** | **–1,135** | **–1,413** | **–11** | **47** | **–948** | **1,926** |
| – | – | – | – | – | – | – | – | 1,428 | 47 |
| **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **480** | **1,974** |

| FERI | | DOMCURA | | Holding | | Consolidation | | Total | |
|---|---|---|---|---|---|---|---|---|---|
| 1st half year 2018 | 1st half year 2017 | 1st half year 2018 | 1st half year 2017 | 1st half year 2018 | 1st half year 2017 | 1st half year 2018 | 1st half year 2017 | 1st half year 2018 | 1st half year 2017 |
| 70,599 | 67,831 | 51,650 | 46,142 | – | – | –4,523 | –2,482 | 304,000 | 291,595 |
| – | 6 | – | – | – | – | –4,523 | –2,482 | – | – |
| 1,639 | 2,205 | 1,138 | 2,552 | 4,601 | 4,968 | –5,282 | –5,665 | 6,607 | 8,970 |
| – | 22 | – | 30 | 4,342 | 4,649 | –5,282 | –5,665 | – | – |
| **72,238** | **70,036** | **52,788** | **48,694** | **4,601** | **4,968** | **–9,805** | **–8,146** | **310,607** | **300,565** |
| –42,583 | –40,461 | –34,372 | –30,214 | – | – | 4,478 | 2,442 | –160,982 | –149,846 |
| – | – | – | – | – | – | – | – | –453 | –1,339 |
| 11 | – | –30 | –10 | 0 | – | – | – | 35 | –445 |
| –15,177 | –14,383 | –7,386 | –6,884 | –1,682 | –1,775 | – | – | –62,551 | –60,277 |
| –593 | –588 | –650 | –592 | –790 | –870 | – | – | –7,712 | –7,590 |
| –4,943 | –5,521 | –3,491 | –3,130 | –4,476 | –5,525 | 5,273 | 5,664 | –67,953 | –67,668 |
| – | – | – | – | – | – | – | – | 1,088 | 1,130 |
| **8,953** | **9,082** | **6,859** | **7,864** | **–2,347** | **–3,203** | **–53** | **–40** | **12,079** | **14,532** |
| 5 | 12 | 6 | 16 | –3 | 54 | –16 | –24 | 77 | 130 |
| –47 | –52 | –7 | –33 | –182 | –199 | 54 | 65 | –483 | –712 |
| 0 | – | 0 | – | 2 | – | – | – | 3 | – |
| **–43** | **–41** | **–1** | **–17** | **–183** | **–146** | **38** | **41** | **–403** | **–583** |
| **8,910** | **9,042** | **6,858** | **7,847** | **–2,529** | **–3,348** | **–15** | **1** | **11,676** | **13,949** |
| – | – | – | – | – | – | – | – | –1,881 | –3,411 |
| **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **9,795** | **10,539** |

## 6 Revenue

| All figures in €'000 | 2nd quarter 2018 | 2nd quarter 2017 | 1st half year 2018 | 1st half year 2017 |
|---|---|---|---|---|
| Wealth management | 50,030 | 46,353 | 97,523 | 92,063 |
| Non-life insurance | 21,101 | 19,420 | 77,305 | 72,267 |
| Old-age-provision | 42,455 | 41,994 | 76,170 | 77,190 |
| Health insurance | 11,512 | 10,859 | 23,194 | 22,728 |
| Real estate brokerage* | 5,170 | 3,997 | 10,057 | 7,366 |
| Loans and mortgages | 3,661 | 3,891 | 8,882 | 7,663 |
| Other commission and fees | 841 | 955 | 2,023 | 2,027 |
| **Total commission income** | **134,770** | **127,469** | **295,154** | **281,304** |
| **Interest income** | **4,488** | **5,182** | **8,846** | **10,291** |
| **Total** | **139,258** | **132,651** | **304,000** | **291,595** |

'* In the previous year, the revenue from real estate brokerage was included in the other commission and fees item.

Sales revenues are regularly realised with reference to a point in time. The old-age provision area in the Financial Consulting segment, the health insurance in the Financial Consulting and DOMCURA segments and the wealth management in the Financial Consulting and FERI segments contain period-related revenue of € 117,895 thsd.

## 7 Commission expenses

In the period from January 1 to June 30, 2018 to commission expenses rose from € 149,846 thsd to € 160,982 thsd compared to the same period of the previous year. This item comprises commission payments and other remuneration components for the self-employed MLP consultants as well as the remuneration of sales partners at the other subsidiaries. For further details, please refer to the "Results of operations" section in the Group interim management report.

## 8 Personnel expenses/Number of employees

Personnel expenses rose in the period from January 1 to June 30, 2018 compared to the same period of the previous year from € 60,277 thsd to € 62,551 thsd. For further details, please refer to the ”Employees and self-employed client consultants“ section of the Group interim management report.

As at June 30, 2018, the number of employees by operating segment are as follows:

| | June 30, 2018 | | | June 30,2017 | | |
|---|---|---|---|---|---|---|
| | | of which executive employee | of which marginal part-time employees | | of which executive employees | of which marginal part-time employees |
| Financial Services | – | – | – | 1,195 | 36 | 30 |
| Financial Consulting | 1,052 | 33 | 24 | – | – | – |
| Banking | 178 | 6 | 4 | – | – | – |
| FERI | 221 | 7 | 33 | 224 | 7 | 48 |
| DOMCURA | 258 | 9 | 14 | 244 | 8 | 8 |
| Holding | 6 | 1 | – | 6 | 1 | – |
| **Total** | **1,715** | **56** | **75** | **1,669** | **52** | **86** |

## 9 Depreciation and impairments

| All figures in €‘000 | 2nd quarter 2018 | 2nd quarter 2018 | 1st half-year 2018 | 1st half-year 2017 |
|---|---|---|---|---|
| Depreciation | 2,577 | 2,473 | 5,064 | 4,902 |
| Intangible assets | 1,349 | 1,326 | 2,648 | 2,688 |
| **Property, plant and equipment** | **3,926** | **3,799** | **7,712** | **7,590** |
| **Impairments** | – | – | – | – |
| **Total** | **3,926** | **3,799** | **7,712** | **7,590** |

## 10 Other operating expenses

| All figures in €'000 | 2nd quarter 2018 | 2nd quarter 2017 | 1st half-year 2018 | 1st half-year 2017 |
|---|---|---|---|---|
| IT operations | 12,188 | 10,893 | 23,735 | 22,118 |
| Rental and leasing | 3,319 | 3,138 | 6,528 | 6,233 |
| Administration operations | 2,830 | 2,667 | 5,399 | 5,328 |
| Consultancy | 2,568 | 2,820 | 4,973 | 5,667 |
| External services – banking business | 2,325 | 2,325 | 4,316 | 4,382 |
| Other external services | 1,871 | 1,934 | 3,860 | 3,534 |
| Representation and advertising | 1,474 | 1,431 | 2,729 | 2,851 |
| Premiums and fees | 1,085 | 1,630 | 2,611 | 2,949 |
| Travel expenses | 1,477 | 2,028 | 2,314 | 2,882 |
| Training and further education | 957 | 621 | 1,940 | 1,622 |
| Entertainment | 1,035 | 409 | 1,869 | 1,219 |
| Expenses for commercial agents | 794 | 1,193 | 1,824 | 1,858 |
| Insurance | 840 | 685 | 1,406 | 1,419 |
| Other employee-related expenses | 361 | 316 | 689 | 612 |
| Maintenance | 375 | 360 | 681 | 720 |
| Audit | 305 | 268 | 621 | 590 |
| Remuneration for members of the Supervisory Board | 247 | 198 | 501 | 393 |
| Goodwill payments | 134 | 55 | 251 | 161 |
| Sundry other operating expenses | 950 | 885 | 1,706 | 3,129 |
| **Total** | **35,137** | **33,857** | **67,953** | **67,668** |

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 advisory costs, legal advice costs as well as general and IT consulting costs. The expenses for administration operations include costs relating to building operations, office costs and communication costs. The item ”External services - banking business“ mainly contains securities settlement and transaction costs in connection with the MLP credit card. Expenses for representation and advertising include costs incurred due to media presence and client information activities. Expenses for commercial agents include costs for former consultants and the training allowance granted for new consultants. Sundry other operating expenses essentially comprise expenses for other taxes, charitable donations, passenger vehicles and literature.

### 11 Finance cost

| All figures in €'000 | 2nd quarter 2018 | 2nd quarter 2017 | 1st half-year 2018 | 1st half-year 2017 |
|---|---|---|---|---|
| **Other interest and similar income** | 23 | 69 | 77 | 130 |
| **Other interest and similar expenses** | –25 | –203 | –483 | –712 |
| **Valuation result not relating to operating activities** | 9 | – | 3 | – |
| **Finance cost** | 7 | –134 | –403 | –583 |

Other interest and similar income include negative interest on bank deposits of € -97 thsd (previous year: € -35 thsd).
Other interest and similar expenses include interest expenses from net obligations for defined benefit plans of € -212 thsd (previous year: € -214 thsd).

### 12 Financial assets

| All figures in €'000 | June 30, 2018 | Dec. 31, 2017 |
|---|---|---|
| Held-to-maturity investments | – | 58,322 |
| Available-for-sale financial assets | – | 19,399 |
| Financial assets at fair value through profit and loss | – | 4,978 |
| AC | 84,410 | – |
| FVPL | 9,940 | – |
| **Debenture and other fixed income securities** | **94,350** | **82,699** |
| Available-for-sale financial assets | – | 4,047 |
| Financial assets at fair value through profit and loss | – | – |
| FVPL | 3,574 | – |
| **Shares and other variable yield securities** | **3,574** | **4,047** |
| **Fixed and time deposits (loans and receivables)** | **35,056** | **55,087** |
| **Loans** | **9,997** | **10,000** |
| **Investments in non-consolidated subsidiaries** | **6,966** | **6,624** |
| **Total** | **149,943** | **158,457** |

### 13 Other accounts receivables and assets/other liabilities

Due to the seasonally stronger year-end business, high receivables from insurance companies as well as high liabilities due to commercial agents as at December 31, 2017 had to be disclosed, which were then balanced out in the first quarter of 2018. Through the seasonal influences a lower amount of receivables and liabilities were built up in the first half-year of 2018.

## 14 Shareholders' equity

### Share capital

The share capital of MLP SE comprises 109,330,562 (December 31, 2017: 109,334,686) no-par-value shares. The retained earnings include a statutory reserve of € 3,117 thsd (previous year: € 3,117 thsd).

### Dividend

In accordance with the resolution passed at the Annual General Meeting on June 14, 2018 a dividend of € 21,866 thsd (previous year : € 8.747 thsd) was to be paid for the financial year 2017. This corresponds to € 0.20 per share ( previous year: € 0.08 per share ).

## 15 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. 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 | June 30, 2018 | June 30, 2017 |
|---|---|---|
| Cash and cash equivalents | 331,571 | 158,375 |
| Loans ≤ 3 months | – | – |
| **Cash and cash equivalents** | **331,571** | **158,375** |

Receivables of MLP Banking AG due from banks are included in cash and cash equivalents, insofar as 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. All deposits at the Deutsche Bundesbank are disclosed under cash and cash equivalents. As a result of the spin-off of the brokerage branch of activity (now: MLP Finanzberatung SE) from MLP Finanzdienstleistungen AG, all bank deposits to be assigned to MLP Finanzberatung SE are now assigned to cash and cash equivalents instead. Prior to the spin-off, these deposits were allocated to cash flow from operating activities as non-separable own holdings.

### 16 Contingent assets and liabilities, as well as other liabilities

Compared to December 31, 2017, contingent liabilities on account of sureties and warranties (face value of the obligation) decreased from € 3,848 thsd to € 3,705 thsd and irrevocable credit commitments (contingent liabilities) increased from € 51,659 thsd to € 58,839 thsd.

Beyond this there were no significant changes compared to December 31, 2017.

### 17 Additional information on financial instruments

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:

| | | | | | | | June 30, 2018 |
|---|---|---|---|---|---|---|---|
| | Carrying amount | Fair value | | | | | No financial instruments according to IAS 32/IFRS 9 |
| All figures in €'000 | | Carrying amount corresponds to fair value | Level 1 | Level 2 | Level 3 | Total | |
| **Financial assets measured at fair value through profit or loss (FVPL)** | **13,928** | **414** | **3,574** | **9,940** | | **13,928** | |
| Financial assets (share certificates and structured bonds) | 9,940 | – | – | 9,940 | – | 9,940 | – |
| Financial assets (share certificates and investment fund shares | 3,574 | – | 3,574 | – | – | 3,574 | – |
| Investments | 414 | 414 | – | – | – | 414 | 6,553 |
| **Financial assets measured at amortised cost (AC)** | **1,927,974** | **688,917** | **49,957** | **578,659** | **639,447** | **1,956,979** | |
| Receivables from banking business – clients | 722,437 | 113,114 | – | – | 639,447 | 752,561 | – |
| Receivables from banking business – banks | 676,619 | 131,295 | – | 543,802 | – | 675,097 | – |
| Financial assets (fixed and time deposits) | 35,056 | 35,056 | – | – | – | 35,056 | – |
| Financial assets (loans) | 9,997 | 9,997 | – | – | – | 9,997 | – |
| Financial assets (bonds) | 84,410 | – | 49,957 | 34,857 | – | 84,814 | – |
| Other receivables and assets | 67,884 | 67,884 | – | – | – | 67,884 | 69,912 |
| Cash and cash equivalents | 331,571 | 331,571 | – | – | – | 331,571 | – |
| **Financial liabilities measured at amortised cost** | **1,718,632** | **1,623,655** | | **91,368** | | **1,715,023** | **–** |
| Liabilities due to banking business – clients | 1,554,802 | 1,531,658 | – | 23,130 | – | 1,554,788 | – |
| Liabilities due to banking business – banks | 73,400 | 1,567 | – | 68,238 | – | 69,805 | – |
| Other liabilities | 90,430 | 90,430 | – | – | – | 90,430 | 48,031 |
| **Sureties and warranties*** | **3,705** | **3,705** | | | | **3,705** | |
| **Irrevocable credit commitments*** | **58,839** | **58,839** | | | | **58,839** | |

* Off balance sheet items. Figures before impairment.

| All figures in €'000 | Carrying amount | Carrying amount corresponds to fair value | Level 1 | Level 2 | Level 3 | Fair value Total | Dec 31, 2017 No financial instruments according to IAS32/39 |
|---|---|---|---|---|---|---|---|
| **Financial assets measured at fair value** | **28,424** | | **8,817** | **19,607** | | **28,424** | |
| **Fair Value Option** | **4,978** | | **4,978** | | | **4,978** | |
| Financial investments (share certificates and structured bonds) | 4,978 | – | 4,978 | – | – | 4,978 | – |
| **Available-for-sale financial assets** | **23,446** | | **3,839** | **19,607** | | **23,446** | |
| Financial assets (share certificates and investment fund shares) | 4,047 | – | 3,839 | 207 | – | 4,047 | – |
| Financial assets (bonds) | 19,399 | – | – | 19,399 | – | 19,399 | – |
| **Financial assets measured at amortised cost** | **1,866,993** | **743,346** | **28,256** | **513,461** | **615,588** | **1,900,650** | |
| **Loans and receivables** | **1,802,047** | **736,722** | | **483,394** | **615,588** | **1,835,705** | |
| Receivables from banking business – clients | 701,975 | 120,675 | – | – | 615,588 | 736,263 | – |
| Receivables from banking business – banks | 634,150 | 150,125 | – | 483,394 | – | 633,520 | – |
| Financial assets (fixed and time deposits) | 55,087 | 55,087 | – | – | – | 55,087 | – |
| Financial assets (loans) | 10,000 | 10,000 | – | – | – | 10,000 | – |
| Other receivables and assets | 99,822 | 99,822 | – | – | – | 99,822 | 25,920 |
| Cash and cash equivalents | 301,013 | 301,013 | – | – | – | 301,013 | – |
| **Held-to-maturity investments** | **58,322** | | **28,256** | **30,066** | | **58,322** | |
| Financial assets (bonds) | 58,322 | – | 28,256 | 30,066 | – | 58,322 | – |
| **Available-for-sale financial assets** | **6,624** | **6,624** | | | | **6,624** | |
| Financial assets (investments) | 6,624 | 6,624 | – | – | – | 6,624 | – |
| **Financial liabilities measured at amortised cost** | **1,619,206** | **1,535,513** | | **81,354** | | **1,616,867** | |
| Liabilities due to banking business – clients | 1,439,805 | 1,416,395 | – | 23,432 | – | 1,439,827 | – |
| Liabilities due to banking business – banks | 61,383 | 1,100 | – | 57,921 | – | 59,022 | – |
| Other liabilities | 118,018 | 118,018 | – | – | – | 118,018 | 36,895 |
| | | | | | | | |
| **Sureties and warranties** | **3,848** | **3,848** | | | | **3,848** | |
| **Irrevocable credit commitments** | **51,659** | **51,659** | | | | **51,659** | |

Cash and cash equivalents, receivables and liabilities due to banking business without agreed terms to maturity, trade 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.
Insofar as fair values for investments in companies cannot be reliably determined, they are measured at their cost of acquisition 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.

### 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. The underlying accounting and valuation principles with respect to financial instruments remain unchanged compared to the previous year and are contained in the Annual Report 2017.

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:<br>• Credit and counterparty default risks<br>• Administration costs<br>• Anticipated return on equity | The estimated fair value would increase (decrease) if:<br>• the credit and default risk were to rise (fall),<br>• the admin costs were to fall (rise),<br>• the anticipated return on equity were to fall (rise). |

### 18 Related party disclosures

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 in line with market conditions.

There were no significant changes compared to December 31,2017.

### 19 Events after the balance sheet date

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

Wiesloch, August 8, 2018

MLP SE

Executive Board

Dr. Uwe Schroeder-Wildberg    Manfred Bauer    Reinhard Loose

# Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Wiesloch, August 8, 2018

MLP SE

Executive Board

Dr. Uwe Schroeder-Wildberg | Manfred Bauer | Reinhard Loose

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# Executive bodies at MLP SE

**Executive Bodies of MLP SE**

Dr. Uwe Schroeder-Wildberg
(Chairman,
appointed until December 31, 2022)

Manfred Bauer
(Product Management,
appointed until April 30, 2020)

Reinhard Loose
(Controlling, Purchasing, IT,
Group Accounting, Risk
Management, Internal Audit,
Legal, Human Resources,
appointed until January 31, 2024)

**Supervisory Board**

Dr. Peter Lütke-Bornefeld
(Chairman,
elected until 2023)

Dr. Claus-Michael Dill
(Vice Chairman,
elected until 2023)

Tina Müller
(elected until 2023)

Matthias Lautenschläger
(elected until 2023)

Alexander Beer
(Employees‘ Representative,
elected until 2023)

Burkhard Schlingermann
(Employees‘ Representative,
elected until 2023)

# Contact

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# Financial calendar

## SEPTEMBER

**September 24-26, 2018**
Berenberg & Goldman Sachs
German Corporate Conference in Munich

## OCTOBER

**October 1-3, 2018**
Management Roadshow USA

## NOVEMBER

**November 14, 2018**
Publication of the results for the first nine months and third quarter 2018

**November 26-28, 2018**
German Equity Forum in Frankfurt

Further details at www.mlp-se.com, Investors, Financial calendar

**PROGNOSIS**

This documentation includes certain prognoses and information on future developments founded on the conviction of MLP SE's Executive Board and on assumptions and information currently available to MLP SE. Words such as "expect", "estimate", "assume", "intend", "plan", "should", "could", "project" and similar terms 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 SE accepts no obligation to the public for updating or correcting prognoses. All prognoses and predictions are subject to various risks and uncertainties which can lead to the actual results numerically differing from expectations. The prognoses reflect the points of view at the time when they were made.

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