

Report for the third quarter 2004

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# MLP-Group

All figures in EUR million					
	3rd quarter 2004	3rd quarter 2003	9 month 2004	9 month 2003	Change
Total revenues	145.7	127.1	431.7	352.8	22.4 %
Revenue from brokerage business	81.8	67.8	245.2	185.1	32.5 %
Revenue from insurance business	49.7	43.1	145.0	124.9	16.1 %
Revenue from banking business	11.6	12.0	34.5	33.3	3.6 %
Other income	2.7	4.3	7.0	9.6	-27.1 %
Profit from operations (EBIT)	24.6	18.5	59.9	47.1	27.2 %
EBIT-margin	16.9	14.6	13.9	13.4	3.7 %
Profit before tax (EBT)	21.7	17.1	52.5	38.7	35.7 %
Net profit for the period	13.3	9.7	32.1	21.9	46.6 %
Earnings per share	0.13	0.09	0,30	0,20	50.0 %
Capital expenditure	5.1	8.1	19.2	26.8	-28.4 %
Shareholders' equity			270.0	253.8*	6.4 %
Clients			589,000	561.500*	4.9 %
MLP consultants			2,534	2,771*	-8.6 %
Branch offices			303	347*	-12.7 %
Employees			1,904	1,855*	2.6 %
Arranged new business					
Pension provision (premium sum in billion EUR)	2.7	1.6	5.9	4.3	37,2 %
Health insurance (annual premium)	15.0	20.2	39.3	46.5	-15.5 %
Loans and Mortgages	204	273	620	735	-15.6 %
Inflows into mutual funds	138	163	459	447	2.7 %
Funds under management (in billion EUR)			3.9	3.5*	11.4 %

\* as at 31.12.2003

## Financial calendar

Results for the 3rd quarter 2004

24. November 2004

Full year results 2004

21. April 2005

Results for the 1st quarter 2005

25. May 2005

Annual General Meeting 2005 in Mannheim

21. June 2005

Results for the 2nd quarter 2005

24. August 2005

Results for the 3rd quarter 2005

23. November 2005

## MLP continues to show dynamic growth

- Net profit increases after nine months by 46.6 per cent to EUR 32.1 million
- Total revenues up 22.4 per cent to EUR 431.7 million
- Adjusted EBIT margin of the broker at 19.9 per cent
- EBT forecast for the full year 2004: EUR 85-90 million

The MLP Group has continued its strong growth in the first nine months of 2004. Total group revenues increased by 22.4 per cent (IFRS) to EUR 431.7 million (EUR 352.8 million). Consolidated group pre-tax profit climbed by a disproportionately high 35.7 per cent to EUR 52.5 million (EUR 38.7 million). Net profit for the nine-month period rose by 46.6 per cent to EUR 32.1 million (EUR 21.9 million). Once again, the major growth factor was the brokerage business which increased by 32.5 per cent to EUR 245.2 million (EUR 185.1 million). These positive results match the company's expectations and impressively underline MLP's sustained growth course. Planned expenditure of EUR 12.6 million to optimise processes as part of the program to increase value – the MLP BEST VALUE Program – are already included in these business results.

In Q3 2004 the company posted a 14.6 per cent increase in total revenues amounting to EUR 145.7 million (EUR 127.1 million). Consolidated group pre-tax profit climbed by 26.9 per cent to EUR 21.7 million (EUR 17.1 million) and the quarterly net profit of EUR 13.3 million is up by 37.1 per cent over the same period last year (EUR 9.7 million).

### Results have improved considerably for all subsidiaries

All corporate segments made a significant contribution to the MLP's growth within the first nine months of 2004. High demand for private old-age provision in particular led to a clear increase reported by the business segment Consulting and Sales MLP Finanzdienstleistungen AG. Pre-tax profit of EUR 44.7 million are up some 31.9 per cent over last year (EUR 33.9 million).

The life insurance segment results climbed by 18.4 per cent to EUR 16.1 million (EUR 13.6 million). Initiatives to improve efficiency in the IT area also had positive repercussions for MLP Bank in Q3. Pre-tax profit here climbed by more than fourfold to total EUR 6.5 million after nine months (EUR 1.4 million). Pre-tax profit in the non-life insurance business segment rose by 36.7 per cent to EUR 4.1 million (EUR 3 million).

Appreciation for the importance of private old-age provision has increased considerably over the past few months and this in turn has led to a rising demand for products in this segment. New business increased by 37 per cent over last year with a premium sum totalling some EUR 5.9 billion (EUR 4.3 billion). The MLP Group currently manages assets of EUR 3.9 billion, an increase of 11.4 per cent since the beginning of the year. Inflows into mutual funds have grown from 447 to EUR 459 million, which represents an increase of 2.7 per cent.

The number of contracts closed in other business areas is lower than that of last year as customers are focussing predominantly upon their pension cover. Annual premiums for health insurance have fallen by 15 per cent to EUR 39.3 million (EUR 46.5 million). New loan business has also declined to EUR 620 million, 20 per cent less than last year (EUR 735 million).

#### **BEST VALUE Program shows positive effects**

Both the branch office profitability and the productivity of the MLP consultants have continued to develop positively. In the first nine months of 2004, revenue per branch office of EUR 1.05 million was up 57.6 per cent over the same period last year (EUR 664,699) and revenue per consultant increased by 46 per cent to EUR 125,226 (EUR 85,783).

As per 30.09.2004 MLP employed 2,534 consultants, 8.6 per cent fewer than at the end of 2003 (2,771). The number of branch offices has been cut from 347 to 303. As such, the company has achieved a stable basis which will not change dramatically before the end of the year. The numerous positive results emerging from the BEST VALUE Program coupled with the pleasing trends in consultant productivity form the foundations for increasing the number of MLP consultants next year as previously announced at the end of Q2. The number of MLP clients has risen in Q3 by 10,000 to 589,000.

#### **Year-end business on target**

The high demand for pension products has continued in the first weeks of Q4. As such, pre-tax profit for the MLP Group is currently forecast to reach EUR 85-90 million for the full year, which would correspond to a growth of more than 20 per cent. MLP expects an EBIT margin of 20 per cent in the brokerage segment at year end.

MLP also expects to see continued significant growth in 2005. The uncertain future of social security systems and the new German pension law (Alterseinkünftegesetz), which represents the highest pension cuts in the history of the German federal republic, will add further to the necessity for private health and pension cover. And this will have invigorating repercussions for the MLP business.

# Consolidated income statement MLP group

## Consolidated income statement in accordance with IFRS

All figures in €'000					
	Note	3rd quarter 2004	3rd quarter 2003	9 month 2004	9 month 2003
Revenue from brokerage business	[1]	81,772	67,785	245,234	185,068
Revenue from insurance business	[2]	49,712	43,144	144,980	124,886
Revenue from banking business	[3]	11,562	11,957	34,470	33,270
Other income		2,662	4,257	6,981	9,599
<b>Total revenues</b>		<b>145,708</b>	<b>127,143</b>	<b>431,665</b>	<b>352,823</b>
Change in deferred acquisition costs (DAC)	[4]	18,114	18,396	55,122	53,207
Expenses for brokerage business		-42,828	-28,388	-133,567	-72,882
Expenses for insurance business	[5]	-28,200	-30,069	-90,894	-85,945
Expenses for banking business	[6]	-2,990	-2,985	-8,903	-8,642
Personnel expenses		-17,286	-19,285	-56,666	-57,366
Other operating expenses		-6,220	-7,179	-18,774	-18,780
Sonstige betriebliche Aufwendungen	[7]	-41,683	-39,125	-118,056	-115,332
<b>Profit from operations (EBIT)</b>		<b>24,615</b>	<b>18,508</b>	<b>59,927</b>	<b>47,083</b>
Finance cost	[8]	-2,925	-1,368	-7,411	-8,400
<b>Profit before tax (EBT)</b>		<b>21,690</b>	<b>17,140</b>	<b>52,516</b>	<b>38,683</b>
Taxes		-8,391	-7,419	-20,359	-16,749
Minority interest		-7	-5	-10	-6
<b>Net profit for the period</b>		<b>13,292</b>	<b>9,716</b>	<b>32,147</b>	<b>21,928</b>
(Net profit incl. minority interest)		13,299	9,721	32,157	21,934
		<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Earnings per share		0.13	0.09	0.30	0.20
Diluted earnings per share		0.12	0.09	0.29	0.20

# Consolidated balance sheet MLP Group

## Consolidated balance sheet as at 30. September 2004

Assets – All figures in €'000			
	Note	30th September 2004	31st Dec. 2003
Intangible assets		59,497	61,267
Property, plant and equipment		117,844	123,191
Financial assets	[9]	198,137	162,495
Investments held on account and at risk of life insurance policy holders		1,429,626	1,183,754
Reinsurance receivables		27,217	19,493
Receivables due from banking business	[10]	354,326	316,447
Accounts receivable from other assets		133,039	182,451
Cash and cash equivalents		82,224	51,469
Deferred acquisition costs (DAC)		324,671	269,549
Deferred tax assets		50,321	49,915
Prepaid expenses		8,210	7,567
		<b>2,785,112</b>	<b>2,427,598</b>

Shareholders' equity and liabilities – All figures in €'000			
	Note	30th September 2004	31st Dec. 2003
Shareholders' equity		269,979	253,822
Minority interest		134	125
Insurance provisions	[11]	416,063	315,620
Insurance provisions for investment held on account and at risk of life insurance policy holders		1,429,626	1,183,754
Other provisions		151,649	140,994
Reinsurance liabilities		38,933	49,883
Liabilities due to banking business		335,108	302,610
Other liabilities		139,610	178,379
Deferred tax liabilities		2,160	1,829
Deferred income		1,850	582
		<b>2,785,112</b>	<b>2,427,598</b>

## Consolidated statement of changes in shareholders' equity

All figures in €'000					
	Share capital	Capital reserves	Unrealised-gains/losses on available-for-sale investments	Accumulated profits	Shareholders' equity
<b>As at 31th Dec. 2003</b>	<b>108,641</b>	<b>7,707</b>	<b>-217</b>	<b>137,691</b>	<b>253,822</b>
Currency conversion				28	28
Capital increases		213		2,250	2,463
Change in unrealised gains/losses on available-for-sale investments			66		66
Net profit				29,897	29,897
Dividends paid to shareholders				-16,297	-16,297
<b>As at 30th Sept. 2004</b>	<b>108,641</b>	<b>7,920</b>	<b>-151</b>	<b>153,569</b>	<b>269,979</b>

## Consolidate cash flow statement MLP Group

All figures in €'000		
	9 month 2004	9 month 2003
Cash flow from operating activities	296.574	241.909
Cash flow from investing activities	-272.770	-214.228
Cash flow from financing activities	-17.718	70
Change in cash and cash equivalents	6.086	27.751
Cash and cash equivalents at period-end	131.184	80.527

# Segment reporting

## Segment Consultation and sales

Consulting and sales – All figures in €'000				
	3rd quarter 2004	3rd quarter 2004	9 month 2004	9 month 2003
<b>Segment revenue</b>				
External revenue	81,772	67,785	245,234	185,068
Inter-segment revenue	22,730	17,265	71,910	56,147
<b>Total segment revenue</b>	<b>104,502</b>	<b>85,050</b>	<b>317,144</b>	<b>241,215</b>
Other income	5,540	7,402	15,044	19,782
<b>Segment expenses</b>				
Brokerage business	-43,745	-30,562	-139,498	-79,917
Personnel expenses	-11,176	-11,739	-36,817	-36,178
Depreciation/amortisation	-2,880	-3,142	-8,982	-9,141
Other expenses	-34,542	-33,066	-96,271	-96,822
<b>Total Segment expenses</b>	<b>-92,343</b>	<b>-78,509</b>	<b>-281,568</b>	<b>-222,058</b>
<b>Profit from operations (EBIT)</b>	<b>17,699</b>	<b>13,943</b>	<b>50,620</b>	<b>38,939</b>
Finance cost	-2,131	-1,861	-5,876	-5,060
<b>Profit before tax (EBT)</b>	<b>15,568</b>	<b>12,082</b>	<b>44,744</b>	<b>33,879</b>

Segment revenues climbed by 31.5 per cent from EUR 241.2 million to EUR 317.1 million during the first nine months of the current fiscal year. This increase can largely be attributed to higher sales of pension provision products. Brokerage expenditure of EUR 139.5 million was 74.6 per cent up on last year's figure of EUR 79.9 million. This was caused by increases in revenues, the changes to the product mix and an improved performance of branch offices. Personnel expenditure remained almost unchanged at EUR 36.8 million (EUR 36.2 million). Other expenditure, such as for example IT costs, building costs, communications requirements etc, remained stable totalling some EUR 96.3 million (EUR 96.8 million). Pre-tax profit climbed by 30.1 per cent from EUR 38.9 million to EUR 50.6 million, which corresponds to an EBIT margin of 16.0 per cent. When considering the costs of EUR 12.6 million scheduled for optimising processes as part of the program to increase value – "MLP BEST VALUE" - adjusted EBIT margin is even 19.9 per cent.

The company has increased the number of its clients by 27,500 to 589,000 over the nine-month period. The number of both consultants and branch offices is lower than that at year-start with 2,534 (2,771) and 303 (347) respectively. A total of 177 consultants (214) are employed by MLP in 27 (34) foreign branch offices.

Revenue per consultant climbed by 45.5 per cent to EUR 125,155 (EUR 85,995). The branch offices also increased their productivity by 57.1 per cent to earnings per branch office of EUR 1,046,680 (EUR 666,340). MLP laid the foundations for these results at year-start by creating the MLP BEST VALUE program, the aim of which is to improve both efficiency and productivity. Losses from foreign business activities were reduced to EUR 4.7 million (EUR 7.5 million).

New business in the pensions sector rose considerably in the first nine months. The premium sum (excluding Riester) increased by 37.2 per cent over last year and totalled some EUR 5.9 billion (EUR 4.3 billion). The premium sum in the "Riester business" reached the EUR 0.5 billion mark (EUR 0.1 billion). The decisive factor here was the second stage of the Riester pension reform which became effective in Q1. New health insurance business totalled EUR 39.3 million (EUR 46.5 million) annual premium in the reporting period and is thus lower than that of last year. A factor that has contributed to this is the focus upon pension provision this year. The lending levels reached last year were not matched in the first nine months of this year, and totalled some EUR 620 million over EUR 735 million in 2003. Payments into mutual funds increased once again slightly and amounted to EUR 459 million (EUR 447 million).



## Segment Life insurance

Life insurance – All figures in €'000				
	3rd quarter 2004	3rd quarter 2003	9 month 2004	9 month 2003
<b>Segment revenue</b>				
External revenue	39,379	34,521	115,522	98,893
Inter-segment revenue	2,716	2,418	7,782	5,777
<b>Total Segment revenue</b>	<b>42,095</b>	<b>36,939</b>	<b>123,304</b>	<b>104,670</b>
Other income	241	321	739	634
Change in deferred acquisitions cost	18,522	19,083	55,009	52,026
<b>Segment expenses</b>				
Insurance business	-46,045	-42,881	-140,004	-120,345
Personnel expenses	-1,903	-2,354	-6,717	-7,378
Depreciation/amortisation	-1,540	-1,285	-4,626	-3,550
Other expenses	-4,031	-3,940	-11,793	-12,554
<b>Total segment expenses</b>	<b>-53,519</b>	<b>-50,460</b>	<b>-163,140</b>	<b>-143,827</b>
<b>Profit from operations (EBIT)</b>	<b>7,339</b>	<b>5,883</b>	<b>15,912</b>	<b>13,503</b>
<b>Finance cost</b>	<b>58</b>	<b>34</b>	<b>179</b>	<b>67</b>
<b>Profit before tax (EBT)</b>	<b>7,397</b>	<b>5,917</b>	<b>16,091</b>	<b>13,570</b>

Revenues in the life insurance segment increased largely as a result of more new business by 17.8 per cent to EUR 123.3 million (EUR 104.7 million). This is reflected in the higher “annual premium equivalent” for new business (APE). This item rose over last year by 56.5 per cent from EUR 40.0 million to EUR 62.6 million. Expenditure arising from insurance business rose from EUR 120.3 million by 16.4 per cent to EUR 140.0 million. The segment pre-tax profit (EBIT) totalled some EUR 15.9 million for the period over a figure of EUR 13.5 million last year. Premium income and capital market trends resulted in an investment stock increase for unit-linked products to EUR 1.4 billion (31.12.2003: EUR 1.2 billion).

## Segment Non-life insurance

Non-life insurance – All figures in €'000				
	3rd quarter 2004	3rd quarter 2003	9 month 2004	9 month 2003
<b>Segment revenue</b>				
External revenue	10,333	8,623	29,458	25,993
Inter-segment revenue				
<b>Total Segment revenue</b>	<b>10,333</b>	<b>8,623</b>	<b>29,458</b>	<b>25,993</b>
Other income	112	244	337	821
Change in deferred acquisitions cost	-722	-627	808	683
<b>Segment expenses</b>				
Insurance business	-5,086	-4,393	-17,397	-15,767
Personnel expenses	-1,253	-1,175	-4,124	-3,760
Depreciation/amortisation	-244	-303	-710	-739
Other expenses	-1,427	-1,222	-4,312	-4,258
<b>Total segment expenses</b>	<b>-8,010</b>	<b>-7,093</b>	<b>-26,543</b>	<b>-24,524</b>
<b>Profit from operations (EBIT)</b>	<b>1,713</b>	<b>1,147</b>	<b>4,060</b>	<b>2,973</b>
<b>Finance cost</b>	<b>1</b>	<b>-5</b>	<b>7</b>	<b>-5</b>
<b>Profit before tax (EBT)</b>	<b>1,714</b>	<b>1,142</b>	<b>4,067</b>	<b>2,968</b>

Segment revenues climbed by 13.5 per cent to EUR 29.5 million (EUR 26.0 million). Acquisition costs incurred during the year are capitalised according to the accrual principle of accounting and written-off by the end of the reporting year. Acquisition costs rose from EUR 0.7 million to EUR 0.8 million, while personnel expenditure increased by 7.9 per cent over last year to EUR 4.1 million (EUR 3.8 million). The pre-tax profit for this business segment (EBIT) was increased by 36.7 per cent to EUR 4.1 million (EUR 3.0 million).

## Segment Bank

Bank – All figures in €'000				
	3rd quarter 2004	3rd quarter 2003	9 month 2004	9 month 2003
<b>Segment revenue</b>				
External revenue	11,562	11,957	34,470	33,270
Inter-segment revenue	1,012	445	2,745	1,892
<b>Total segment revenue</b>	<b>12,574</b>	<b>12,402</b>	<b>37,215</b>	<b>35,162</b>
Other income	209	334	628	1,162
<b>Segment expenses</b>				
Banking business	-4,945	-4,521	-14,474	-13,454
Personnel expenses	-1,450	-1,834	-4,662	-5,667
Depreciation/amortisation	-66	-630	-201	-915
Other expenses	-3,685	-4,687	-11,776	-14,574
<b>Total segment expenses</b>	<b>-10,146</b>	<b>-11,672</b>	<b>-31,113</b>	<b>-34,610</b>
<b>Profit from operations (EBIT)</b>	<b>2,637</b>	<b>1,064</b>	<b>6,730</b>	<b>1,714</b>
Finance cost	-84	-121	-249	-315
<b>Profit before tax (EBIT)</b>	<b>2,553</b>	<b>943</b>	<b>6,481</b>	<b>1,399</b>

Revenues in the bank segment climbed by 5.7 per cent over last year from EUR 35.2 million to EUR 37.2 million. The interest and commission amounted to EUR 6.9 million (EUR 6.4 million) and EUR 18.5 million (EUR 17.3 million) respectively. Personnel expenditure in this segment was reduced by 17.5 per cent from EUR 5.7 million to EUR 4.7 million. Pre-tax profits (EBIT) totalled EUR 6.7 million over EUR 1.7 million last year.

## Segment Internal services and administration

Internal services and administration – All figures in €'000				
	3rd quarter 2004	3rd quarter 2003	9 month 2004	9 month 2003
<b>Segment revenue</b>				
External revenue				
Inter-segment revenue				
<b>Total segment revenue</b>				
Other income	5,420	4,983	15,206	16,695
<b>Segment expenses</b>				
Personnel expenses	-1,504	-2,184	-4,346	-4,382
Depreciation/amortisation	-1,472	-1,809	-4,235	-4,423
Other expenses	-5,322	-4,821	-15,107	-14,568
<b>Total segment expenses</b>	<b>-8,298</b>	<b>-8,814</b>	<b>-23,688</b>	<b>-23,373</b>
<b>Profit from operations (EBIT)</b>	<b>-2,878</b>	<b>-3,831</b>	<b>-8,482</b>	<b>-6,678</b>
Finance cost	-768	885	-941	-2,787
<b>Profit before tax (EBT)</b>	<b>-3,646</b>	<b>-2,946</b>	<b>-9,423</b>	<b>-9,465</b>

This segment covers all in-house services and activities within the MLP Group. Pre-tax losses rose by 26.9 per cent to EUR 8.5 million (EUR 6.7 million) in comparison to the same period last year.

# MLP consolidated financial statements in accordance with IFRS

## I. General information

The interim report of MLP AG was created in accordance with the Directive 83/349/EU (Group Balance Sheet Directive) on the basis of the International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS) passed and published by the International Accounting Standards Board (IASB).

This intermediary report is based upon the same accounting, evaluation and reporting principles as those applied for the last annual financial statements.

Unless otherwise stated, the figures are given in thousands of Euro and have been rounded.

## II. Notes on the consolidated income statement

Sales revenue is stated by business segment in the segment report.

### [1] 1. Revenue from brokerage business

Revenue from brokerage business breaks down as follows:

All figures in €'000				
	3rd quarter 2004	3rd quarter 2003	9 month 2004	9 month 2003
Life insurance	63,077	45,952	178,247	117,648
Health insurance	10,812	12,705	38,384	39,736
Non-life insurance	2,195	2,396	10,024	9,217
Mutual funds	3,515	3,977	10,984	11,843
Loans	1,514	2,032	5,490	4,343
Other income	659	723	2,105	2,281
<b>Total</b>	<b>81,772</b>	<b>67,785</b>	<b>245,234</b>	<b>185,068</b>

### [2] 2. Revenue from insurance business

All figures in €'000				
	3rd quarter 2004	3rd quarter 2003	9 month 2004	9 month 2003
Insurance premiums	39,738	38,766	118,133	106,991
Revenue from financial assets	2,082	554	4,340	2,284
Other income	7,892	3,824	22,507	15,611
<b>Total</b>	<b>49,712</b>	<b>43,144</b>	<b>144,980</b>	<b>124,886</b>

Insurance premiums are made up as follows:

All figures in €'000								
	Life insurance		Non-life insurance		Life insurance		Non-life insurance	
	Q3 2004	Q3 2003	Q3 2004	Q3 2003	9m 2004	9m 2003	9m 2004	9m 2003
Posted gross premiums	53,206	50,403	647	583	158,276	139,534	42,106	34,563
Released reinsurance premiums	-4,297	-4,814	-136	-369	-12,360	-13,875	-9,046	-5,944
Change in unearned premium reserves (gross)	-17,645	-14,079	7,963	7,042	-52,429	-40,016	-8,414	-7,270
<b>Total (net)</b>	<b>31,264</b>	<b>31,510</b>	<b>8,474</b>	<b>7,256</b>	<b>93,487</b>	<b>85,643</b>	<b>24,646</b>	<b>21,348</b>

The change in unearned premium reserve (gross) includes Unearned Revenue Liabilities of EUR 54,100 thsd (EUR 44,466 thsd) in the first half year 2004.

Revenue from financial assets and the other income from insurance business are shown below:

All figures in €'000				
	3rd quarter 2004	3rd quarter 2003	9 month 2004	9 month 2003
Interest and similar income	2,047	554	3,393	2,284
Non-current revenue from financial assets	35		947	
Revenue from syndicate business	3,787	3,135	11,034	9,150
Other income	4,105	689	11,473	6,461
<b>Total</b>	<b>9,974</b>	<b>4,378</b>	<b>26,847</b>	<b>17,895</b>

### [3] 3. Revenue from banking business

All figures in €'000				
	3rd quarter 2004	3rd quarter 2003	9 month 2004	9 month 2003
Interest and similar income	3,876	3,845	11,651	11,373
Non-current revenue from financial assets		3		3
Commission earnings	7,686	8,109	22,819	21,894
<b>Total</b>	<b>11,562</b>	<b>11,957</b>	<b>34,470</b>	<b>33,270</b>

[4] 4. Change in deferred acquisition costs

All figures in €'000								
	Life insurance		Non-life insurance		Life insurance		Non-life insurance	
	Q3 2004	Q3 2003	Q3 2004	Q3 2003	9M 2004	9M 2003	9M 2004	9M 2003
Capitalisation	16,200	15,062	137	58	49,382	41,345	4,784	3,343
Portion of reinsurers	-3,524	-510	-28	2	-10,746	-1,529	-1,657	-701
	<b>12,676</b>	<b>14,552</b>	<b>109</b>	<b>60</b>	<b>38,636</b>	<b>39,816</b>	<b>3,127</b>	<b>2,642</b>
Interest added	6,066	4,983			17,864	14,568		
Portion of reinsurers	-2,112	-2,180			-5,942	-6,316		
	<b>3,954</b>	<b>2,803</b>			<b>11,922</b>	<b>8,252</b>		
Amortisation	-3,610	-3,306	-1,256	-862	-11,659	-9,347	-3,556	-2,486
Portion of reinsurers	5,817	4,973	426	176	15,416	13,803	1,238	527
	<b>2,207</b>	<b>1,667</b>	<b>-830</b>	<b>-686</b>	<b>3,757</b>	<b>4,456</b>	<b>-2,318</b>	<b>-1,959</b>
	<b>18,836</b>	<b>19,022</b>	<b>-722</b>	<b>-626</b>	<b>54,314</b>	<b>52,524</b>	<b>808</b>	<b>683</b>

[5] 5. Expenses for insurance business

Net actuarial expenses are made up as follows:

All figures in €'000								
	Life insurance		Non-life insurance		Life insurance		Non-life insurance	
	Q3 2004	Q3 2003	Q3 2004	Q3 2003	9m 2004	9m 2003	9m 2004	9m 2003
Gross claims payments	958	422	4,997	4,498	2,218	1,389	14,923	13,408
Change in the claims reserve (gross)	3,109	-427	1,084	1,001	3,430	-439	6,289	1,359
<b>Gross claims expenditure</b>	<b>4,067</b>	<b>-5</b>	<b>6,081</b>	<b>5,499</b>	<b>5,648</b>	<b>950</b>	<b>21,212</b>	<b>14,767</b>
Portion of reinsurers	-1,676	143	-1,131	-1,196	-2,429	-750	-7,051	-1,740
<b>Net claims expenditure</b>	<b>2,391</b>	<b>138</b>	<b>4,950</b>	<b>4,303</b>	<b>3,219</b>	<b>200</b>	<b>14,161</b>	<b>13,027</b>
Change in the insurance provisions (gross = net)	5,561	6,923			16,627	15,651		
Change in the provisions for policy holder participation (gross = net)	1,058	3,898			10,751	11,901		
<b>Total (net)</b>	<b>9,010</b>	<b>10,959</b>	<b>4,950</b>	<b>4,303</b>	<b>30,597</b>	<b>27,752</b>	<b>14,161</b>	<b>13,027</b>

The change in the provision for policy holder participation includes a deferred provision for policy holder participation amounting to EUR 10,046 thsd (EUR 11,925 thsd) affecting net income.

The other expenses for insurance business are made up as follows:

All figures in €'000				
	3rd quarter 2004	3rd quarter 2003	9 month 2004	9 month 2003
Interest and similar expenses	7,421	5,736	22,504	17,611
Expenses for financial assets	58	46	107	282
Other expenses	11,916	9,133	38,375	31,101
<b>Total</b>	<b>19,395</b>	<b>14,915</b>	<b>60,986</b>	<b>48,994</b>
Commissions paid/earned	-1,266	1,046	384	-367
Reinsurance commission	-3,889	-1,154	-15,234	-3,461
<b>Total</b>	<b>14,240</b>	<b>14,807</b>	<b>46,136</b>	<b>45,166</b>

In the third quarter 2003 reinsurance commissions of the segment Non-life insurance were recognised under the item „Commissions paid/earned“ amounting to EUR 701 thsd. In the first nine months 2004 reinsurance commissions amounting to EUR 1,657 thsd. are recognised in the position „Reinsurance commission“.

#### [6] 6. Expenses for banking business

All figures in €'000				
	3rd quarter 2004	3rd quarter 2003	9 month 2004	9 month 2003
Interest and similar expenses	1,596	1,484	4,759	4,699
Allowances for losses	822	750	2,622	2,250
Commissions paid	572	751	1,522	1,693
<b>Total</b>	<b>2,990</b>	<b>2,985</b>	<b>8,903</b>	<b>8,642</b>

[7] 7. Other operating expenses

All figures in €'000				
	3rd quarter 2004	3rd quarter 2003	9 month 2004	9 month 2003
IT costs	10,712	12,236	32,546	39,519
Communications requirements	3,429	3,153	11,069	11,164
Audit and consultancy costs	3,954	3,565	10,485	8,336
Expenses for retired sales representatives	1,551	2,087	3,694	6,376
Training and seminars	2,242	1,269	5,675	3,865
Costs of premises	5,927	5,759	17,666	17,893
Advertising activities	1,493	1,223	4,832	3,353
Office supplies	968	1,023	2,628	2,808
Representation, entertainment expenses	990	679	3,014	2,620
Other taxes	660	67	1,197	137
Other remaining expenses	9,757	8,064	25,250	19,261
<b>Total</b>	<b>41,683</b>	<b>39,125</b>	<b>118,056</b>	<b>115,332</b>

The other remaining expenses for the year under review comprise in particular expenses for the rental of notebooks, expenses for insurance, other personnel expenses, travel expenses, dues and fees and money transfer costs.

[8] 8. Finance cost

All figures in €'000				
	3rd quarter 2004	3rd quarter 2003	9 month 2004	9 month 2003
Income from the sale of financial assets			1	
Other interest and similar income	339	222	1,739	1,135
Interest and similar expenses	-3,263	-1,591	-9,148	-9,533
Transfer of losses	-1	1	-3	
Losses on the disposal of financial assets				-2
<b>Total</b>	<b>-2,925</b>	<b>-1,368</b>	<b>-7,411</b>	<b>-8,400</b>

### III. Notes to the balance sheet

#### [9] 1. Financial assets

Financial assets are made up as follows:

All figures in €'000	30th Sept. 2004	31st Dec. 2003
Investments	1,410	1,383
Securities	131,982	87,422
Loans	48	100
Other capital assets	64,697	73,590
<b>Total</b>	<b>198,137</b>	<b>162,495</b>

#### [10] 2. Receivables due from banking business

All figures in €'000	30th Sept. 2004	31st Dec. 2003
Accounts receivable due from bank clients	223,775	237,998
Accounts receivable due from financial institutions	130,551	78,449
<b>Total</b>	<b>354,326</b>	<b>316,447</b>

Accounts receivable due from bank clients are mostly in the form of loans, current accounts and credit cards.



### [11] 3. Insurance provisions

Gross insurance provisions are as follows:

	Life insurance		Non-life insurance	
	30.09.2004	31.12.2003	30.09.2004	31.12.2003
Unearned premium reserves	224,513	172,084	10,752	60
Insurance reserve	84,556	67,929		
Provisions for insurance claims not yet settled (pending claim reserve)	9,540	6,110	18,998	12,709
Provisions for policy holder participation	67,704	56,728		
<b>Total</b>	<b>386,313</b>	<b>302,851</b>	<b>29,750</b>	<b>12,769</b>

The position “unearned premium reserves“ includes an unearned revenue liability (URL) amounting to EUR 220,354 thsd (31.12.2003 EUR 166,254 thsd).

The position “provisions for policy holder participation“ includes deferred provisions amounting to EUR 58,879 thsd (31.12.2003 EUR 48,608 thsd).

### IV. Notes to the cash flow statement

The cash flow statement illustrates the change in cash resources of the MLP Group over the financial year as a result of the cash flows from operating activities, investing and financing activities. The cash flows of investing activities comprise mainly changes of investments. The financing activity illustrates the cash-related equity capital changes and loans used. All other cash flows of turnover-related principal activities are allocated to operating activities.

### V. Notes to the reporting by business segments

Segmentation of the annual accounts data is based on the internal organisational structure of the MLP Group according to business sectors (primary segment).

The operative segments consist of the individual companies of the MLP Group. The segments which have to be reported constitute strategic Group business sectors which differ as regards their services and products, as well as the regulatory framework.

Derivation of the strategic business sectors which have to be reported is based on the criteria of the relationship between potential opportunities and risks in the market in which the MLP Group transacts business.

The strategic business sectors are the following:

- Consulting and sales
- Life insurance
- Non-life insurance
- Banking
- Internal services and administration

The object of the consulting and sales segment consists of commercial and advisory services to clients, particularly with regard to insurance, investments and financing of all kinds, as well as of the broking of contracts concerning these financial services. The segment is formed by MLP Finanzdienstleistungen AG, Heidelberg, MLP Private Finance plc, London, Great Britain, MLP Private Finance Correduria de Seguros S.A., Madrid, Spain, as well as MLP Private Finance AG, Zurich, Switzerland.

The range of products and services of the life insurance segment comprises various types of life insurance policies, insurance policies attracting tax relief pursuant to the German Old Age Assets Act (AvmG), capitalisation transactions as well as the administration of pension schemes. The life insurance segment is composed exclusively of MLP Lebensversicherung AG.

The business activity of the non-life insurance segment extends to the conception and running of property and accident insurance. The segment is formed by MLP Versicherung AG.

The business sectors of the banking segment include the administration of financial portfolios, the trustee credit business, the loan and credit card business, consulting regarding investment decisions in respect of investment funds, as well as the conception and organisational implementation of new financial products for the MLP Group. The segment is formed exclusively by MLP Bank AG.

The internal services and administration segment is formed by MLP AG, as well as by Login GmbH. All internal services and activities of the MLP Group are thus combined in a separate segment.

## VI. Miscellaneous information

The average number of staff as at 30th September 2004 amounts to 1,550 (31.12.2003: 1,492). The number of part time employees increased slightly to 354 (31.12.2003: 343). Additionally, an average number of 140 (31.12.2003: 169) people underwent commercial apprenticeship/training.

## **Executive bodies MLP AG**

### **Executive board:**

Dr. Uwe Schroeder-Wildberg (Chairman and CEO)  
Eugen Bucher  
Gerhard Frieg  
Nils Frowein

### **Supervisory board:**

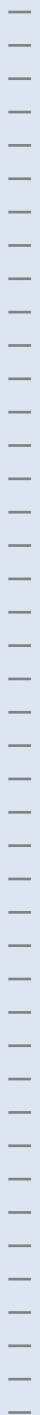
Manfred Lautenschläger (Chairman)  
Dr. Peter Lütke-Bornefeld  
Johannes Maret  
Gerd Schmitz-Morkramer (Deputy chairman)  
Maria Bähr (Employees' representative)  
Norbert Kohler (Employees' representative)

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