

MLP - Achieving sustainable growth

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DrKW German Investment Seminar

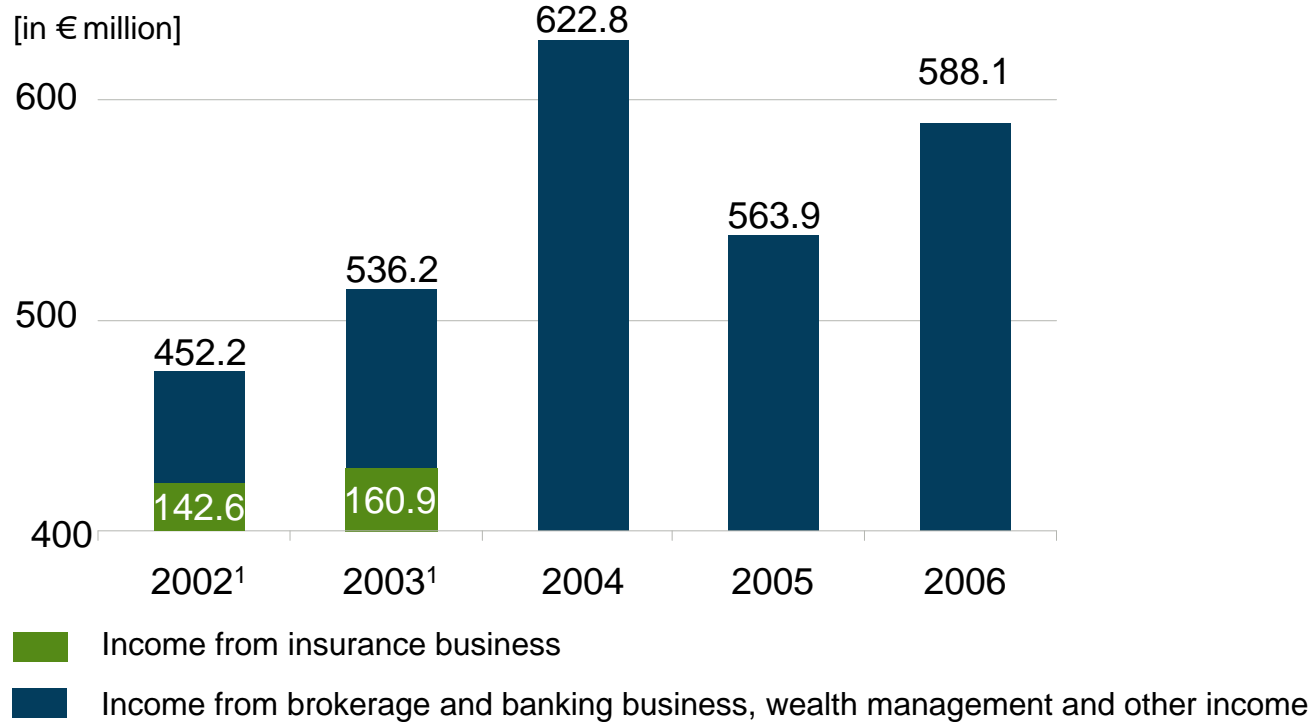
January 14 – 16, 2008

Overview

- MLP's KPI 2002 - 2006
- Major trends in the German financial industry
- Development in the UK market
- MLP's unique business model
- MLP's positioning in growth markets in Germany
 - Old-age pension provisions
 - Wealth management
- Focusing on growth drivers
- Summary: MLP's strategic and operational steps to achieve sustainable growth
- Contact

MLP's KPI – Total income

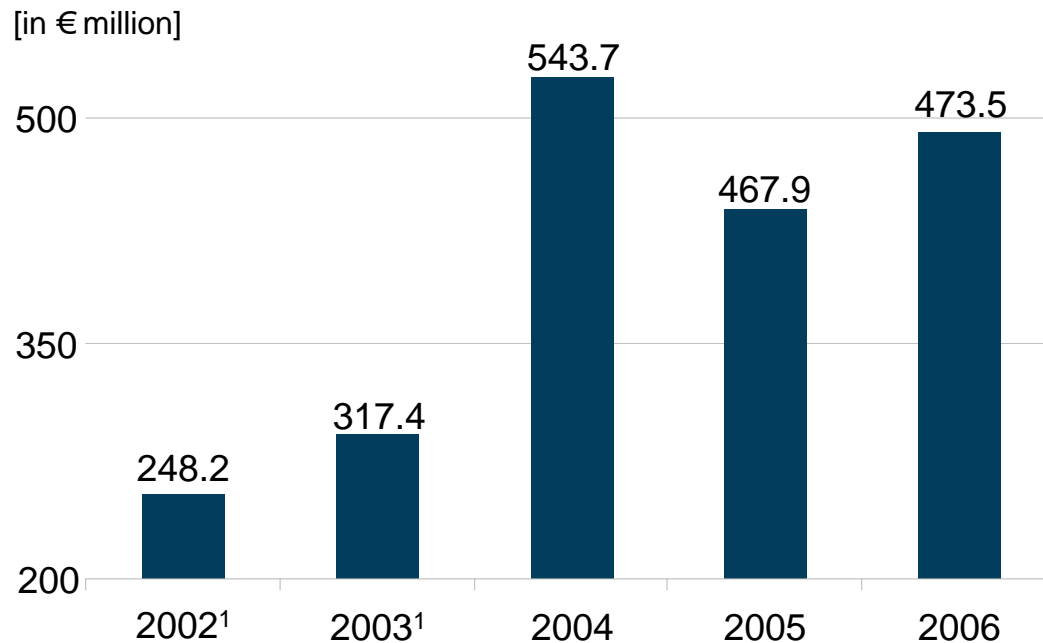
Continuing operations



¹ Before the sale of MLP Lebensversicherung AG and MLP Versicherung AG

MLP's KPI – Income from brokerage business

Continuing operations

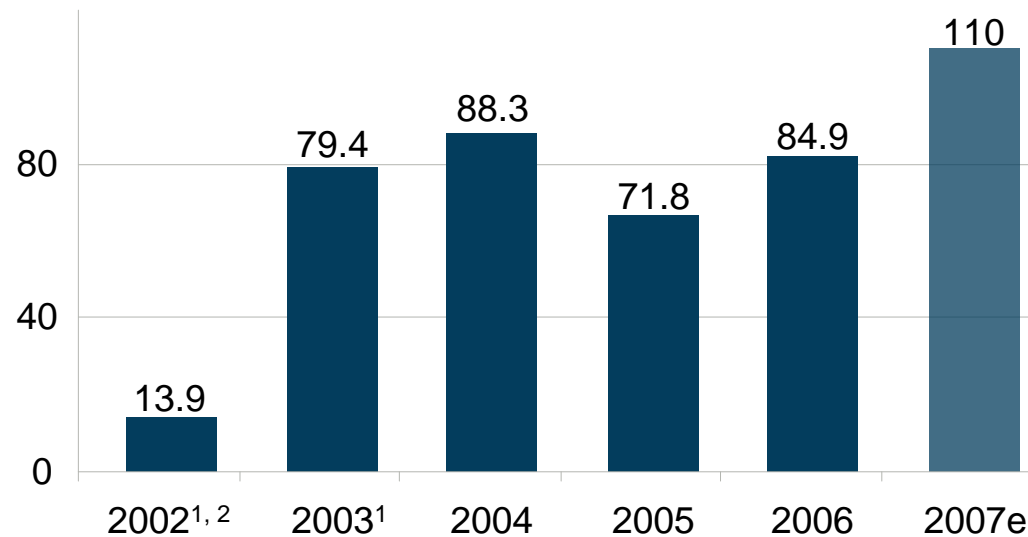


¹ Before the sale of MLP Lebensversicherung AG and MLP Versicherung AG

MLP's KPI - EBIT

Continuing operations

[in € million]



¹ Including one-time restructuring charges

² Before the sale of MLP Lebensversicherung AG and MLP Versicherung AG

Radical changes in the German financial industry

Major market trends for banks, insurance companies and IFAs

- Increasing competition and capital market requirements have led to the optimisation of cost structures and processes
- Increasing regulatory requirements will further change the market place dramatically:
 - Further optimisation of cost structure and processes
 - Consolidation
 - Professionalisation
 - Specialisation

Extensive changes to legal requirements

Prevailing conditions

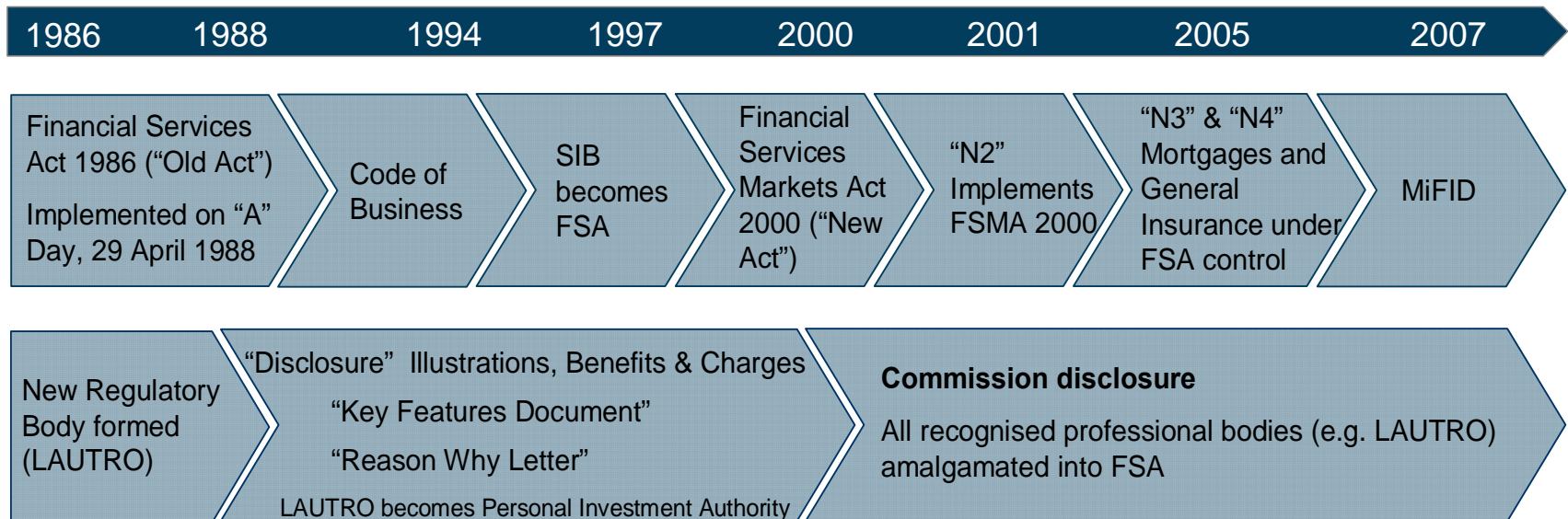
Insurance Mediation Dir.	MiFID	Insurance Contract Law
Insurance brokerage	Banks / Investment	Insurer
May 22, 2007	November 1, 2007	Early 2008
<ul style="list-style-type: none"> • Raised standards for consultant qualifications and consulting quality • Extensive documentation guidelines <p>→ Market consolidation</p>	<ul style="list-style-type: none"> • Broadening of consultation, information and documentation regulations • Higher transparency standards 	<ul style="list-style-type: none"> • Broadening of information obligations • Greater cost transparency in life and health insurance • Increase in cash surrender value / Distribution of acquisition costs

■ Crucial factors for future success:

→ High quality consulting and low cancellation rate

Similar changes in UK regulations commenced in 1988

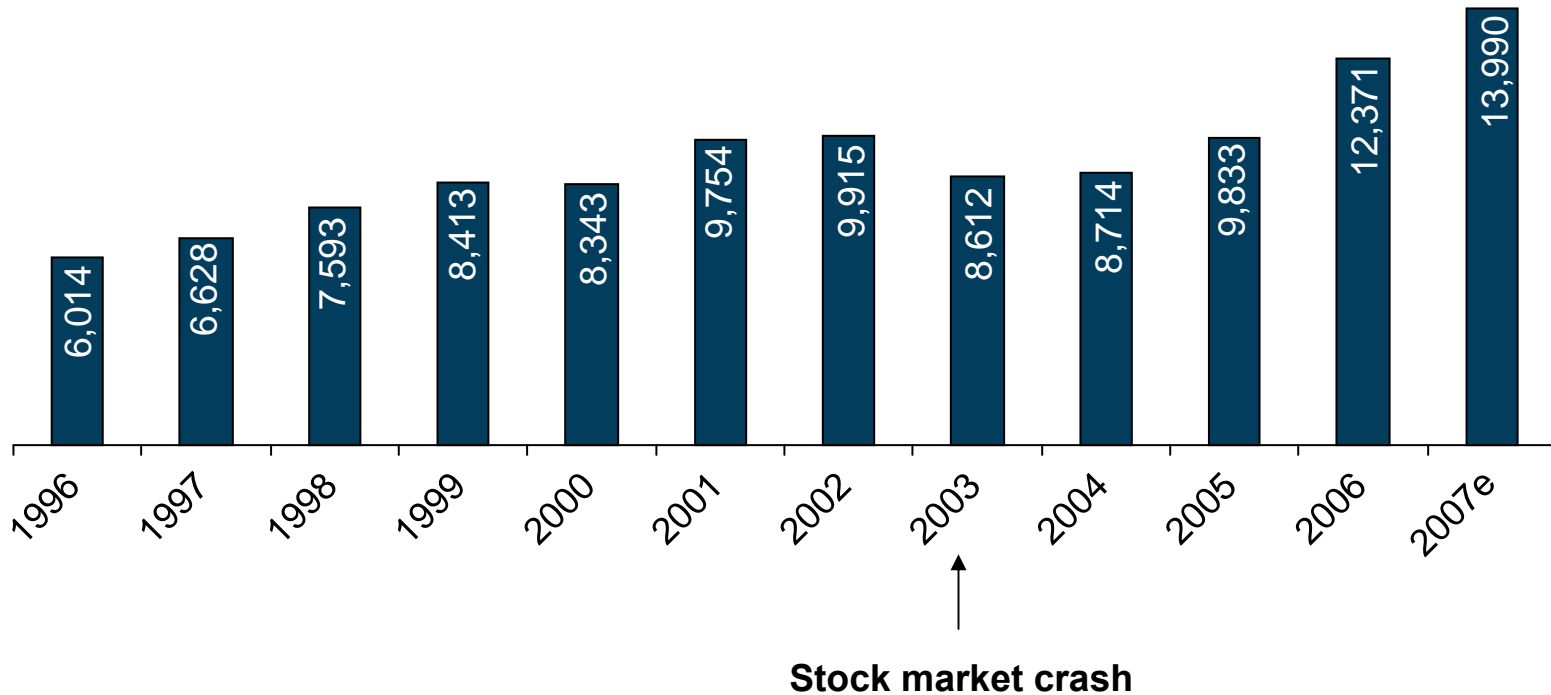
Regulatory changes in the UK and impact on the market



Sales have grown, despite huge regulatory change and a massive stock market crash in 2003

Regulatory changes in the UK and impact on the market

UK Life & Pension Sales 1996 – 2007e (APE £m)

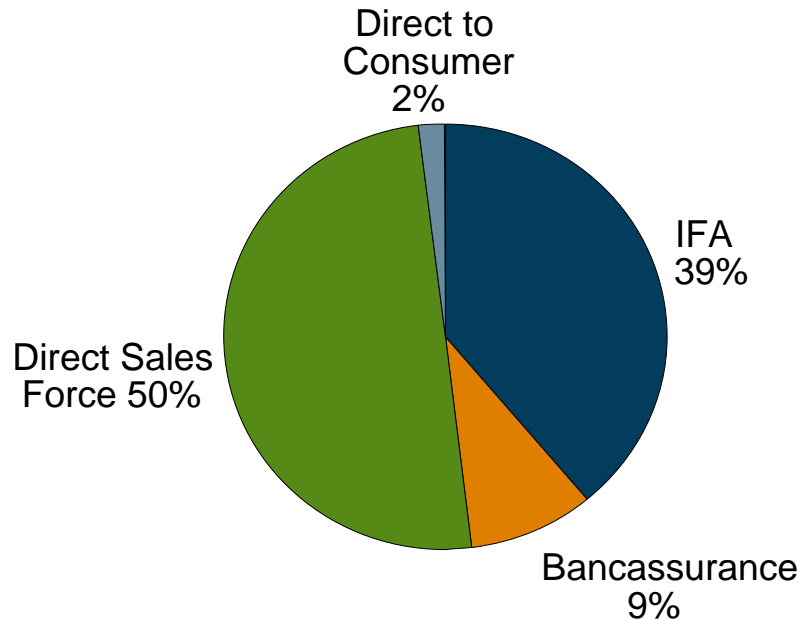


Source: ABI

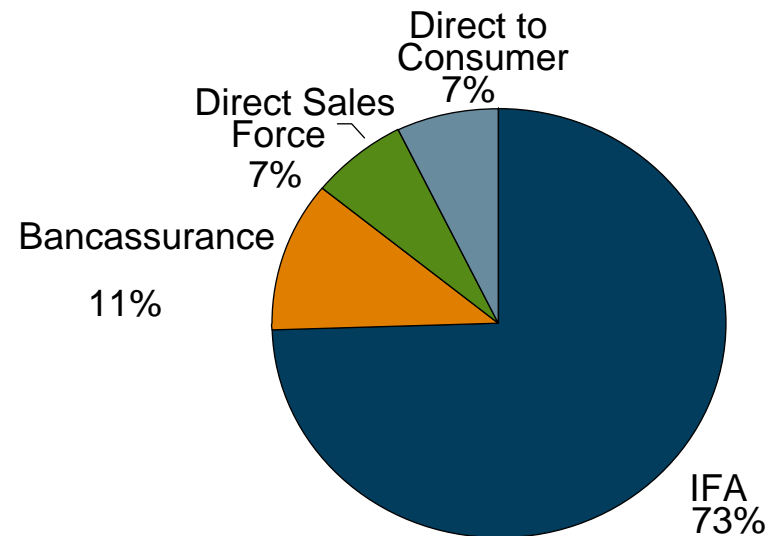
The shape of distribution in the UK is now very different

Regulatory changes in the UK and impact on the market

1992 sales by channel



2006 sales by channel



Source: ABI

Some of the predictions were right...

Regulatory changes in the UK and impact on the market

- The number of life, pensions and investment companies would fall ✓
- The number of people selling life, pensions and investment products would fall ✓
- Networks would emerge ✓

...but many were wrong

Regulatory changes in the UK and impact on the market

- Independent brokers would lose market share X
- Commission rates would fall and independent brokers would switch to fees X
- The big banks would dominate distribution X
- Most independent brokers would single tie X
- Sales volumes would reduce X

Independent brokers drove the sales growth and became recognized as the best distribution

Regulatory changes in the UK and impact on the market

- Increased competence and professionalism
- Recommended by the National Press as the best for advice
- Customers now choose commission as the way to pay for advice
- Tailored their advice for each customer
- Became more efficient
- A special brand was created for all independent brokers

→ **Independent advice is now recognized as a great competitive advantage**

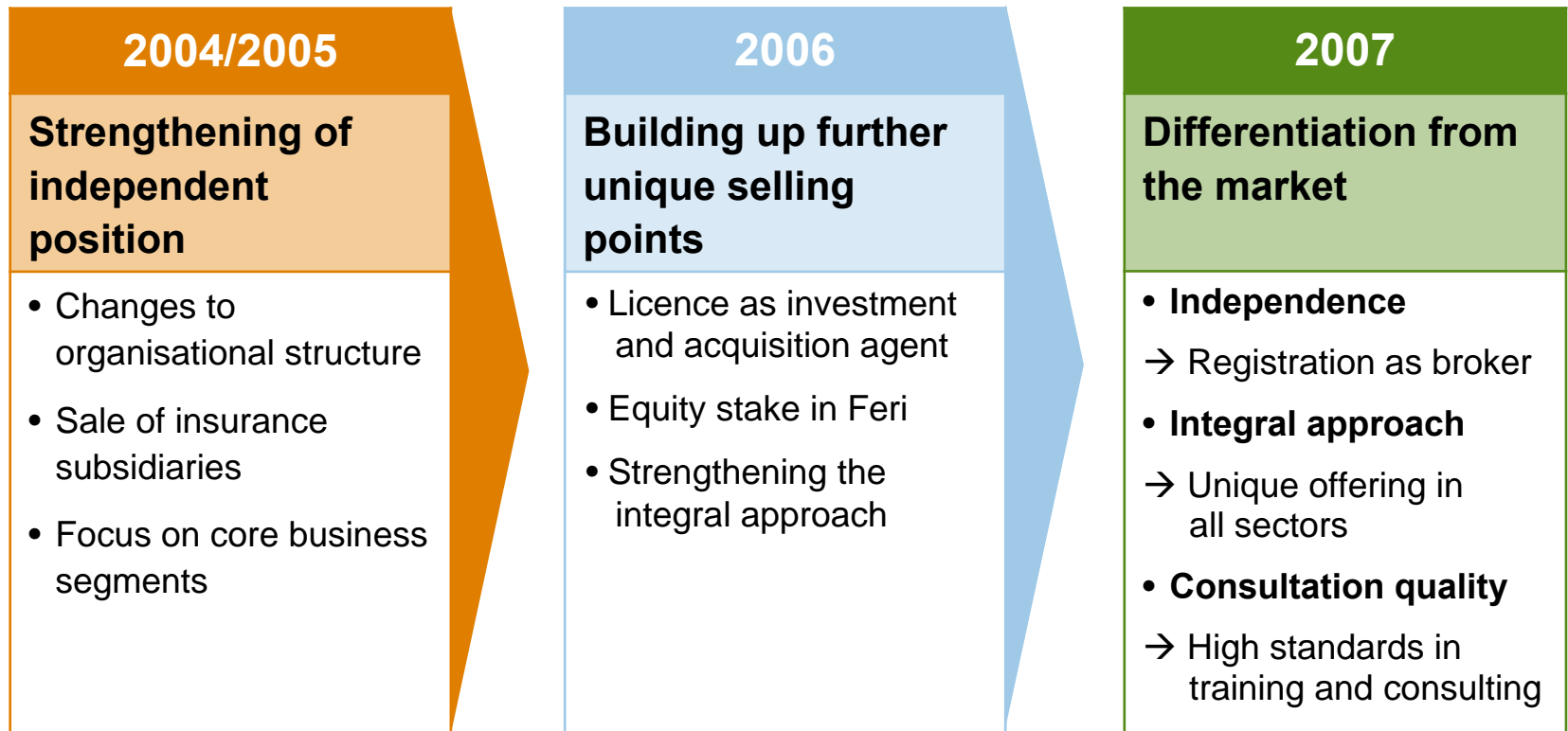
What can we learn from the changes in the UK?

Regulatory changes in the UK and impact on the market

- Independent status is highly valued by customers and the press
- Many new distribution companies emerge, but many fail
- A quality advice proposition backed by technology is key
- Customers are not interested in regulatory change – they want advice and solutions

MLP focuses on independent consulting

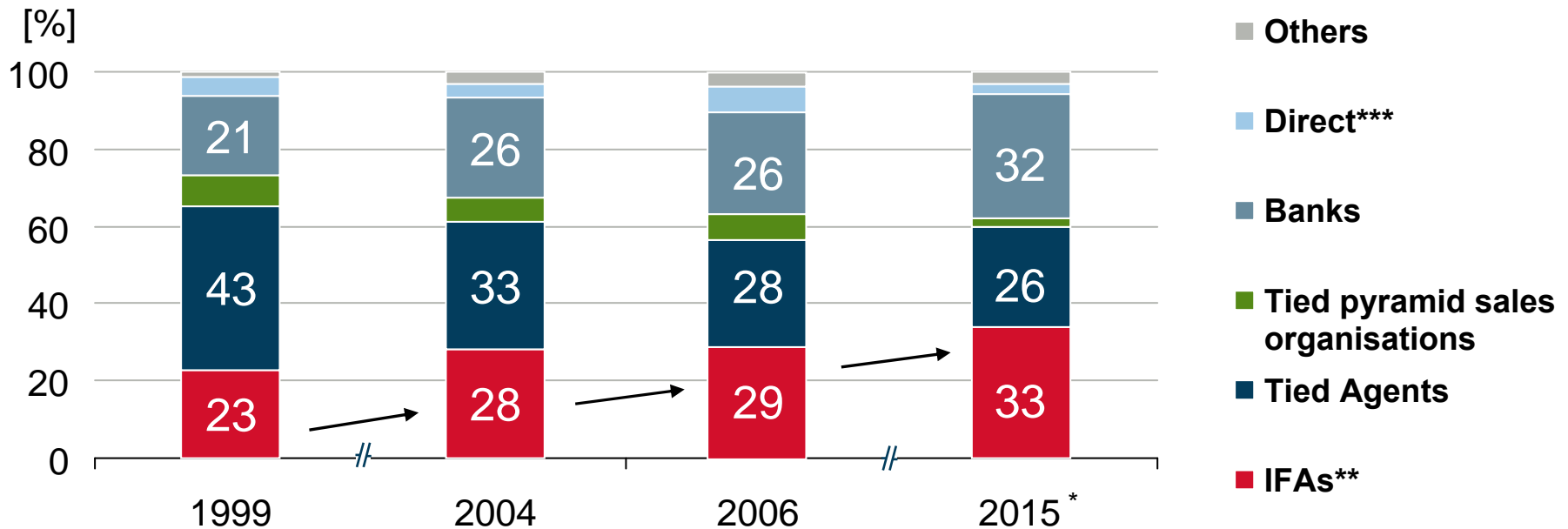
3 phases to further differentiation



→ MLP has **clear unique selling points**

IFA sales channel is expected to gain market share

Market share of different sales channels for life insurance products in Germany



Source: Tillinghast Sales Channel Surveys Germany 2007

* Estimate, ** incl. IFAs and multi-tied agents, *** Direct incl. internet sales

MLP Private Finance: Intelligent concepts for retirement provision, insurance coverage, investment and finance

Business model

Target group focus + Quality of advice + Independence



Objectives

Advice

Solution

One-stop for lifetime financial solutions

Added value for the client: financial planning



Planning
 Insurance coverage
 Retirement provision
 Health
 Consumption

Solutions

Old-age provision management
 Non-Life management
 Health management
 Loan and mortgage management
 Wealth management
 Cash management

Core competencies in growth markets

Excellent growth potential

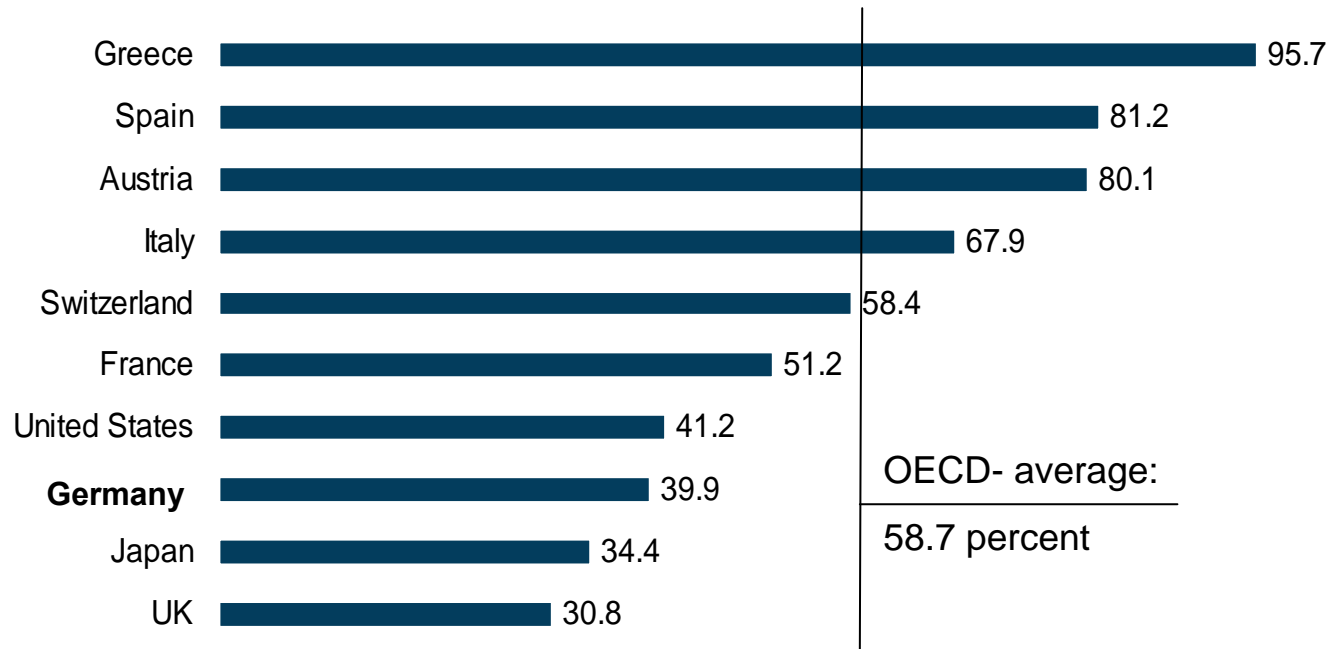
	Estimated market growth*	MLP consulting	Medium-term development MLP
Old-age pension provision	5-10 % p.a.	Core competence	↑
Private health care provision	Medium-term increasing demand	Core competence	↑
Wealth management	5-7% p.a.	Future core competence	↑
Non-life insurances	Small decrease premium sums	Part of the integrated consulting approach	→
Financing	10% p.a.	Part of the integrated consulting approach	→

*Source: Roland Berger, zeb, Allianz Global Investors, Datamonitor, KPMG, MLP.

- Target: Medium-term increase in proportion of revenue from wealth management from around 6 % up to 20 %

Underestimated old-age provisions requirement

Future pension levels – as a percentage of gross income*

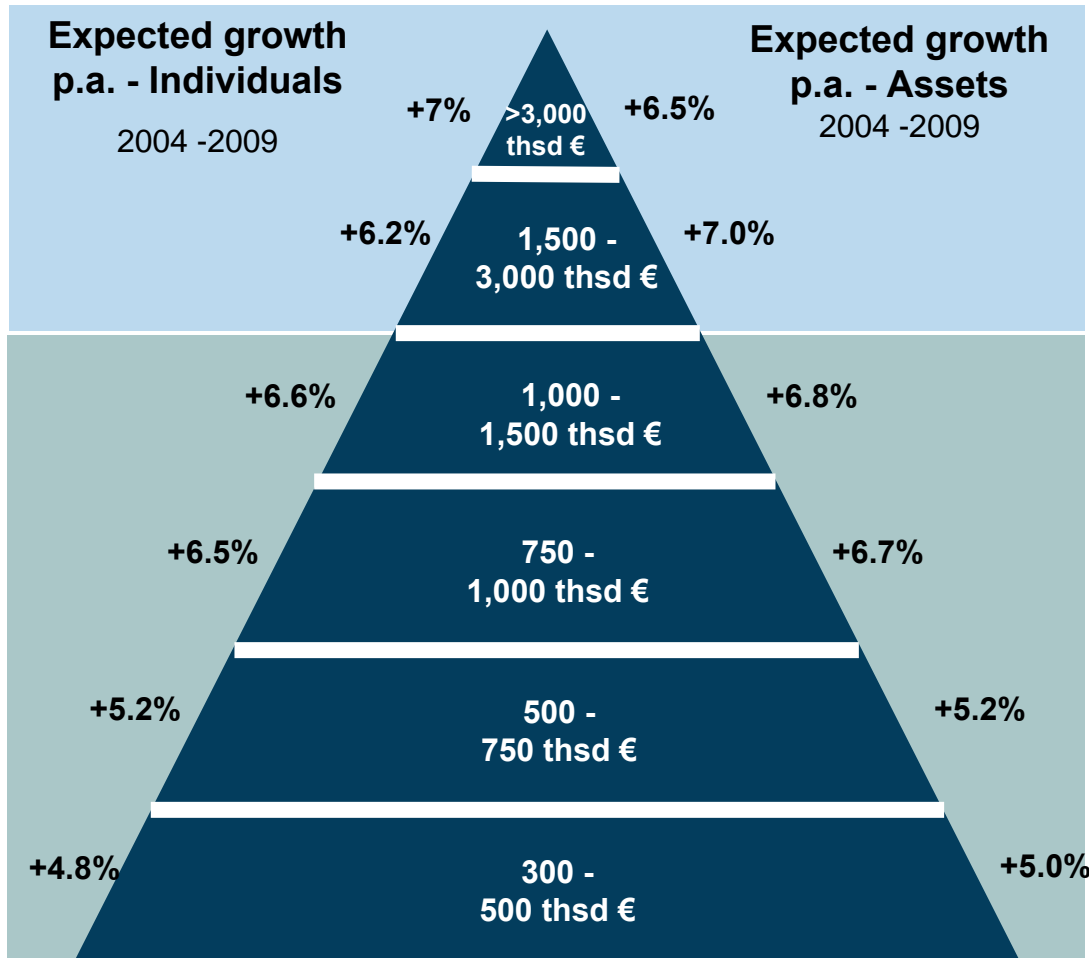


Source: OECD/ F.A.Z.

*State pension levels according to current legal situation. Selected countries.
Basis for estimation: Employee who begins full-time work at the age of 20 in 2004 and remains in employment until the state retirement age (average earner).

Attractive market environment for wealth management

Growth perspectives for wealth management in Germany



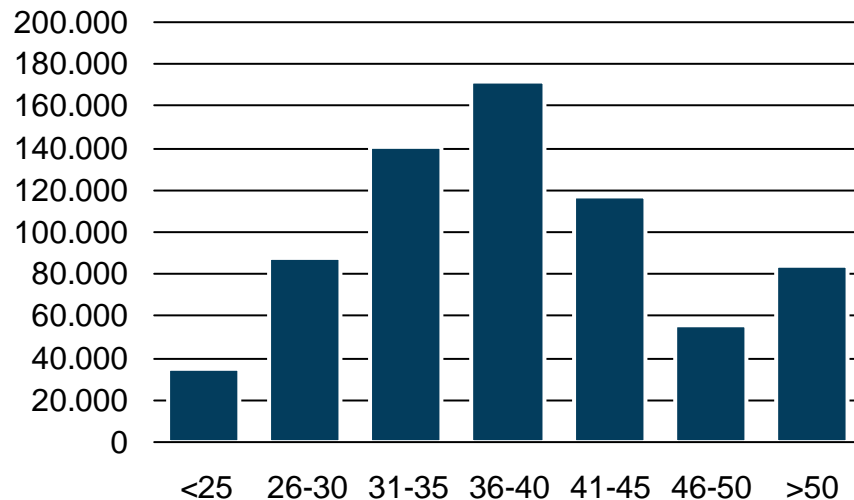
- The German private banking market offers high growth perspectives in Europe
- Growth drivers:
 - Inheritances
 - Increase in assets

Source: zeb/rolfes, schierenbeck associates, Datamonitor

Low average age offers high potential

Targeted expansion of MLP Wealth Management

Clients by age

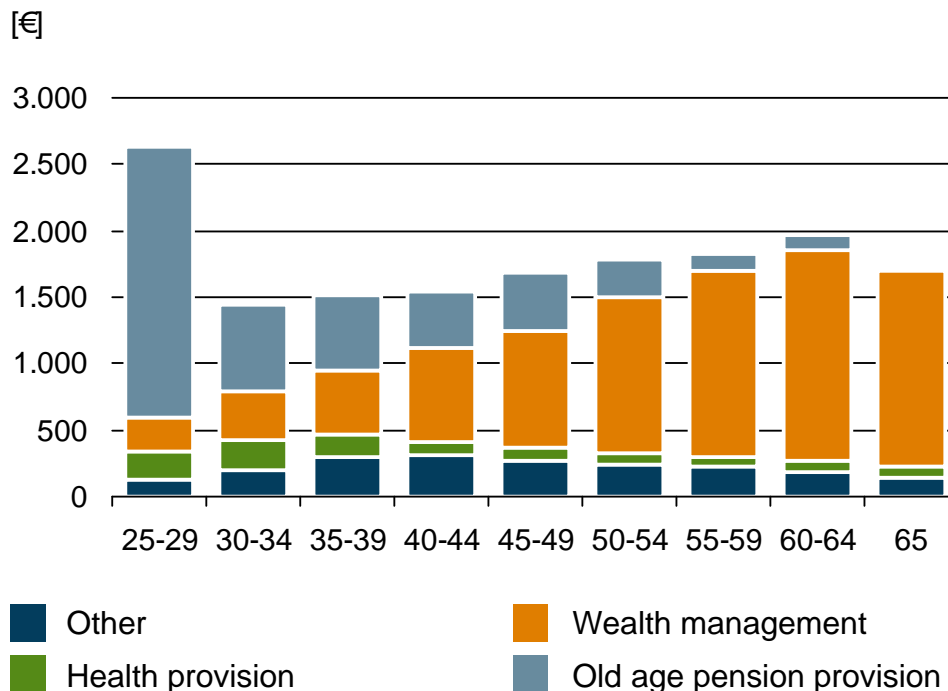


- MLP clients' income and savings quotas clearly exceed average levels
- The average age of an MLP client is 39
- Already 37 per cent of clients are older than 40
- The number of clients over 40 years of age will double within five years

Increasing value creation potential

MLP Wealth Management

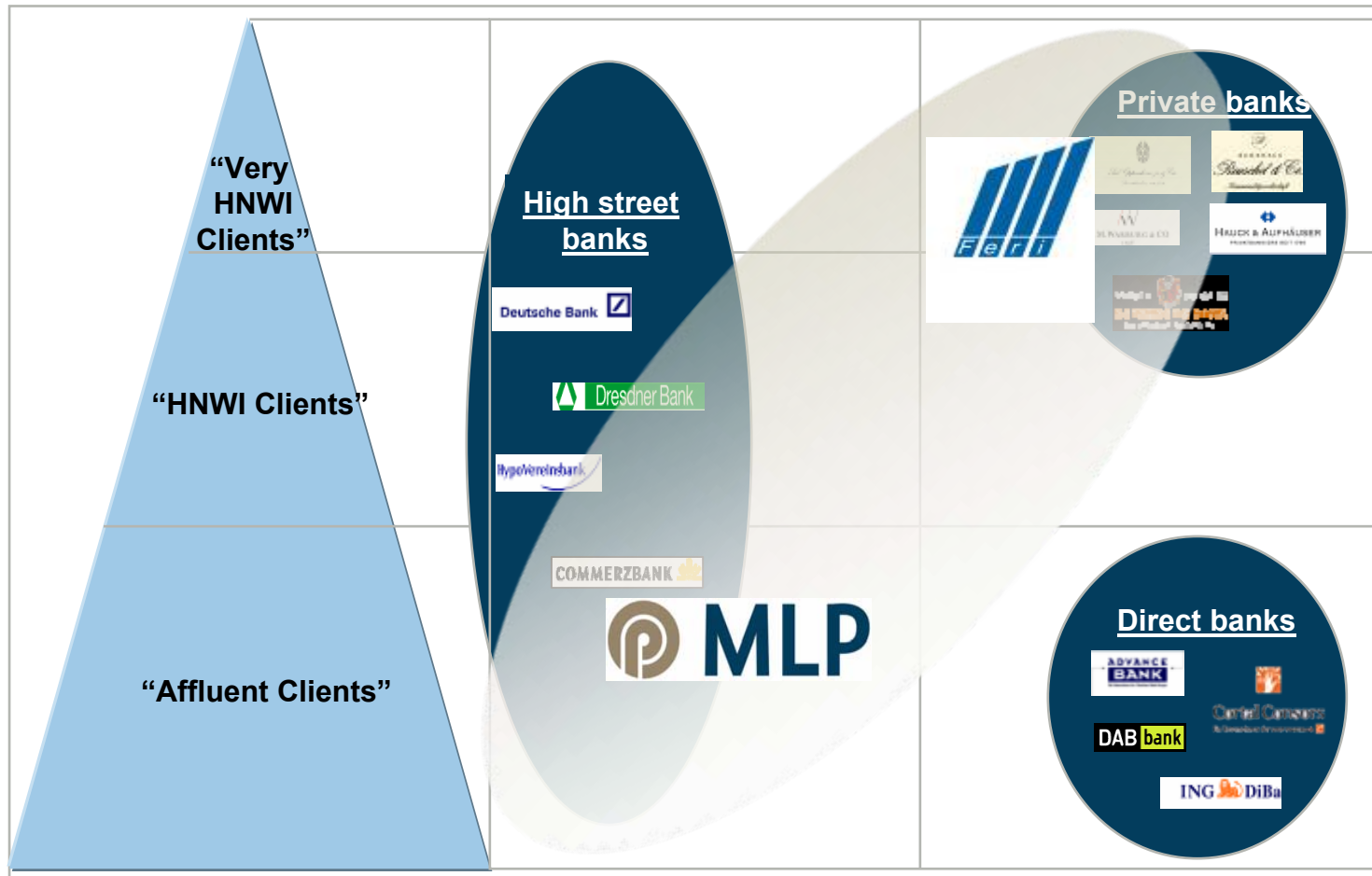
Potential sales revenue MLP Finanzdienstleistungen AG per year and client



- Wealth management takes on greater importance with advancing age
- Further increase and diversify assets through intelligent concepts

MLP and Feri cover the whole market

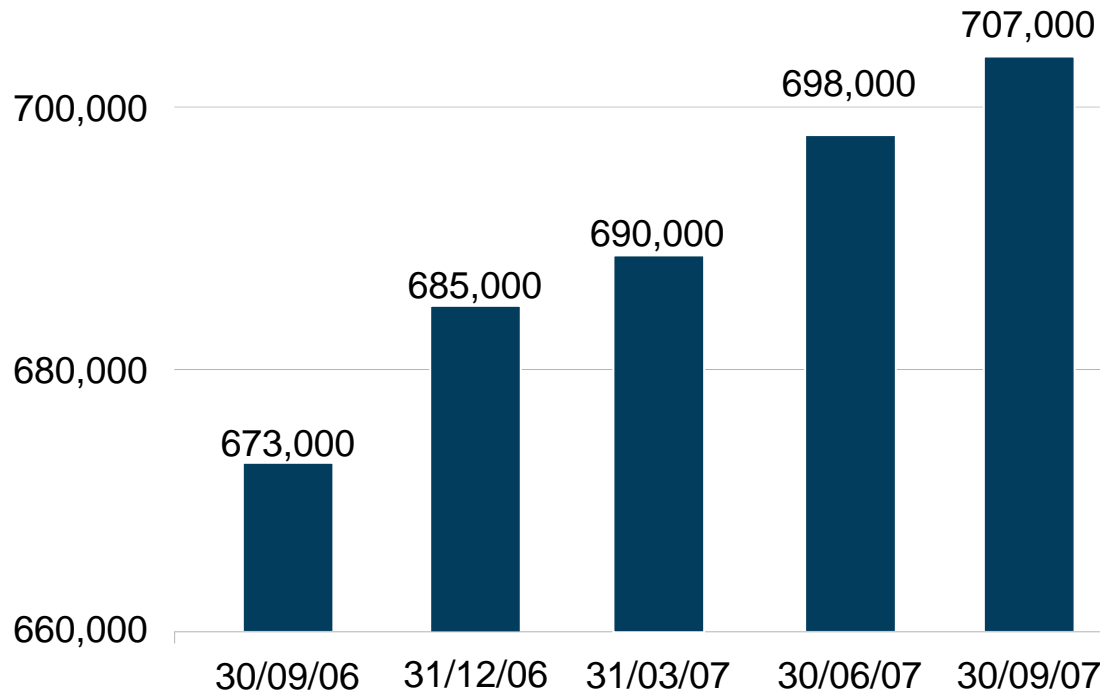
Higher client penetration through transfer of know how



Universal offering ← — Product offering — → Niche player

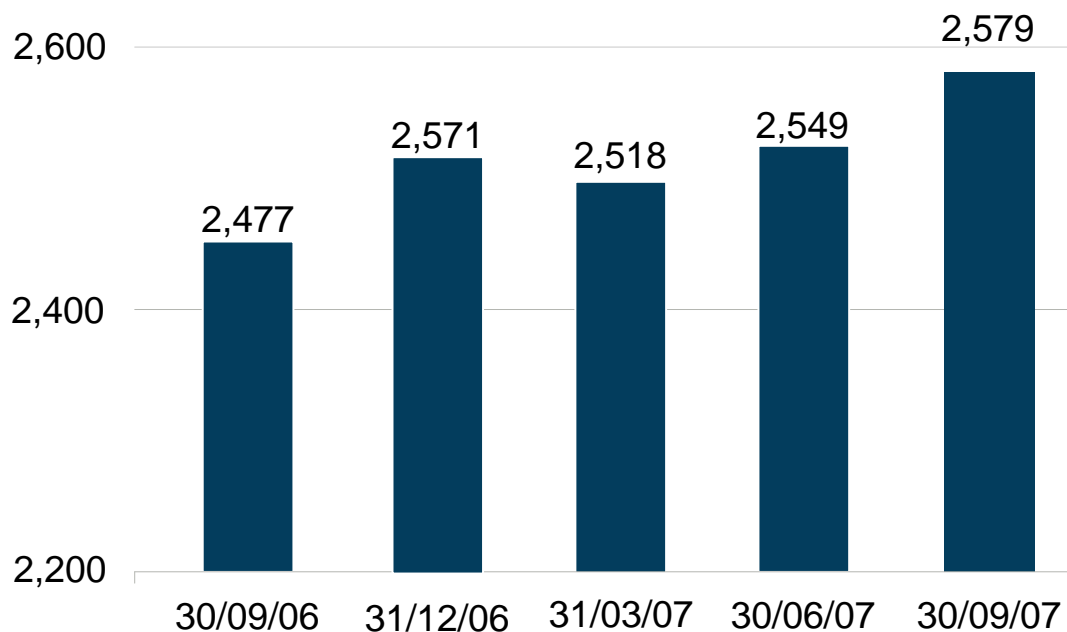
Clients

Continuing operations



Consultants

Continuing operations



- Fixed salary in the first year
- Opening of new branches
- Enhancement of the customer service commissions for consultants

How can sustainable growth be achieved?

MLP's strategic and operational steps to achieve sustainable growth

- Rapid adjustment to changing market environment and legal framework
- Focusing on independent consulting
- Focusing on growth markets
 - Old-age pension provision
 - Wealth management
- Focusing on growth drivers
 - Client penetration and growth
 - Consultants

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