

QUARTERLY REPORT 2002
JANUARY TO MARCH

 **MLP** PRIVATE FINANCE





LETTER TO THE SHAREHOLDERS

3

Dear shareholders,

Following a very good business year in 2001 we can now look back to an equally successful first quarter in 2002. The start of the current fiscal year has been more than satisfying. Your and our company is developing at a dynamic pace.

The consolidated pre-tax profit grew to EUR 24.5 million, which represents a 32 percent increase over the net profit reported for the first quarter of 2001 of EUR 18.6 million. The young subsidiaries in particular – which are now to be completely integrated into the group – are making an ever stronger contribution to the consolidated net profit. In the first three months of the year they made a 31 percent contribution to the consolidated group profit, almost double that of 2001.

The sales revenues from the consulting and sales division increased by 36 percent to EUR 58.3 million, the insurance premiums rose by 30 percent to EUR 119.7 million while income from outward insurance business declined by 5 percent in the reporting period to EUR 42.6 million. Total group revenues climbed by a total of 21 percent from EUR 201.1 million to EUR 242.7 million.

We are convinced that this constant pace of growth will continue unabated. We have seen a strong increase in new business in the pension sector up until May, which represents an increase of 25 percent in terms of total premiums and statistical annual premiums for the unit-linked life insurance business. The additional growth impetus resulting from the so-called “Riester” policies has not yet been taken into account here.

All this means that we can look forward to an extremely promising future. As such we can forecast a consolidated pre-tax profit of some EUR 195 million for the entire 2002 business year, which corresponds to an increase of some 30 percent over fiscal 2001.

In the past few days the MLP stock has fallen in price dramatically. This fall in share price was caused by inaccurate accusations in a business magazine, which resulted in a considerable state of uncertainty on the capital market. MLP conducts its balance sheet reporting in a legally irreproachable manner and in keeping with normal business practices. The group neither forms liabilities outside of the group balance sheet accounts, nor does it overstate the net income growth. The comments by leading experts, analysts and business press have confirmed our standing in all important points.

The events of the past few days have, however, made it very clear to us that our extraordinary success means that we are obliged to provide particularly detailed explanations. MLP will do its utmost to make the sustainability of the business model more transparent for you – our shareholders – for analysts and for journalists alike.“ The high quality standards that MLP sets itself in its core business areas will serve here as our guideline for corporate publicity activities.

The consistent continuation of our successful strategy for lasting, organic growth is a decisive factor in sustaining the increase in the MLP share value. We will proceed to implement this strategy in the same determined fashion over the course of the next few years and are pleased that you will continue to accompany us as a shareholder.

Best regards

B. J. Miller

Notes to the development of the business segments

Consultation and Sales business segment

The Consultation and Sales division comprises MLP Finanzdienstleistungen AG with its foreign branches and subsidiaries.

Sales revenues increased in this segment by 36 percent to EUR 58.3 million (cf. EUR 42.7 million in 2000) and the pre-tax profit by 19 percent to EUR 16.0 million (cf. EUR 13.5 million in 2001). Pre-tax profit at MLP Finanzdienstleistungen AG in Germany exceeded that of the entire segment with EUR 17.4 million (cf. EUR 16.2 million in 2001). This corresponds to an increase of 38 percent. MLP posted a deficit of EUR 1.5 million (cf. EUR +0.8 million in 2001) for the foreign activities which was the result of the strong expansion and associated investments.

At 477,000 the client base has increased in number by 24,000 since the end of December 2001. The number of MLP Financial Consultants has risen at the same time. As at the end of March 2002 MLP employed 2,730 Financial Consultants, 562 more than one year previously. At the end of the first quarter 2002 MLP employed 1,370 back office staff. Twelve months earlier there were 1,135.

In order to do justice to the increasing number of clients and their exacting standards, MLP continued to expand its branch office network in the first quarter of 2002. While there were 250 branch offices as at 31.03.2001, their number rose to a total of 348 offices by the end of March 2002. In the meanwhile there are also 36 branch offices abroad.

Life insurance business segment

The life insurance division consists of MLP Lebensversicherung AG and its 50-percent subsidiary MLP-Lebensversicherung AG Österreich, which is consolidated on a prorated (50%) basis.

In the first quarter 2002 MLP Lebensversicherung AG realized EUR 94.2 million in insurance premiums and EUR 34.4 million income from outward insurance business. The pre-tax profit at MLP Lebensversicherung AG increased by 81 percent to EUR 4.7 million (cf. EUR 2.6 million in 2001).

MLP-Lebensversicherung AG Österreich realised EUR 33.9 million in premiums and EUR 6.3 million income from outward insurance business. Pre-tax profit amounted to EUR 0.6 million.

Non-life insurance business segment

The non-life insurance division consists of MLP Versicherung AG.

The insurance premiums for this company amounted to EUR 8.6 million. The company also realised sales revenues of EUR 4.2 million from the outsourced activities, that it conducts as consortium leader for the business it manages on behalf of other insurance companies. The reinsurance companies contributed EUR 2.0 million to the liabilities benefits. The net profit at MLP Versicherung AG rose by 38.4 percent to EUR 0.64 million (cf. EUR 0.47 million in 2001).

Bank and Asset management business segment

The Bank and Asset management division consists of MLP Bank AG and MLP Vermögensverwaltung AG.

As part of the loan business managed by the MLP Bank AG for other banks the trust assets, and hence the business volume, increased by 26 percent to EUR 197 million (cf. EUR 156 million in 2001). In addition, loans, given to customers, outstanding on own account amounted to EUR 208 million (cf. EUR 140 million). This corresponds to an increase of 49 percent. Net interest income climbed by over 115 percent to EUR 2.7 million (cf. EUR 0.8 million in 2001). Income from commissions also rose significantly by 44 percent to EUR 3.1 million (cf. EUR 2.2 million in 2001). Pre-tax profit at MLP Bank AG did not match the previous year's level due to the heavy investments made, particularly in the online securities brokerage area. It fell from EUR 0.2 million to EUR 0.1 million.

MLP Vermögensverwaltung AG focussed on structuring and managing the client assets which are invested in mutual funds. Administrative activities arising in this context are conducted by the MLP Bank AG. MLP Vermögensverwaltung AG realised 25 percent higher sales revenues with EUR 2.1 million (cf. EUR 1.7 million in 2001). Net profit climbed by 33 percent to EUR 1.4 million (cf. EUR 1.1 million in 2001).

Other divisions

The item other divisions is composed of MLP Login GmbH. MLP Login GmbH only provides group-internal services and realised a slight net profit of EUR 0.04 million.

Notes to the balance sheet

A small part of investments into the set-up of the securities brokerage and the foreign expansion can be seen in the capitalised start-up expenses. These rose from EUR 3.9 million as at 31.03.2001 to EUR 9.8 million as at 31.12.2001 and amounted to EUR 9.1 million as at 31.03.2002.

Fixed assets increased to EUR 1.138 million. The rise can largely be attributed to growth in investment stock to EUR 967 million (cf. EUR 690 million) for the MLP life insurance fund policies. The investment stock comprises mutual fund shares which the insurers hold in the mutual fund policy for the policy holder. Since the policy holders participate completely in the profits or losses made by these investments, the reserves for unit-linked policies are reported at the same amount.

Current assets increased in comparison with the same period last year from EUR 357 million to EUR 590 million. The largest item under current assets is loans to banking clients and own bank deposits. Loans to banking clients climbed from EUR 139 million to EUR 208 million, reflecting the strong increase in new financing.

Trust assets have been reported separately since publication of the year-end accounts for fiscal 2001. These cover trust loans granted in own name and invoiced to other credit institutions for MLP Bank AG clients for construction finance and practice financing projects. Accordingly the balance sheet includes a statement of trust liabilities to the corresponding amount. These increased from EUR 156 million to EUR 197 million.

Tax accruals and deferrals have been reported separately for the first time in the quarterly balance sheet.

Group equity rose significantly as a result of non-paid out surpluses by 35 percent from EUR 209 million to EUR 281 million .

Debt rose from EUR 984 million to EUR 1.479 million particularly as a result of the higher reserve for the fund policies and the increased client deposits at MLP Bank AG. Pro rata unearned premium reserve increased, correspondingly to the investment stock, from EUR 690 million to EUR 967 million. Client deposits at MLP Bank AG doubled from EUR 106 million to EUR 212 million.

Trust liabilities developed in line with the trust assets.

Notes to the profit and loss accounts

Total net profit prior to reinsurance income climbed by 28 percent to EUR 200.1 million (cf. EUR 156.3 million in 2001). Earnings from reinsurance business declined by 5 percent to EUR 42.6 million (cf. EUR 44.9 million in 2001).

The small decrease in earnings from reinsurance business can be attributed to the fact a very high number of occupational disability cover policies were signed when this insurance was excluded from the statutory pension cover in the previous year. New business this year at MLP Lebensversicherung AG has again shifted more strongly towards unit-linked policy business generating low reinsurance income.

Overall insurance premiums increased by 30 percent from EUR 92.3 million to EUR 119.7 million. the following contributions were made to insurance premiums: MLP Lebensversicherung AG with EUR 94.2 million, MLP-Lebensversicherung AG, Österreich with EUR 17.0 million and MLP Versicherung AG with EUR 8.6 million.

The largest item under other operating income is the profits realised from investment stock for the fund policies, which are included in the balance sheet at their current market value. These totalled EUR 1.7 million (cf. EUR 1.4 million in 2001). The profits realised from the investment stock do not affect the MLP results, because the insurance related reserves for the fund policies are increased by expenditure from the increase in technical reserves (item 6 in the profit and loss account) by the same amount.

The item cost of materials (cost of purchased services) includes the commission payments to the Financial Consultants. The commission payments increased by 31 percent to EUR 28.8 million (cf. EUR 22.0 million in 2001).

The personnel expenses rose from EUR 12.8 million by 33 percent to EUR 17.0 million. This increase can primarily be attributed to recruitment for the banking platform expansion in the online securities brokerage section as well as for foreign expansion. Local legal regulations in both Switzerland and The Netherlands stipulate that the Financial Consultants are salaried employees. Their production-related remuneration is therefore included in the accounts under the item personnel expenses.

The increase in depreciation expense from EUR 3.0 million to EUR 5.1 million can predominantly be accounted for by the new training and administration centre in Wiesloch, the heavy expansion of the branch office network managed as profit centres and the capitalised start-up expenditure.

The item other operating expenses includes, in particular, IT costs amounting to EUR 12.2 million (cf. EUR 7.2 million in 2001), technical expenses for insurance claims, redemptions and increases in reserves for premium refunds and direct credits of EUR 13.7 million (cf. EUR 7.6 million in 2001), building costs of EUR 5.4 million (cf. EUR 5.5 million in 2001), losses realised from capital investments for the fund policies in the profit and loss account that do not affect the operating results of EUR 3.2 million (cf. EUR 7.7 million in 2001) and the communication expenses totalling EUR 3.0 million (cf. EUR 1.4 million in 2001).

The expenses arising from the increase in technical reserves have climbed significantly from 21.0 to EUR 80.7 million. This strong increase can, in addition to the growth in unit-linked life insurance business policies, predominantly be accounted for by the investment stock performance of EUR 2.9 million (cf. EUR -42.7 million in 2001).

The reinsurance premiums have declined slightly. The reason for this were several large, heavily reinsured insurance contracts that have now been taken out of the stock and for which therefore further reinsurance premiums are not due.

The investment stock capital investments for the unit-linked fund policies are, as legally stipulated, included in the balance sheet at their current market value, that is, at the investment fund prices noted on the cut-off date. Profits or losses for investment fund shares, which were already held at the beginning of the fiscal year, are posted in the Group Profit and Loss Account under item 9 "Unrealised gains from investments" or item 10 "Unrealised losses from investments". The counter item is posted in the Group Profit and Loss Account under item 6 "Expenses related to insurance reserves". These bookkeeping operations do not therefore affect the MLP results.

Pre-tax profit from ordinary increased by 32 percent from EUR 18.6 million to EUR 24.5 million. The DVFA-result increased by 26 percent from 13.2 cent to 16.6 cent.

Accounting and valuation methods

These consolidated financial statements were compiled pursuant to Section 290 et seq. of the German Commercial Code as well as the relevant provisions of the Companies Act (AktG). The profit and loss account was compiled using the total cost method pursuant to Section 275 (2) of the German Commercial Code.

The divisional reports were compiled based upon the standards of the Deutschen Rechnungslegungs Standard Committee e.V. (DRSC) (German Accounting Standard Committee). According to this standard "other operating income" is not to be accounted for in the segment report. Therefore, the sum of segment sales revenue is lower by "other operating income" in comparison with total revenue depicted in the Profit and loss account.

Group consolidated balance sheet 31.03.2002

ASSETS	1ST QUARTER 2001 TEURO	1ST QUARTER 2002 TEURO
Start-up costs	3,898.0	9,131.3
Fixed Assets	812,958.8	1,137,889.8
<i>of which investment stock of unit-linked life assurance</i>	<i>690,298.5</i>	<i>967,353.6</i>
Current assets	356,905.3	589,638.1
<i>of which bank client assets</i>	<i>139,490.2</i>	<i>207,719.4</i>
Trust assets	156,033.0	196,973.6
Prepaid expenses	19,654.8	22,459.0
Deferred taxes		1,528.1
Total	1,349,449.8	<u>1,957,594.7</u>

11

EQUITY AND LIABILITIES	1ST QUARTER 2001 TEURO	1ST QUARTER 2002 TEURO
Equity	208,939.4	281,192.1
Liabilities	984,427.5	1,479,388.8
<i>of which reserves for unit-linked life assurance</i>	<i>690,298.5</i>	<i>967,353.6</i>
<i>of which bank clients deposits</i>	<i>105,886.3</i>	<i>211,893.3</i>
Trust liabilities	156,033.0	196,973.6
Deferred income	50.0	40.2
Total	<u>1,349,449.8</u>	<u>1,957,594.7</u>

Group consolidated profit and loss account

	1ST QUARTER 2001 TEURO	1ST QUARTER 2002 TEURO
1. Total revenue	201,156.2	242,704.2
<i>of which sales revenues</i>	<i>57,738.2</i>	<i>72,511.4</i>
<i>of which interest income from banking operations</i>	<i>2,764.5</i>	<i>4,261.8</i>
<i>of which insurance premiums</i>	<i>92,332.4</i>	<i>119,710.8</i>
<i>of which income from outward reinsurance business</i>	<i>44,898.3</i>	<i>42,628.0</i>
<i>of which other operating income</i>	<i>3,422.7</i>	<i>3,592.2</i>
2. Cost of materials	- 22,314.6	- 29,801.3
3. Personnel expenses (Costs of purchased services)	- 12,753.3	- 16,956.0
4. Depreciation	- 3,022.9	- 5,098.9
5. Other operation expenses	- 43,070.8	- 48,054.8
6. Expenses related to insurances reserves	- 21,002.8	- 80,722.8
7. Reinsurance premiums	- 44,008.5	- 41,865.4
8. Finance income, net	34.6	- 206.6
9. Unrealised gains from investments	3,299.4	15,373.8
10. Unrealised losses from investments	- 39,740.1	- 10,837.9
11. Profit from ordinary operations	18,577.1	24,534.3
12. Taxes on income and profit	- 7,245.1	- 9,582.6
13. Net income	11,332.0	14,951.7
14. Earnings per share in Cent	13.2	16.6

Cashflow statement

12

	1ST QUARTER 2001 TEURO	1ST QUARTER 2002 TEURO	CHANGE
Net profit	11.332,0	14.951,7	+ 31,9 %
Change in net financial assets from current operations	7.356,3	23.610,6	+ 221,0 %
Change in net financial assets from investment activity	-10.012,0	- 16.746,7	+ 67,3 %
Change in net financial assets from financing activity	4.177,2	5.218,5	+ 24,9 %
Increase in net financial assets	12.853,5	27.034,1	+ 110,3 %

Segment reporting

In TEuro

	Consultation and sales	Life assurance	Non-life assurance	Banking & Asset management	Other segments	Total	Adjustment	Group
Third party revenues	58.338,8	153.073,7	14.686,9	13.012,6	0,0	239.112,0		239.112,0
Segment results	16.024,7	5.267,6	644,4	1.550,0	37,1	23.523,8	1.010,5	24.534,3

Segment reporting

In TEuro

	Consultation and sales	Life assurance	Non-life assurance	Banking & Asset management	Other segments	Total	Adjustment	Group
Third party revenues	42.739,1	131.302,3	11.455,7	12.212,4	24,0	197.733,5		197.733,5
Segment results	13.484,7	2.661,6	465,5	1.309,6	- 666,0	17.255,4	1.321,7	18.577,1

Decomposition of total revenue

	1ST QUARTER 2001 IN TEURO	1ST QUARTER 2001 IN TEURO	Change
Sales revenue	57,738.2	72,511.4	+ 25.6 %
Interest income from banking operations	2,764.5	4,261.8	+ 54.2 %
Insurance premiums	92,332.5	119,710.8	+ 29.7 %
Other operating income	3,422.7	3,592.2	+ 5.0 %
Sum	156,257.9	200,076.2	+28.0 %
Income from outward reinsurance business	44,898.3	42,628.0	- 5.1 %
Total revenue	201,156.2	242,704.2	+ 20.7 %

13

Calculation of DVFA-result

	1ST QUARTER 2001 IN TEURO	1ST QUARTER 2002 IN TEURO	Change
Pretax profit	18,577.1	24,534.3	+ 32.1 %
Net profit	11,332.0	14,951.7	+ 31.9 %
Depreciation of capitalised start-up costs	285.4	710.4	+ 148.9 %
Minorities	1,202.7	2,551.4	+ 112.1 %
DVFA-result	10,414.8	13,110.7	+ 25.9 %
DVFA-result per share in Cent	13.2	16.6	+ 25.9 %

Consultations and sales business segment

	31.03.2001	31.03.2002	Change
Number of clients	390,000	477,000	+ 22.3 %
Number of Financial Consultants	2,168	2,730	+ 25.9 %
Number of branch offices	250	348	+ 39.2 %

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