CONSOLIDATED FINANCIAL STATEMENTS

Income statement and statement of comprehensive income

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

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

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

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

Statement of financial position

Assets as of December 31, 2015

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

Liabilities and shareholders' equity as of December 31, 2015

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

Statement of cash flow

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

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

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

Statement of changes in equity

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

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

* Reclassifiable gains/losses.

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

Notes

General information

1 Information about the company

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

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

2 Principles governing the preparation of the financial statements

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

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

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

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

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

3 Amendments to the accounting policies, as well as new standards and interpretations

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

In the financial year 2015 the following new or amended standards and interpretations were to be applied for the first time.

In November 2013, the IASB published its amendments to **IAS 19 "Employee Benefits"**, and then in December 2013 its **Revisions to the IFRS 2010–2012** and **Revisions to the IFRS 2011–2013**. The changes have no significant effect on the consolidated financial statements.

Adoption of the following new or revised standards and interpretations was not yet binding for the financial year commencing on January 1, 2015. The standards were not adopted early:

EU endorsement has already taken place:

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

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

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

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

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

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

EU endorsement still pending:

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

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

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

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

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

MLP did not adopt any standards or interpretations ahead of time that have already been issued but have not yet come into force. The Group will apply the new/revised standards and interpretations at the latest when their adoption becomes binding following endorsement by the EU.

4 Scope of consolidation, as well as shares in associates and disclosures on non-consolidated structured entities

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

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

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

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

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

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

Disclosures on non-consolidated structured entities

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

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

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

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

5 Principles of consolidating subsidiaries and associates

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

Subsidiaries material to the consolidated financial statements are fully consolidated from the date of acquisition, i.e. from the date on which MLP AG gains control. They are deconsolidated as soon as the parent company loses control. For subsidiaries included in the consolidated financial statements for the first time, equity consolidation is performed using the acquisition method of accounting in line with IFRS 3 "Business Combinations". Here, the acquisition costs for the shares acquired are offset against the proportionate share of equity in subsidiaries. The assets, debts and contingent liabilities acquired are fully incorporated into the consolidated balance sheet at the time of acquisition, whereby hidden reserves and liabilities are also taken into account. Any remaining positive differences are then disclosed as goodwill. In the event of deconsolidation, this goodwill is released to income. Any negative differences are recognised in the income statement immediately. For business combinations in which fewer than 100% of the shares are acquired, IFRS 3 provides the option of using either the purchased goodwill method or the full goodwill method. This option can be exercised each time a new company is acquired. The consolidated financial statements contain no effects of intra-group transactions. No intra-group income and expenses or receivables and liabilities between consolidated companies are offset against each other. Profits between consolidated companies (inter-company profits) are eliminated. Deferred taxes are recognised by MLP to accommodate any unrecognised differences between the IFRS carrying amounts and the tax values resulting from the consolidation.

Associates are companies where MLP AG has significant influence on financial and operating policy, but which are neither subsidiaries nor joint ventures. A significant influence can generally be exerted when holding a 20% to 50% share of the voting rights. Associates are accounted for using the equity method. The equity method is also used for joint ventures. The shares in associates accounted for using the equity method are recorded at the date of addition based on their historical costs. The goodwill corresponds to the positive difference between the historical costs of the interest and the pro rata net fair value of the associate's assets. When applying the equity method, the goodwill is not amortised, but in the case of indications it is tested for an impairment of the shares. Existing goodwill is disclosed under investments accounted for using the equity method.

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

6 Business combinations

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

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

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

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

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

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

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

Acquired net assets of the DOMCURA Group

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

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

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

7 Significant discretionary decisions, estimates and changes in estimates

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

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

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

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

8 Accounting policies

Revenue recognition

Revenue is generally recognised if it is probable that MLP will derive definable economic benefit from it.

MLP generates **revenue from commission**. This commission is in turn generated in the areas of old-age provision, wealth management, health insurance, non-life insurance, financing and other consulting services.

Commission income from the brokerage of insurance policies is recognised independently of the inflow of funds if the Group is entitled to receive payment. The entitlement to payment automatically arises when the first premium of the policy holder has been collected by the insurance company, but at the earliest upon conclusion of the insurance contract. Obligations to consultants and office managers also arise at this point in time. MLP is entitled to time-limited **trail commissions** for the brokerage of certain contracts (especially pertaining to old-age provision). They are realised according to the same principles as acquisition commissions. MLP receives partially recurrent **trailer fees** for brokered old-age provision and health insurance contracts. The company is usually entitled to these as long as premiums are payable for underlying contracts.

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

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

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

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

In addition to this, **revenue is generated from the interest rate business**. Revenue from the interest rate business also includes interest income from the investment of funds of MLP Finanzdienstleistungen AG.

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

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

Currency translation

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

Fair value

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

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

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

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

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

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

Intangible assets

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

Intangible assets are disclosed at their acquisition or manufacturing costs minus all accumulated amortisation charges and all accumulated impairment losses. MLP does not apply the revaluation method. Goodwill is valued at the excess of the business combination's acquisition cost over the acquired net assets on the date of addition.

Definite-lived intangible assets need to be estimated with regard to the depreciation methods and duration. The respective useful life periods are defined on the basis of empirical values. Due to changed overall economic circumstances, the amortisation period may need to be adjusted, which can have significant effects on the level of amortisation expenses. At MLP this mainly concerns client relations and software. Definite-lived intangible assets are usually written down on a straight-line basis over their economic life. Amortisation begins once the intangible asset becomes ready for use and ends as soon as the asset is derecognised or if the asset is no longer classified as "held for sale". The residual value, useful life and amortisation method for a definite-lived intangible asset are reviewed at the end of each financial year. If the expected useful life or the expected pattern of an asset's usage has changed, MLP caters to this by adjusting the amortisation period or selecting a different amortisation method. MLP recognises changes in estimates of this nature prospectively in the balance sheet in accordance with IAS 8. The carrying amount of definite-lived intangible assets is checked whenever there is an indication that their value may have been reduced (impairment).

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

Goodwill and other **indefinite-lived intangible assets** are not amortised. The indefinite-lived intangible assets are subjected to an impairment test once a year or when there are indications of an impairment. These tests are either performed individually or at the level of a cash-generating unit. At MLP, this in particular affects the brands acquired within the scope of business combinations. They are also reviewed once a year to establish whether their classification as an indefinite-lived asset is still justified. If this is not the case, the asset is handled according to the principles for definite-lived intangible assets from then on. The change in useful life from indefinite to finite is recognised prospectively in the balance sheet as a change in estimate in accordance with IAS 8. For further details, please refer to → Note 21.

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

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

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

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

Property, plant and equipment

Items of property, plant and equipment are measured at cost and, if applicable, less straight-line depreciation and impairment losses. MLP does not apply the revaluation method. Depreciation of the property, plant and equipment or components begins when an asset is ready for use. Probable physical wear and tear, technical obsolescence and legal/contractual limitations are taken into account in determining expected useful lives.

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

Investment property

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

Non-current assets held for sale

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

Impairment test

The carrying amount of all indefinite-lived intangible assets, intangible assets that are not yet ready for use and goodwill is tested at the end of each financial year. For further intangible assets and "property, plant and equipment", MLP reviews at each balance sheet date whether there are any indications of impairment. If the recoverable amount for the individual asset cannot be determined, the estimate is made for the smallest cash-generating unit to which the asset belongs. An asset's recoverable amount is the higher of either the fair value of an asset less selling costs or the value in use. If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and is written down to its recoverable amount.

For the purposes of determining value in use, estimated future cash flows are discounted to their present value on the basis of a pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to the asset. If necessary, impairment losses are shown in the income statement under "Depreciation/amortisation and impairments".

Goodwill acquired within the scope of business combinations is tested for impairment losses at least once a year and also at any time when there is indication of potential impairment losses on assets. For the purposes of impairment tests, the goodwill must be allocated from the date of acquisition onwards to those of the Group's cash-generating units or groups of cash-generating units that are to benefit from the synergies from the combination. This applies irrespective of whether other assets or liabilities of the acquired company have been allocated to these units or groups of units. Each unit or group of units to which goodwill is allocated represents the lowest level within the Group at which goodwill is monitored for internal management purposes and is no larger than one business segment in the sense of IFRS 8. The carrying amount is tested by determining the recoverable amount of the cash-generating unit to which the goodwill refers. If the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. If the Group sells part of a cash-generating unit to which goodwill is allocated, the goodwill is regularly divided in proportion to the values of the sold and retained portion of the unit. The proportional goodwill allocated to the part that has been sold is included in the calculation of the profit from sale of discontinued operations.

At each closing date, MLP checks whether there are any indications that an impairment loss recognised in prior reporting periods no longer exists or may have decreased. If there is any such indication, it measures the recoverable amount. An impairment loss recognised previously is reversed if, since the last impairment loss was recognised and due to a change in the estimates, the recoverable amount is higher than the asset's carrying amount. The reversal may not exceed what the amortised cost would have been if an impairment had not been recognised in the previous years. Such a reversal must be recognised directly in the net income for the period. Once impairment losses have been reversed, an adjustment may need to be made in future reporting periods so as to systematically distribute the asset's adjusted carrying amount less any residual value over its remaining useful life. No reversal of impairment losses may be made to goodwill.

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

Leasing

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

MLP signed one leasing agreement as **lessor** of a commercial property in Heidelberg. This agreement is classified as an operating lease, as MLP continues to bear the key opportunities and risks associated with ownership of the property. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and expensed over the term of the lease, just as rental income is recognised as expenses over the term of the lease. For further details, please refer to → Note 23.

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

Investments accounted for using the equity method

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

Financial instruments

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

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

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

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

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

MLP tests the carrying amounts of the financial instruments that are not measured at fair value through profit and loss individually at each closing date to determine whether there is objective and material evidence of impairment. A financial asset is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset than can be reliably estimated.

The following are classed as objective evidence that impairment losses have occurred to financial assets:

- Default or delay in payments on the part of the debtor
- Indications that a debtor or issuer is falling into insolvency
- Adverse changes in the payment status of borrowers or issuers
- Economic framework conditions that correlate with defaults
- The disappearance of an active market for a security.

In addition to this, when an equity instrument held suffers a significant or extended decline in fair value to a level below its acquisition costs, this is considered an objective evidence of impairment. MLP classes a decrease in value of 20% to be “significant” and a time period of nine months as an “extended” decline.

MLP has classified financial assets as **held-to-maturity** investments. Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed term that MLP wishes to and is capable of retaining until maturity. So far MLP has not prematurely sold any financial assets that were classified as held-to-maturity financial investments. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. If held-to-maturity investments are likely to be subject to an impairment, this will be recognised through profit or loss. An impairment that was previously recognised as an expense is reversed to income if a recovery in value can be attributed objectively to facts that have arisen since the original impairment charge. An increase in value is only recognised to the extent that it does not exceed the value of the amortised costs that would have resulted without impairment. The recoverable amount of securities held to maturity which is required for impairment testing corresponds to the present value of the expected future cash flow, discounted using the original effective interest rate of the financial asset. The fair value of held-to-maturity investments can temporarily drop below their carrying amount. Insofar as this drop is not due to credit risks, no impairment is recognised.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. Subsequent to initial recognition, they are valued at amortised cost using the effective interest method. For receivables from banking business and for other receivables and other assets, impairment losses on portfolio basis are recognised for receivables for which no specific allowances have been made.

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

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

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

Impairment losses of an available for sale equity instrument recognised in profit or loss cannot be reversed. MLP records any further increase of the fair value under shareholders' equity with no effect on the operating result.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and this increase can be related objectively to events occurring after the impairment was recognised, the impairment loss is reversed to equity at the appropriate level.

MLP measures equity instruments for which no listed price exists on an active market, and whose fair value cannot be reliably established, at acquisition cost. If objective indicators suggest there is an impairment to a non-listed equity instrument measured at acquisition costs, the amount of impairment is calculated as the difference between the carrying amount and the present value of the estimated future cash flow, which are discounted at the current market rate of return of a comparable asset.

Subsequent to their initial recognition, **financial liabilities** are to be recognised at their amortised costs using the effective interest method. Profits or losses are recognised in the income statement on derecognition, as well as within the scope of amortisation charges. Subsequent to their initial recognition, **financial liabilities at fair value through profit and loss** are measured at their fair value. Profits or losses from the change in fair value are recognised through profit or loss.

Other receivables and assets

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

Pension provisions

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

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

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

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

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

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

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

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

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

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

Other provisions

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

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

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

Reversals of provisions are recognised under other revenue.

If the Group expects to receive a reimbursement of at least part of a practically certain provision from an identifiable third party (e.g. in case of an existing insurance policy), MLP recognises the reimbursement as a separate asset. The expenditure required to set up the provision is recognised in the income statement after deduction of the reimbursement.

For the liability arising due to the premature loss of brokered insurance policies whereby commission that has been earned must be refunded in part, MLP sets up **provisions for cancellation risks**. MLP estimates the cancellation rate by product group and the period of the underlying policy that has already run on the basis of empirical values. The period in which MLP is obliged to refund portions of the commissions due to the premature loss of a policy is determined either by the statutory provisions of the German Insurance Act or the distribution agreements that have been concluded with the product providers.

Other liabilities

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

Share-based payments

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

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

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

Income taxes

Uncertainties exist with regard to the interpretation of complex tax regulations and the amount and the date of occurrence of taxable income. Based on reasonable estimates, MLP establishes tax liabilities for potential effects of field tax audits. **Actual tax refund claims** and tax liabilities for both the current period and earlier periods are measured at the amount expected to be refunded by or paid to the tax authorities. The amount is determined on the basis of the tax rates and tax legislation that apply on the respective balance sheet date.

In accordance with IAS 12 "Income taxes", d**eferred taxes** are recognised on the basis of the balance sheet liability method for all taxable unrecognised differences existing on the balance sheet date between the values of the IFRS consolidated balance sheet and the taxable values of the individual companies. The respective national income tax rates expected at the time of implementation due to applicable tax law or tax law amendments deemed to be certain are taken into account when measuring deferred taxes. Deferred taxes are recognised in the income statement as tax income or expenses, unless they relate to items recognised directly in equity. In this case, the deferred taxes are also recorded under shareholders' equity, but with no effect on the operating result. Deferred taxes are not recognised if the temporary difference results from the initial recognition of goodwill or from the initial recognition of other assets/debts in a transaction (insofar as this is not a business combination) and their recognition has no effect either on the tax result or on IFRS earnings. Besides tax advantages from deductible temporary differences, deferred tax assets are also recognised for future benefits expected to arise from tax loss carryforwards.

Deferred tax assets are recognised if it is probable that there will be offsettable taxable income available at the time of reversing the deductible temporary differences or that loss carryforwards can be used within a limited timeframe. Deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that there will be sufficient taxable profit against which the deferred tax assets can be used.

Deferred tax assets that have not been recognised are reviewed at each balance sheet date and recognised to the extent that it has become probable that future taxable profit will make realisation possible. Deferred tax assets and deferred tax liabilities are netted against one another if there is an enforceable right to offset tax refund claims against tax liabilities and if the deferred tax assets and deferred tax liabilities relate to the same income taxes levied by the same taxable entity and the same tax authority.

Contingent liabilities

Contingent liabilities are potential commitments resulting from past events and whose existence depends on the occurrence or non-occurrence of one or multiple uncertain future events that are not completely in the company's control. Contingent liabilities can also arise due to a current commitment that is based on past events but which was not recognised because it is not probable that an outflow of resources will bring economic benefit or a sufficiently reliable estimate of the amount of the obligation cannot be made. Contingent liabilities are not recognised in the balance sheet. If the outflow of resources is unlikely to provide any economic benefit for the company, no contingent liability is disclosed.

9 Reportable business segments

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

- Financial services
- FERI
- DOMCURA
- Holding

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

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

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

The **Holding** business segment consists of MLP AG. The main internal services and activities are combined in this segment.

Intrasegment supplies and services are settled in principle at normal market prices. In the case of intra-group allocations, an appropriate general overhead surcharge is levied on the direct costs actually incurred.

The management makes decisions on the allocation of resources and determines segment performance on the basis of the income statement for that segment. MLP employs the accounting policies applied in the consolidated financial statements to determine financial information on the segments.

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

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

Information regarding reportable business segments

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

Notes to the income statement

10 Revenue

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

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

11 Other revenue

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

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

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

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

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

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

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

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

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

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

12 Commission expenses

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

13 Interest expenses

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

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

14 Personnel expenses

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

Personnel expenses essentially include salaries and wages, remuneration and other payments to employees. The social security contributions include the statutory contributions to be borne by the company in the form of social security insurance premiums. Expenses for old-age provisions and benefits mainly include the employer's shares of supplementary occupational pension provision.

15 Depreciation and impairments

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

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

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

16 Other operating expenses

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

The costs of IT operations are mainly attributable to IT services and computer centre services that have been outsourced to an external service provider.

The consulting costs are made up of tax advice costs, legal advice costs as well as general and IT consulting costs. Consulting expenses include expenses of € 1,119 thsd in the context of the acquisition of the DOMCURA Group.

The expenses for administration operations contain costs relating to building operations, office costs and communication costs.

Expenses for representation and advertising include costs incurred due to media presence and client information activities.

The item "External services - banking business" mainly contains securities settlement and transaction costs in connection with the MLP credit card. Expenses for commercial agents include costs for former consultants and the training allowance granted for new consultants.

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

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

17 Earnings from investments accounted for using the equity method

Earnings from investments accounted for using the equity method were € 1,836 thsd in the financial year (previous year: € 1,127 thsd) and resulted from the share of earnings in MLP Hyp GmbH. In line with a company agreement, the profit distribution of MLP Hyp GmbH is disproportionate.

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

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

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

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

18 Finance cost

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

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

19 Income taxes

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

The current taxes on income and profit include expenses of € 1,967 thsd (previous year: € 2,062 thsd) which relate to previous periods.

The current and deferred tax is calculated using the relevant country-specific income tax rate. The anticipated combined income tax rate for domestic companies is made up of corporation tax at 15.0% (previous year: 15.0%), the solidarity surcharge at 5.5% (previous year: 5.5%) and an average municipal trade tax rate of 13.37% (previous year: 13.37%) and amounts to 29.19% (previous year: 29.19%).

The taxation rates likely to be applicable at their time of implementation should be used to calculate deferred income taxes. The taxation rates used here are those that are valid or have been announced for the periods in question as of the balance sheet date.

The following reconciliation account shows the relationship between the earnings before tax and the taxes on income and profit in the financial year:

All figures in €'000	2015	2014
Earnings before tax	27,953	37,649
Group income tax rate	29.19 %	29.19 %
Calculated income tax expenditure in the financial year	8,159	10,990
Tax-exempt earnings and permanent differences	-3,587	-2,881
Non-deductible expenses	1,485	977
Divergent trade taxation charge	211	393
Effects of other taxation rates applicable abroad	4	4
Income tax not relating to the period (current and deferred)	2,249	-846
Tax effects from tax rate changes	0	53
Other	-351	4
Income taxes	8,170	8,694

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

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

Non-deductible expenses are due to entertainment costs, gifts and other such matters.

The tax deferrals result from the balance sheet items as follows:

All figures in €'000	Deferred tax assets		Deferred tax liabilities	
	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
Intangible assets	1,381	1,145	13,579	10,992
Property, plant and equipment	–	–	3,577	3,327
Financial assets	110	–	262	340
Investment property	–	–	833	919
Other assets	3,509	2,213	210	580
Provisions	10,347	11,189	1,843	–
Liabilities	1,474	935	33	0
Gross value	16,821	15,482	20,337	16,158
Netting of deferred tax assets and liabilities	-9,788	-8,754	-9,788	-8,754
Total	7,033	6,728	10,549	7,404

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

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

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

The tax liabilities are due to taxes on the income and profit of the individual companies based on the corresponding national tax regime. Contingent tax liabilities are shown under deferred tax liabilities.

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

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

20 Earnings per share

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

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

All figures in number of units		
Weighted average number of shares for the basic / diluted net profit per share	108,484,800	107,877,738

The basic and diluted earnings per share are € 0.18 (previous year: € 0.27).

Notes to the statement of financial position

21 Intangible assets

All figures in €'000	Goodwill	Software (created internally)	Software (purchased)	Advance payments and developments in progress	Other intangible assets	Total
Acquisition costs						
As of Jan. 1, 2014	90,616	8,575	74,916	25,307	46,814	246,227
Additions	–	372	1,137	7,356	–	8,864
Disposals	–	–	-21	–	-19	-40
Transfers	–	7,151	260	-7,411	–	0
As of Dec. 31, 2014	90,616	16,098	76,291	25,252	46,795	255,051
Changes to the scope of consolidation*	5,663	–	5,984	1	12,215	23,863
Additions	–	382	434	7,118	–	7,934
Disposals	–	–	-2	–	–	-2
Transfers	–	2	8,523	-8,525	–	0
As of Dec. 31, 2015	96,278	16,482	91,231	23,846	59,010	286,846
Depreciation and impairment						
As of Jan. 1, 2014	3	7,966	68,927	–	14,064	90,960
Depreciation	–	1,710	4,235	–	1,967	7,912
Disposals	–	–	-3	–	–	-3
As of Dec. 31, 2014	3	9,676	73,160	–	16,030	98,869
Changes to the scope of consolidation*	–	–	5,294	–	–	5,294
Depreciation	–	1,822	2,596	–	2,180	6,598
Impairment	–	–	–	1,584	–	1,584
Disposals	–	–	-2	–	–	-2
As of Dec. 31, 2015	3	11,498	81,048	1,584	18,211	112,343
Carrying amount Jan. 1, 2014	90,613	609	5,989	25,307	32,750	155,267
Carrying amount Dec. 31, 2014	90,613	6,422	3,131	25,252	30,764	156,182
Carrying amount Jan. 1, 2015	90,613	6,422	3,131	25,252	30,764	156,182
Carrying amount Dec. 31, 2015	96,276	4,984	10,183	22,262	40,799	174,504

* The amendment to the scope of consolidation affects intangible asset additions resulting from the acquisition of the DOMCURA Group. The carrying amount stated in the software (purchased) is € 690 thsd. This comprises historical acquisition costs of € 5,984 thsd and accumulated depreciations of € 5,294 thsd.

Intangible assets comprise definite-lived and indefinite-lived assets. Depreciation/amortisation and impairment on intangible assets is disclosed in → Note 15.

Useful lives of intangible assets

	Useful life as of Dec. 31, 2015	Useful life as of Dec. 31, 2014
Acquired software / licences	3-7 years	3-7 years
Software created internally	3-5 years	3-5 years
Acquired trademark rights	10-15 years	10-15 years
Client relations / contract inventories	10-25 years	10-25 years
Goodwill / brand names	undefinable	undefinable

The **goodwill** originating from company acquisitions was allocated by MLP at the level of the cash-generating units. The disclosures take into account the restructuring of the FERI business segment, as well as the acquisition of the DOMCURA business segment performed in the financial year. Please refer to Notes 4 and 6 for further details. The reportable Financial Services business segment contains the following groups of cash-generating units: (1) Financial Services, (2) Occupational Pension Provision, (3) ZSH. The reportable FERI business segment contains the following groups of cash-generating units: (1) FERI Assetmanagement and (2) FERI EuroRating Services. The reportable DOMCURA business segment contains one DOMCURA cash-generating unit. Cash-generating units were allocated the following goodwill values arising from business combinations:

All figures in €'000	Dec. 31, 2015	Dec. 31, 2014
Financial services	22,042	22,042
Occupational pension provision	9,955	9,955
ZSH	4,072	4,072
Financial services	36,069	36,069
FERI Asset Management	53,230	39,919
FERI Consulting	–	2,807
FERI EuroRating Services	1,314	6,812
FEREAL	–	5,006
FERI	54,544	54,544
DOMCURA	5,663	–
DOMCURA	5,663	–
Total	96,276	90,613

As was already the case in the previous year, there was no need for an impairment of capitalised goodwill in the financial year 2015. The significant assumptions presented in the following were based on the impairment test performed. The assumptions for the respective business segments represent the management's assessment and are based on both internal and external sources:

Reportable Financial Services business segment

Financial services		
Weighted average (in %)	2015	2014
Discount rate (before tax)	10.6	11.9
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	0.5	26.2

Occupational pension provision		
Weighted average (in %)	2015	2014
Discount rate (before tax)	9.3	12.0
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	30.0	18.2

ZSH		
Weighted average (in %)	2015	2014
Discount rate (before tax)	9.5	11.7
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	18.5	33.3

Reportable FERI business segment

FERI Assetmanagement		
Weighted average (in %)	2015	2014
Discount rate (before tax)	13.6	15.2
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	0.0	0.1

FERI EuroRating Services		
Weighted average (in %)	2015	2014
Discount rate (before tax)	10.0	11.9
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	–*	30.8

Reportable DOMCURA business segment

DOMCURA		
Weighted average (in %)	2015	2014
Discount rate (before tax)	9.5	–
Growth rate of the terminal value	1.0	–
Planned EBT growth rate (relative average EBT increase per year)	4.7	–

* Growth rates cannot be arithmetically determined due to a negative starting basis.

The impairment test has confirmed the anticipated carrying amounts for goodwill. Within the scope of its impairment testing MLP carried out sensitivity analyses. These analyses examine the effects of an increase of discount interest rates by half a percentage point and the effects of a reduction of the forecast EBT growth by 15%. In the asset management cash-generating unit, the reduction in planned EBT growth caused the carrying amount to exceed the recoverable amount by € 9.4 million. However, since the cash-generating unit has in the past been able to confirm the planned EBT growth rates, the Executive Board considers this scenario unlikely. The table below shows the percentage by which the planned EBT growth rate would need to change for the estimated recoverable amount to equal the carrying amount:

Change required for the recoverable amount to equal the carrying amount

Change required for the recoverable amount to equal the carrying amount	2015
Planned EBT growth rate (relative average EBT increase per year)	-7.3 %

The items “**Software (in-house), software (purchased), and advance payments and developments in progress**” contain own work of € 1,322 thsd in the context of the development and implementation of software (previous year: € 746 thsd). All development and implementation costs incurred in the financial year 2015 complied in full with the criteria for capitalisation pursuant to IAS 38 “Intangible assets”.

The item “**Other intangible assets**” contains acquired trademark rights, client relationships/contract inventories with a defined term, as well as indefinite-lived brand names acquired within the scope of company acquisitions. In view of the recognition of these brands, at present no definite end of their useful lives can be specified.

The “FERI” brand is fully attributed to the group of cash-generating units of the “FERI” reportable business segment:

All figures in €'000	2015	2014
FERI Asset Management	15,138	10,165
FERI Consulting	–	649
FERI EuroRating Services	691	3,534
FEREAL	–	1,481
FERI	15,829	15,829

The “DOMCURA” brand is fully attributed to the cash-generating units of the “DOMCURA” reportable business segment:

DOMCURA	7,287	–
DOMCURA	7,287	–

There are no restraints on disposal or pledges with regard to intangible assets. Contractual obligations for the purchase of intangible assets have a net total of € 512 thsd as of December 31, 2015 (previous year: € 255 thsd).

22 Property, plant and equipment

All figures in €'000	Land, leasehold rights and buildings	Other fixtures, fittings and office equipment	Payments on account and assets under construction	Total
Acquisition costs				
As of Jan. 1, 2014	80,607	64,890	339	145,837
Additions	429	4,161	1,963	6,553
Disposals	-1,406	-5,019	–	-6,425
Transfers	119	716	-834	0
As of Dec. 31, 2014	79,750	64,748	1,468	145,965
Changes to the scope of consolidation*	350	3,349	–	3,698
Additions	720	3,092	1,031	4,842
Disposals	-2,411	-6,957	–	-9,368
Transfers	998	1,359	-2,357	0
As of Dec. 31, 2015	79,406	65,590	141	145,138
Depreciation				
As of Jan. 1, 2014	27,560	52,455	–	80,015
Depreciation	1,774	3,668	–	5,442
Disposals	-1,370	-4,159	–	-5,529
As of Dec. 31, 2014	27,964	51,964	–	79,928
Changes to the scope of consolidation*	206	2,356	–	2,562
Depreciation	1,991	3,718	–	5,710
Disposals	-2,065	-6,742	–	-8,807
As of Dec. 31, 2015	28,097	51,296	–	79,393
Carrying amount Jan. 1, 2014	53,047	12,435	339	65,822
Carrying amount Dec. 31, 2014	51,786	12,784	1,468	66,037
Carrying amount Jan. 1, 2015	51,786	12,784	1,468	66,037
Carrying amount Dec 31, 2015	51,309	14,295	141	65,745

* The amendment to the scope of consolidation affects additions to property, plant and equipment resulting from the acquisition of the DOMCURA Group. The carrying amount for land, leasehold rights and buildings is € 144 thsd. This comprises historical acquisition costs of € 350 thsd and accumulated depreciations of € 206 thsd. The carrying amount for other fixtures, fittings and office equipment is € 993 thsd. It comprises historical acquisition costs of € 3,349 thsd and accumulated impairments of € 2,356 thsd.

Depreciation charges are disclosed in → Note 15.

Useful lives of property, plant and equipment

	Useful life/residual value Dec. 31, 2015	Useful life/residual value Dec. 31, 2014
Administration buildings	33 years to residual value (30 % of original cost)	33 years to residual value (30 % of original cost)
Land improvements	15-25 years	15-25 years
Leasehold improvements	10 years or duration or the respective tenancy agreement	Duration of the respective tenancy agreement
Furniture and fittings	8-25 years	10-25 years
IT hardware, IT cabling	3-13 years	3-13 years
Office equipment, office machines	3-23 years	3-13 years
Cars	2-6 years	6 years
Works of art	13-20 years	13-15 years

There are no restraints or pledges with regard to property, plant and equipment. Contractual obligations for the purchase of property, plant and equipment amount to € 86 thsd net as of December 31, 2015 (previous year: € 72 thsd).

23 Investment property / non-current assets held for sale

All figures in €'000	Investment property
Acquisition costs	
As of Jan. 1, 2014	25,047
As of Dec. 31, 2014	25,047
Reclassification IFRS 5	-25,047
As of Dec. 31, 2015	0
Depreciation and impairment	
As of Jan. 1, 2014	17,722
Depreciation	63
As of Dec. 31, 2014	17,785
Depreciation	32
Impairment	1,190
Reclassification IFRS 5	-19,007
As of Dec. 31, 2015	0
Carrying amount Jan. 1, 2014	7,325
Carrying amount Dec. 31, 2014	7,262
Carrying amount Jan. 1, 2015	7,262
Carrying amount Dec 31, 2015	0

The investment property concerns an office and administration building held by MLP AG which was rented out under an operating lease. The rental agreement was terminated by the tenant with effect from December 31, 2015. Since the tenant moved out on December 31, 2015, the administration building has been empty. The current use of the property does not suit its best and ideal purpose as an office and administration building.

Please refer to → Note 35 for further information on the operating lease.

Following the announcement that the rental agreement was to be terminated, the property underwent an impairment test at the end of Q2 2015. As of December 31, 2015, the investment property was reclassified to the item "Non-current assets held for sale". Its value is measured in line with IFRS 5. The fair value was calculated on the basis of an internally drafted assessment report. It amounts to € 6,040 thsd net as of December 31, 2015 (previous year: € 7,262 thsd). This leads to an impairment loss of € 1,190 thsd (previous year: € 0 thsd). It is classified as hierarchy level 3 fair value.

The general gross rental method, based on the "Decree on the Principles for Determining the Market Value of Property" (ImmoWertV) that is applicable in Germany, was used as the valuation technique. The earnings value was determined through capitalisation of the property's net income, minus an appropriate return on land value, plus the land value. The net income is calculated on the basis of standard market rental income using the gross profit less standard market, non-attributable operating expenses, taking into account the rental vacancies. The present value factor on which the capitalisation is based is determined on the basis of the property's remaining useful life, as well as an appropriate property interest rate yield. A vacancy rate of 20%, as well as a property return of 7% were also included in the measurement as significant, non-observable input factors.

Sensitivity analysis

A potential change to one of the key input factors, while leaving the other input factors unchanged, would have the following effects on the property's earnings value:

All figures in €'000	Change of parameter	Reduction (-)/ increase (+) of the recoverable amount
	+1 €/qm	+811
Rent/qm office space	–1 €/qm	–811
	+10 percentage points	–1,136
Vacancy rate	-10 percentage points	+1.136
	+1 percentage point	–688
Property return	-1 percentage point	+864

24 Receivables from clients in the banking business

All figures in €'000	Dec. 31, 2015	Dec. 31, 2014
Originated loan	276,782	248,584
Corporate bond debts	145,500	124,000
Receivables from credit cards	95,475	97,357
Receivables from current accounts	33,651	35,965
Receivables from wealth management	189	332
Total, gross	551,596	506,239
Impairment	-8,900	-10,670
Total, net	542,696	495,569

As of December 31, 2015, receivables (net) with a term of more than one year remaining to maturity are € 370,031 thsd (previous year: € 330,156 thsd).

All figures in €'000	Gross value	Of which financial assets	Financial assets, neither impaired nor overdue	Financial assets, not impaired but overdue within the following time span		
				< 90 days	90-180 days	> 180 days
Receivables from clients (gross) as per Dec. 31, 2015	551,596	551,596	546,698	1,315	248	513
Receivables from clients (gross) as per Dec. 31, 2014	506,239	506,239	499,808	1,530	250	508

At € 2,076 thsd (previous year: € 2,288 thsd), receivables for which no specific allowance has been made but which are overdue as of December 31, 2015 are secured with customary banking collaterals.

Receivables from clients due to originated loans are partly secured by mortgages (December 31, 2015: € 77,570 thsd; previous year: € 65,490 thsd), assignments (December 31, 2015: € 37,919 thsd; previous year: € 33,017 thsd) or liens (December 31, 2015: € 14,824 thsd, previous year: € 12,776 thsd). Receivables from current accounts and credit cards are generally not collateralised. With regard to receivables from the banking business which are neither impaired nor overdue, there were no signs at the closing date that debtors will not meet their payment obligations.

On the closing date, there were no receivables (previous year: € 286 thsd) from banking business for which new terms were agreed and which would otherwise have been overdue or impaired.

The Group holds forwarded loans of € 22,045 thsd (previous year: € 16,717 thsd) in the form of collateral for liabilities due to refinancing banks.

Due to defaults of debtors, financial and non-financial assets of € 718 thsd (previous year: € 856 thsd), serving as collateral for originated loans and receivables, were utilised. The assets mainly concern property and receivables from claimed life insurance policies.

The loan loss provisions in the lending business cover all identifiable credit risks. Impairment losses are formed on a portfolio basis for the deferred loans risk. Risks are provided for by loan loss provisions carried under assets, and by the recognition of provisions for credit risks (see → Note 30).

The disclosed loan loss provisions due to receivables from clients in the banking business developed as follows:

All figures in €'000	Allowances for losses on individual account		Impairment loss on portfolio basis		Total	
	2015	2014	2015	2014	2015	2014
As of Jan. 1	3,006	4,441	7,664	8,034	10,670	12,474
Allocation	34	152	35	580	69	732
Utilisation	-215	-602	-886	-898	-1,101	-1,499
Reversal	-478	-985	-261	-51	-738	-1,035
As of Dec. 31	2,347	3,006	6,553	7,665	8,900	10,670
of which allowances for bad debts measured at amortised cost	2,347	3,006	6,553	7,665	8,900	10,670

For reasons of materiality, a decision was taken not to determine the interest income from impaired receivables from clients (unwinding) in accordance with IAS 39.A93 (Unwinding).

Taking into account direct write-downs of € 301 thsd (previous year: € 172 thsd), income from written-off receivables of € 224 thsd (previous year: € 316 thsd), as well as income from the reversal of provisions of € 109 thsd (previous year: € 88 thsd), allocations and reversals recognised in income in the reporting year resulted in a net loan loss provision income of € 702 thsd (previous year: € 537 thsd).

Receivables for which specific allowances have been made amount in total to € 2,822 thsd (previous year: € 4,143 thsd). The impairments recognised represent more than 50% of the gross receivable. In the previous year, impairments represented less than 50% of the gross receivable for a partial volume of € 257 thsd, and the remaining volume was written down by more than 50%. The allowance for bad debts comes to € 2,347 thsd (previous year: € 3,006 thsd). This corresponds to a percentage of 83% (previous year 73%).

Accounts receivable for which a specific allowance has been made are secured as per December 31, 2015 with customary banking collaterals amounting to € 241 thsd (previous year: € 305 thsd).

Further information on receivables from clients in the banking business is disclosed in → Note 37.

25 Receivables from banks in the banking business

All figures in €'000	Dec. 31, 2015	Dec. 31, 2014
Due on demand	227,961	193,681
Other receivables	317,324	260,420
Domestic financial institutions	545,285	454,101
Due on demand	–	–
Other receivables	55,054	105,215
Foreign financial institutions	55,054	105,215
Total	600,339	559,316

As of December 31, 2015, receivables with a term of more than one year remaining to maturity are € 22,000 thsd (previous year: € 27,000 thsd). The receivables are not collateralised. MLP only places funds at banks with a first-class credit standing. At the closing date there are no receivables from banks which are overdue or impaired.

Further information on receivables from financial institutions in the banking business is disclosed in → Note 37.

26 Financial assets

All figures in €'000	Dec. 31, 2015	Dec. 31, 2014
By public-sector issuers	17,536	15,138
By other issuers	65,295	54,372
Debenture and other fixed income securities	82,831	69,510
Shares and certificates	3,476	3,738
Investment fund shares	3,456	3,621
Shares and other variable yield securities	6,932	7,359
Fixed and time deposits	52,120	63,138
Loans	56	–
Investments in non-consolidated subsidiaries	5,978	5,268
Total	147,916	145,276

As of December 31, 2015, MLP has portfolios amounting to € 61,232 thsd (previous year: € 50,936 thsd) that are due in more than twelve months.

As per the measurement categories for financial instruments defined in IAS 39, the financial investment portfolio is structured as follows:

All figures in €'000	Dec. 31, 2015	Dec. 31, 2014
Held-to-maturity investments	67,204	43,983
Available-for-sale financial assets	15,627	20,453
Financial assets at fair value through profit and loss	–	5,074
Debenture and other fixed income securities	82,831	69,510
Available-for-sale financial assets	5,714	6,129
Financial assets at fair value through profit and loss	1,217	1,231
Shares and other variable yield securities	6,932	7,359
Fixed and time deposits (loans and receivables)	52,120	63,138
Loans	56	–
Investments in non-consolidated subsidiaries (available-for-sale financial assets)	5,978	5,268
Total	147,916	145,276

Valuation changes of € -143 thsd (previous year: € 95 thsd) were recognised directly in equity for shares and other variable yield securities that are for available for sale, and valuation changes of € -196 thsd (previous year: € 909 thsd) were recognised directly in equity for available-for sale debentures and other fixed income securities and included in the revaluation reserve.

Due to the disposal of financial assets and recording of impairments, € -241 thsd (previous year: € -543 thsd) was withdrawn from the revaluation reserve in the reporting period and recognised under net income for the period.

In the financial year 2015, impairments of € 246 thsd (previous year: € 597 thsd) for available-for-sale financial assets were recognised through profit or loss in the financial year 2015.

In the reporting period, losses from valuation adjustments to financial assets that are measured at fair value through profit and loss of € 104 thsd (previous year: € 691 thsd) were recognised in the net income for the period.

Assets pledged as collateral

As at the closing date, the availability of liquidity facilities provided by Deutsche Bundesbank is collateralised by marketable securities of € 24,992 thsd (previous year: € 34,990 thsd) with a face value of € 25,000 thsd (previous year: € 35,000 thsd).

For further disclosures regarding financial assets, please refer to → Note 37.

27 Other receivables and assets

All figures in €'000	Dec. 31, 2015	Dec. 31, 2014
Trade accounts receivable	65,007	67,859
Refund receivables from recourse claims	15,877	20,553
Receivables from commercial agents	14,629	18,688
Receivables from underwriting business	6,256	–
Advance payments	5,802	6,069
Purchase price receivables	330	1,246
Other assets	11,902	11,293
Total, gross	119,803	125,708
Impairment	-7,272	-8,043
Total, net	112,531	117,665

As of December 31, 2015, receivables (net) with a term of more than one year remaining to maturity are € 13,216 thsd (previous year: € 13,446 thsd).

The main items included in trade accounts receivable are commission receivables from insurance companies. They are generally non-interest-bearing and have an average term of payment of 30 days.

Refund receivables from recourse claims are due to MLP consultants and office managers, as well as insurance companies.

Receivables from sales representatives concern MLP consultants and branch office managers.

Receivables from the underwriting business comprise unpaid receivables due from clients, as well as receivables due from insurance companies for claims settlement.

The item “Advance payments” comprises trail commissions paid to self-employed commercial agents in advance on commissions for unit-linked life insurance policies.

All figures in €'000	Gross value	Of which financial assets	Financial assets, neither impaired nor overdue	Financial assets, not impaired but overdue within the following time span		
				< 90 days	90–180 days	> 180 days
Other receivables and assets as of Dec. 31, 2015	119,803	97,459	88,964	1,925	445	1,256
Other receivables and assets as of Dec. 31, 2014	125,708	99,161	91,016	1,353	490	746

Other receivables and assets are usually not collateralised. With regard to receivables and other assets which are neither impaired nor overdue, there are no signs at the closing date that debtors will not meet their payment obligations. On the closing date there were no receivables and other assets for which new terms were agreed and which would otherwise have been overdue or written down.

The allowances for other receivables and other assets are as follows:

All figures in €'000	Allowances for losses on individual account		Impairment loss on portfolio basis		Total	
	2015	2014	2015	2014	2015	2014
As of Jan. 1	5,009	4,863	3,035	3,429	8,043	8,292
Other receivables and assets	122	–	219	–	341	–
Allocation	1,399	1,198	60	145	1,458	1,343
Utilisation	-1,003	-868	–	-306	-1,003	-1,175
Reversal	-868	-184	-700	-233	-1,568	-417
As of Dec. 31	4,658	5,009	2,614	3,035	7,272	8,043

In cases where MLP institutes enforcement or where insolvency proceedings are imminent or have already started, receivables are written down based on empirical values. The same applies to receivables which are disputed and where legal action is pending.

Taking into account direct write-downs of € 656 thsd (previous year: € 1,633 thsd), and without income from written-off receivables, allocations and reversals recognised in income resulted in a net cost for loan loss provisions of € 547 thsd in the reporting year (previous year: € 2,559 thsd).

As of December 31, 2015, receivables for which specific allowances have been made amount to a total of € 4,869 thsd (previous year: € 5,431 thsd). For € 116 thsd of these (previous year: € 555 thsd) the allowance for bad debts was less than 50% of the gross receivable, the remaining volume was written down by more than 50%. The impairment loss comes to a total of € 4,658 thsd (previous year: € 5,009 thsd). This corresponds to an average impairment rate of 96% (previous year: 92%).

Additional disclosures on other receivables and assets can be found in → Note 37.

28 Cash and cash equivalents

All figures in €'000	Dec. 31, 2015	Dec. 31, 2014
Bank deposits	66,451	38,585
Deposits at Deutsche Bundesbank	10,965	10,415
Cash on hand	124	119
Total	77,540	49,119

Changes in cash and cash equivalents during the financial year are shown in the statement of cash flow.

29 Shareholders' equity

All figures in €'000	Dec. 31, 2015	Dec. 31, 2014
Share capital	109,335	107,878
Capital reserves	146,727	142,184
Retained earnings		
Statutory reserve	3,117	3,117
Other retained earnings and net profit	134,330	132,887
Revaluation reserve	-7,755	-9,269
Total	385,753	376,795

Share capital

The share capital of MLP AG comprises 109,334,686 (December 31, 2014: 107,877,738) no-par-value shares. On the basis of the authorisation contained in the company's Articles of Association, a resolution was passed by the Executive Board on July 27, 2015, and consent given by the Supervisory Board on the same date, to increase the share capital by € 1,456,948. The increase in capital stock was performed within the context of the acquisition of the DOMCURA Group. For further details, please refer to → Note 6.

Authorised capital

Due to partial utilisation and the amendment resolution from July 27, 2015: A resolution passed by the Annual General Meeting on June 5, 2014 authorised the Executive Board, with the consent of the Supervisory Board, to increase the company's share capital by issuing new ordinary bearer shares on one or more occasions by up to € 20,543,052 in exchange for cash or non-cash contributions up to June 5, 2019.

Capital reserves

The capital reserves include increases/decreases in capital stock in MLP AG from previous years. The capital reserves are subject to the restraints on disposal as per § 150 of the German Stock Corporation Act (AktG).

In the course of the capital increase in exchange for non-cash contributions, capital reserves were to be increased by € 4,543,052.

Other retained earnings and net profit

Other equity comprises retained earnings of the MLP Group.

Revaluation reserve

At € 1,390 thsd (previous year: € 1,730 thsd), the provision includes unrealised gains and losses from the change in fair value of securities available for sale and deferred taxes attributable to this of € -210 thsd (previous year: € -269 thsd). In addition to this, the provision includes losses from the revaluation of defined benefit obligations of € 12,665 thsd (previous year: € 15,154 thsd) and deferred taxes attributable to this of € 3,697 thsd (previous year: € 4,424 thsd).

Proposed appropriation of profit

The Executive Board and Supervisory Board of MLP AG will propose a dividend of € 13,120 thsd (previous year: € 18,339 thsd) for the financial year 2015 at the Annual General Meeting. This corresponds to € 0.12 (previous year: € 0.17) per share.

30 Provisions

Pension provisions

At MLP, executive members of staff have been granted direct pension benefits subject to individual contracts in the form of defined benefit plans which guarantee the beneficiaries the following pension payments:

- Old-age pension upon reaching 60, 62 or 65 years of age
- Disability pension
- Widow’s and widower’s pension of 60% of the pension of the original recipient
- Orphan’s benefit of 10% of the pension of the original recipient

The benefit obligations are partially financed through reinsurance policies, which essentially fulfil the prerequisites of pension scheme assets.

The defined benefit obligation for retirement income, funded only by means of provisions, amounts to € 18,157 thsd (previous year: € 18,489 thsd). Pension insurance policies are in place for all other pension obligations (defined benefit obligation of € 26,339 thsd; previous year: € 27,884 thsd).

The change in net liability from defined benefit plans is summarized in the following table.

All figures in €'000	Defined benefit obligation		Fair value of pension scheme assets		Net liability from defined benefit plans	
	2015	2014	2015	2014	2015	2014
As of Jan. 1	46,373	36,875	-21,200	-19,610	25,173	17,265
Current service cost	308	513	–	–	308	513
Past service cost	237	–	–	–	237	–
Interest expenses (+)/ income (-)	917	1,315	-436	-729	481	585
Recognised in profit or loss	1,462	1,827	-436	-729	1,026	1,098
Actuarial gains (-)/ losses (+) from:						
financial assumptions	-3,288	10,457	–	–	-3,288	10,457
experience adjustments	935	-2,061	–	–	935	-2,061
Gains (-)/ losses (+) from pension scheme assets without amounts recognized as interest income	–	–	-137	69	-137	69
Gains (-)/ losses (+) from revaluations*	-2,352	8,396	-137	69	-2,489	8,466
Contributions paid by the employer	–	–	-1,418	-1,207	-1,418	-1,207
Payments made	-987	-725	277	276	-710	-449
Other	-987	-725	-1,141	-931	-2,218	-1,656
As of Dec. 31	44,496	46,373	-22,914	-21,200	21,582	25,173

* Recognised in other comprehensive income

€ 579 thsd of the net liabilities recognised in the balance sheet (previous year: € 944 thsd) are attributable to Executive Board members active at the end of the reporting period.

With regard to net pension provisions, payments of € 2,378 thsd are anticipated for 2016 (previous year: € 2,177 thsd). € 792 thsd thereof (previous year: € 666 thsd) is attributable to direct, anticipated company pension payments, while € 1,586 thsd (previous year: € 1,511 thsd) is attributable to anticipated reinsurance policy premiums.

Actuarial calculations incorporate the following assumptions:

	2015	2014
Assumed interest rate	2.4 %	2.0 %
Anticipated annual salary development	–	–
Anticipated annual pension adjustment	1.5/2.5 %	1.5/2.5 %

The assumptions made regarding future mortality are based on published statistics and mortality tables.

On December 31, 2015, the weighted average term of defined benefit obligations was 17.9 years (previous year: 19.1).

Sensitivity analysis

If the other assumptions all remained the same, changes to one of the key actuarial assumptions which would have been realistically possible on the closing date would have influenced the defined benefit obligations by the following amounts:

All figures in €'000	Change of parameter	Reduction/ increase of defined obligation
Assumed interest rate	+0.5%	-3.636
	-0.5%	4.166
Salary trend	+0.5%	–
	-0.5%	–
Pension trend	+0.5%	3.291
	-0.5%	-2.963
Mortality	80.0%	4.048

In order to define the sensitivity of mortality, all mortality rates stated in the mortality table were reduced to 80%. By extending life expectancy, this leads to an increase in the scope of defined benefit obligations. Although the analysis does not take into account the full distribution of anticipated cash flow based on the plan, it does provide an approximation of the sensitivity of the assumptions presented.

Alongside defined benefit plans, defined contribution plans are also in place. With these types of plans the company pays premiums to state or private pension insurance institutions in line with legal or contractual regulations or on a voluntary basis. The regular premiums paid for employees are disclosed as personnel expenses. In the financial year 2015 they total € 9,672 thsd (previous year: € 9,053 thsd).

Other provisions are made up as follows:

All figures in €'000			Dec. 31, 2015			Dec. 31, 2014
	Current	Non-current	Total	Current	Non-current	Total
Bonus schemes	25,572	–	25,572	25,261	–	25,261
Cancellation risks	11,491	13,064	24,555	12,320	14,149	26,469
Share-based payments	1,107	1,628	2,735	1,907	883	2,789
Economic loss	2,388	–	2,388	6,263	–	6,263
Litigation risks/ costs	2,016	198	2,214	1,795	188	1,983
Claim settlement contributions	2,108	–	2,108	–	–	–
Rent	325	186	511	750	701	1,452
Anniversaries	265	228	493	237	213	449
Lending business	173	–	173	212	70	282
Phased retirement	76	72	148	163	68	231
Other	3,325	732	4,057	1,261	437	1,698
Total	48,845	16,108	64,953	50,168	16,708	66,876

Other provisions have changed as follows:

All figures in €'000	Jan. 1, 2015	Change in the scope of consolidation	Utilisation	Reversal	Compounding / Discounting	Allocation	Dec. 31, 2015
Bonus schemes	25,261	–	-21,618	-202	8	22,122	25,572
Cancellation risks	26,469	–	-11,925	-135	255	9,891	24,555
Share-based payments	2,789	–	-347	-90	18	364	2,735
Economic loss	6,263	–	-3,758	-185	–	69	2,388
Litigation risks/ costs	1,983	–	-341	-134	14	692	2,214
Claim settlement contributions	–	2,009	–	-1,418	–	1,517	2,108
Rent	1,452	–	-754	-501	63	251	511
Anniversaries	449	–	-111	-2	–	157	493
Lending business	282	–	–	-109	–	–	173
Phased retirement	231	–	-93	-1	3	8	148
Other	1,698	147	-399	-46	5	2,652	4,057
Total	66,876	2,157	-39,346	-2,823	366	37,723	64,953

Provisions for bonus schemes are recognised as incentive agreements for self-employed commercial agents.

The provisions for cancellation risks allow for the risk of having to refund earned commissions due to a premature loss of brokered insurance policies.

Provisions for share-based payments are recognised as incentive agreements and as profit-sharing schemes for Executive Board members, employees and self-employed commercial agents.

The provisions for economic loss due to liability risks are offset by claims for reimbursement from liability insurance policies with a value of € 2,210 thsd (previous year: € 5,930 thsd).

The provisions classed as short-term are likely to be utilised within the next financial year. The payments for long-term provisions are likely to be incurred within the next two to five years.

31 Liabilities due to banking business

This summary includes the balance sheet items Liabilities due to clients in the banking business and Liabilities due to banks in the banking business.

All figures in €'000		Dec. 31, 2015			Dec. 31, 2014	
	Current	Non-current	Total	Current	Non-current	Total
Liabilities due to clients	1,095,969	6,599	1,102,569	1,005,840	1,888	1,007,728
Liabilities due to banks	1,744	21,351	23,095	2,078	15,302	17,380
Total	1,097,713	27.950	1,125,663	1,007,918	17.191	1,025,107

The change in liabilities due to banking business from € 1,025,107 thsd to € 1,125,663 thsd is essentially attributable to the increase in short-term client deposits in current accounts.

As of December 31, 2015, liabilities due to clients from savings deposits with an agreed notice period of three months amounted to € 15,618 thsd (previous year: € 14,533 thsd).

The liabilities due to clients or due to other banks do not comprise any large individual items.

Further information on liabilities due to banking business is disclosed in → Notes 37 and 38.

32 Other liabilities

All figures in €'000		Dec. 31, 2015			Dec. 31, 2014	
	Current	Non-current	Total	Current	Non-current	Total
Liabilities due to commercial agents	39,390	–	39,390	45,685	88	45,773
Liabilities due to underwriting business	28,409	–	28,409	–	–	–
Trade accounts payable	20,993	–	20,993	23,313	–	23,313
Advance payments received	8,495	–	8,495	9,254	–	9,254
Liabilities due to other taxes	2,688	–	2,688	2,422	–	2,422
Liabilities from social security contributions	154	–	154	56	–	56
Other liabilities	37,116	2,966	40,082	34,781	2,180	36,961
Total	137,245	2,966	140,211	115,513	2,268	117,780

Liabilities due to commercial agents represent unsettled commission claims. Usually they are non-interest-bearing and due on the 15th of the month following the settlement with the insurance company.

Liabilities from the underwriting business include collection liabilities due to insurance companies, open commission claims, as well as liabilities from claims settlement.

The item "Advance payments received" concerns paid-in-advance trail commissions from unit-linked life insurance policies.

Other liabilities comprise commissions withheld from MLP consultants due to cancellations amounting to € 3,326 thsd (previous year: € 3,615 thsd). Commissions withheld are charged with interest. Their term is mainly indefinite. The item also contains liabilities for bonus and profit-sharing payments.

MLP has agreed-upon and non-utilised lines of credit amounting to € 58,082 thsd (previous year: € 65,820 thsd).

Further disclosures on other liabilities can be found in → Note 37 and 38.

Notes to the statement of cash flow

33 Notes to the statement of cash flow

The consolidated statement of cash flow shows how cash and cash equivalents have changed in the course of the year as a result of inflows and outflows of funds. As per IAS 7 "Statement of Cash Flows", differentiation is made between cash flows from operating activities, from investing activities and from financing activities.

Cash flow from operating activities results from cash flows that cannot be defined as investing or financing activities. It is determined on the basis of net profit. As part of the indirect determination of cash flow, the changes in balance sheet items due to operating activities are adjusted by effects from changes to the scope of consolidation and currency translations where necessary. The changes in the respective balance sheet items can therefore only be partially aligned with the corresponding values in the published consolidated balance sheets. For further details, please refer to the → "Financial position" section in the management report.

Cash flow from investing activities is essentially influenced by the investment of cash and cash equivalents in time deposits, as well as time deposits which have reached maturity.

Cash flow from financing activities includes cash-relevant equity changes and loans used and paid back.

Cash and cash equivalents with a term to maturity of not more than three months are recorded under cash and cash equivalents. Cash equivalents are short-term financial assets which can be converted into cash at any time and which are only subject to minor value fluctuation risks.

Cash and cash equivalents

All figures in €'000	Dec. 31, 2015	Dec. 31, 2014
Cash and cash equivalents	77,540	49,119
Loans ≤ 3 months	17,000	23,000
Cash and cash equivalents	94,540	72,119

Receivables of MLP Finanzdienstleistungen AG due from banks are included in cash and cash equivalents, provided they are separable as own-account investing activities. Inseparable elements are allocated to the operating business of the banking business segment and therefore to cash flow from operating activities.

Miscellaneous information

34 Share-based payments

Participation programme

In the financial year 2008, MLP launched a participation programme for office managers, consultants and employees in order to keep them loyal to the company in the long-term. The programme grants a certain number of phantom shares (stock appreciation rights – SARs) for office managers and consultants based on their sales performance in the core fields of old-age provision, health insurance and wealth management, as well as for employees based on their position and gross annual income. The SARs of the 2008-2011 tranches were allocated in 2009-2012. The assessment period for determining the number of SARs allocated was the calendar year prior to the respective allocation. The total term of each tranche is 12 years and is broken down into 3 phases of 4 years each. The first year of phase 1 represents the assessment period, from which the number of phantom shares to be allocated is calculated. At the start of the second year, the phantom shares are then allocated. Payment of the phantom shares is made no earlier than at the end of the first phase, i.e. 3 years after allocation of the SARs. At the end of the first phase, employees can also choose not to receive payment for the SARs and instead continue to participate in phase 2 (turbo I phase). Only in this case will they receive additional bonus SARs. And anyone who is eligible but chooses not to receive payment at the end of phase 2, but rather continue to phase 3 (turbo II phase), will be granted further bonus SARs. All SARs are paid no later than at the end of phase 3. In the event of termination of employment, all entitlements granted up to this time expire, assuming they have not been vested beforehand. The SARs originally granted become vested at the end of the first phase, the bonus SARs of turbo I phase at the end of phase 2 and those of turbo II at the end of phase 3. Participation in the programme ends with termination of employment or disbursement of SARs.

The level of payment is based on the value of one MLP share at the time payment is requested. A share price guarantee is in place for all previous tranches, although this expires if the eligible participant decides to continue participation in the programme beyond phase 1. If an eligible participant decides to receive the payout to which he or she is entitled from the tranche once phase 1 has expired, the value he or she receives is based on either the share price guarantee or the current MLP share price (whichever is the higher value) multiplied by the number of phantom shares held from phase 1. At all other payout times, eligible participants receive the current share price multiplied by the number of vested phantom shares held.

If the contractual relationship with an eligible participant ends at a time before December 31 of the 12th year, he or she is only entitled to receive payment for vested phantom shares earned up to this time. Phantom shares allocated from vesting periods not yet completed are then forfeited.

With the 2011 tranche, the participation programme was granted for the last time. It was stopped completely from 2012 onwards.

In terms of eligibility, the 3 phases each represent completed vesting periods. Accordingly, the expenses due to the SARs originally granted are distributed over phase 1 (years 1 to 4), the expenses due to the bonus SARs of turbo I phase over years 5 to 8 and the expenses due to the bonus SARs of turbo II phase over years 9 to 12 (no front-loaded recognition of expenses).

	Tranche 2008	Tranche 2009	Tranche 2010	Tranche 2011	Total
Inventory on Jan. 1, 2015 (units)	151,879	109,727	73,012	167,102	501,720
SARs expired in 2015 (units)	-5,371	-4,473	-4,310	-3,782	-17,936
Paid out in 2015 (units)				-38,833	-38,833
Inventory on Dec. 31, 2015 (units)	146,508	105,254	68,702	124,487	444,951
Expenses recognised in 2015 (€'000)	126	88	80	69	364
Income recognised in 2015 (€'000)	-20	-16	-16	-38	-90
	107	72	64	32	274
Expenses recognised in 2014 (€'000)	–	–	4	245	249
Income recognised in 2014 (€'000)	-224	-26	-89	-10	-349
	-224	-26	-85	235	-100
Provision as of Dec. 31, 2014 (€'000)	1,053	386	432	918	2,789
Provision as of Dec. 31, 2015 (€'000)	1,107	448	559	620	2,735
Inventory certificates on Jan. 1, 2015 (units)	455,637	329,181	108,362	–	893,180
Inventory certificates on Dec. 31, 2015 (units)	439,524	315,762	108,362	–	863,648

MLP has hedged the fair value risk attached to the measurement of the liability of the 2008 and 2009 tranches for the SARs and also the cash flow risk from the SARs allocated.

To hedge the cash flow risk, 925,000 certificates were initially acquired for the 2008 tranche and 600,000 certificates for the 2009 tranche, with the right to return them to the issuer at any time within the term of a tranche (or later) at the MLP share price valid at that time, minus a discount. The certificates have an unlimited term. MLP has therefore classified these certificates as equity instruments, which are recognised at fair value directly in equity. The fair value of the certificates is based directly on the price of the MLP share.

The expense and the provision from the participation programme are recognised pro rata temporis throughout the individual phases (vesting period). The provision is measured at fair value through profit and loss. The provision accrued on the respective closing date depends on the price of the MLP share, the number of SARs issued and the length of the remaining vesting period. To hedge the fair value risk associated with the measurement of the provision, MLP can sell the equity-based certificates listed above to the issuer and in return acquire limited term certificates. These represent debt instruments designated by MLP to be "measured at fair value through profit and loss" (fair value option).

By selling the equity-based certificates, measurement gains so far recognised directly in equity are realised and expenses from the increase in liability for the participation programme are compensated. The same applies to a decrease in expenses due to a drop in the price of the MLP share.

35 Leasing

The Group has concluded **operating leases as lessee** for various motor vehicles, administration buildings and office machines. The average term of the contracts is three years for motor vehicles, generally between five and ten years for buildings and four years for office machines. Some of the lease contracts also include extension options.

The following future minimum lease payments (face values) due to irredeemable operating leases were in place on the balance sheet date:

All figures in €'000	Up to 1 year	1–5 years	>5 years	Total
Outsourcing IT technology	38,221	133,122	0	171,343
Rent on buildings	14,121	39,175	13,899	67,195
Rental/leasing liabilities	1,702	1,532	0	3,234
Purchase commitment	5,210	0	0	5,210
Other obligation	12,342	6,560	7	18,909
Total	71,596	180,389	13,906	265,891

IT technology outsourcing essentially relates to a long-term outsourcing contract with Hewlett Packard.

The rented offices were sublet by the Group. For 2016, the subletting contract is expected to generate € 563 thsd.

The Group has signed an **operating lease agreement as lessor** for an administration building. MLP classifies this contract as an operating lease, as the opportunities and risks associated with the ownership of the lease object remain with the lessor. As a lessor, MLP is obliged to maintain the exterior of the building and the technical equipment and facilities.

The rental income generated from the rental of the property in the financial year was € 1,181 thsd (previous year: € 1,247 thsd). The expenses accrued within the context of investment property were € 274 thsd (previous year: € 296 thsd).

The lease was terminated by the tenant with effect from December 31, 2015.

36 Contingent assets and liabilities, as well as other liabilities

As it is composed of companies from different business segments, MLP is exposed to a variety of legal risks. These include, in particular, risks in the fields of warranty, taxes and litigation. The outcome of currently pending or future legal actions cannot be forecast with any degree of certainty and it follows that expenditure could be incurred as a result of unexpected decisions, which has not been fully covered by loan loss provisions or insurance policies and which is liable to have a material impact on the business and its results. In MLP's opinion, decisions producing a major negative effect on the net assets, financial position and results of operations at the Group's expense are not anticipated with regard to the currently pending legal actions.

On the balance sheet date, actions are pending for potentially considerable damages due to incorrect disclosures in the capital market information published by the company. This predominantly concerns the years 2000 to 2002. However, MLP firmly believes that the actions will not be successful.

On the balance sheet date, there are € 2,577 thsd in contingent liabilities on account of sureties and warranties (face value of the obligation) (previous year: € 3,156 thsd) and irrevocable credit commitments (contingent liabilities) of € 60,033 thsd (previous year: € 32,874 thsd).

Reinsurance has been arranged for benefit obligations for independent commercial agents. Final liability for the benefit obligation lies with MLP in accordance with § 1 (1) Sentence 3 of the German Company Pension Law (BetrAVG). MLP does not currently anticipate any financial consequences as a result of this.

MLP Finanzdienstleistungen AG is a member in the depositors’ guarantee fund of the Association of German Banks (BdB e.V.), Berlin, and in the Compensation Scheme of German Banks (EdB GmbH), also in Berlin. Obligations to make additional payments could potentially arise from the allocation obligation here.

37 Additional information on financial instruments

Classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their (hierarchical) tiers, are grouped into financial instrument classes and categories as shown in the following tables.

All figures in €'000	Dec. 31, 2015						
	Carrying amount					Fair value	No financial instruments according to IAS32/39
		Carrying amount corresponds to fair value	Level 1	Level 2	Level 3	Total	
Financial assets measured at fair value	22,559		11,751	10,808		22,559	
Fair Value Option	1,217		1,217			1,217	
Receivables from banking business – clients	–	–	–	–	–	–	–
Financial investments (share certificates and structured bonds)	1,217	–	1,217	–	–	1,217	–
Available-for-sale financial assets	21,342		10,533	10,808		21,342	
Financial investments (share certificates and investment fund shares)	5,714	–	5,408	306	–	5,714	–
Financial assets (bonds)	15,627	–	5,125	10,502	–	15,627	–
Financial assets measured at amortised cost	1,436,119	576,604	40,522	398,862	449,368	1,465,355	
Loans and receivables	1,362,938	570,626		371,741	449,368	1,391,735	

Receivables from banking business – clients	542,696	122,762	–	–	449,368	572,129	–
Receivables from banking business – banks	600,339	227,961	–	371,741	–	599,702	–
Financial investments (fixed and time deposits)	52,120	52,120	–	–	–	52,120	–
Financial investments (loans)	56	56	–	–	–	56	–
Other receivables and assets	90,187	90,187	–	–	–	90,187	22,344
Cash and cash equivalents	77,540	77,540	–	–	–	77,540	–
Held-to-maturity investments	67,204		40,522	27,121		67,643	
Financial assets (bonds)	67,204	–	40,522	27,121	–	67,643	–
Available-for-sale financial assets	5,978	5,978				5,978	
Financial assets (investments)	5,978	5,978	–	–	–	5,978	–
Financial liabilities measured at amortised cost	1,231,767	1,187,505		43,704		1,231,209	
Liabilities due to banking business – clients	1,102,569	1,080,352	–	22,318	–	1,102,670	–
Liabilities due to banking business – banks	23,095	1,050	–	21,386	–	22,436	–
Other liabilities	106,103	106,103	–	–	–	106,103	34,108
Sureties and warranties	2,577	2,577				2,577	
Irrevocable credit commitments	60,033	60,033				60,033	

All figures in €'000							Dec. 31, 2014
	Fair value	Carrying amount					No financial instruments according to IAS32/39
		Carrying amount corresponds to fair value	Level 1	Level 2	Level 3	Total	
Financial assets measured at fair value	32,887		17,073	15,814		32,887	
Fair Value Option	6,305		1,231	5,074		6,305	
Receivables from banking business – clients	–	–	–	–	–	–	–
Financial investments (share certificates and structured bonds)	6,305	–	1,231	5,074	–	6,305	–
Available-for-sale financial assets	26,582		15,843	10,739		26,582	
Financial investments (share certificates and investment fund shares)	6,129	–	5,704	425	–	6,129	–
Financial assets (bonds)	20,453	–	10,138	10,315	–	20,453	–
Financial assets measured at amortised cost	1,307,510	528,314	16,704	394,047	401,837	1,340,902	
Loans and receivables	1,258,260	523,046		365,657	401,837	1,290,539	
Receivables from banking business – clients	495,569	125,990	–	–	401,837	527,828	–
Receivables from banking business – banks	559,316	193,681	–	365,657	–	559,337	–
Financial investments (fixed and time deposits)	63,138	63,138	–	–	–	63,138	–
Other receivables and assets	91,118	91,118	–	–	–	91,118	26,547
Cash and cash equivalents	49,119	49,119	–	–	–	49,119	–
Held-to-maturity investments	43,983		16,704	28,390		45,095	
Financial assets (bonds)	43,983	–	16,704	28,390	–	45,095	–
Available-for-sale financial assets	5,268	5,268				5,268	
Financial assets (investments)	5,268	5,268	–	–	–	5,268	–
Financial liabilities measured at amortised cost	1,124,066	1,091,172		32,893		1,124,066	
Liabilities due to banking business – clients	1,007,728	991,307	–	16,466	–	1,007,773	–
Liabilities due to banking business – banks	17,380	907	–	16,427	–	17,335	–
Other liabilities	98,958	98,958	–	–	–	98,958	18,823
Sureties and warranties	3,156	3,156				3,156	
Irrevocable credit commitments	32,874	32,874				32,874	

Cash and cash equivalents, receivables and liabilities due to banking business without agreed terms to maturity, trade receivables, receivables from companies in which the Group holds an interest and other assets all predominantly have short terms to maturity. Their carrying amounts on the balance sheet date are therefore almost identical to the fair values. The same applies to the trade accounts payable.

On the reporting date, MLP held financial guarantees in the form of avals of € 2,427 thsd (previous year: € 1,244 thsd). Within the scope of initial measurement, these financial guarantees are stated at their fair values and netted against the present values of agreed aval commission in accordance with IAS 39. If subsequent measurement results in a higher figure, this will be recognised as a financial liability in accordance with IAS 37.

Determining fair value

Insofar as there is an active market for financial assets and financial liabilities, the prices of the market with the greatest trading volume on the closing date are used as the basis for determining the fair value. With investment shares, the fair value corresponds to the redemption prices published by the capital investment companies. If there is no active market on the closing date, the fair value is determined using recognised valuation models.

For equity instruments of financial investments not listed on an active market, the fair value is generally determined on the basis of the gross rental method using non-observable parameters such as beta factors or risk-equivalent discount interest rates. If it is not possible to reliably determine the fair value, in particular due to a lack of necessary data on earning projections, equity instruments not listed on an active market are recognised at their acquisition costs, minus any impairments. As of the balance sheet date there is no indication of fair values being lower than carrying amounts. There are also no plans to dispose of these investments.

The valuation model for assets and liabilities assigned to tier 2 takes into account the present value of the anticipated future cash inflows/outflows throughout the remaining term, which are discounted using a risk-free discount rate. The discount rate is based on the current yield curve. The anticipated cash flows are adjusted for the effects of credit and default risks. When determining the fair value of financial investments, on the other hand, the discount rate is adjusted to include a credit spread. Compensation effects from the hedged item are not taken into account when determining the market value of derivative financial instruments.

The table below shows the valuation techniques that were used to determine tier 3 fair values, as well as the significant, non-observable input factors applied:

Type	Valuation technique	Significant, non-observable input factors	Relationship between significant, non-observable input factors and measurement at fair value
Receivables from banking business – clients with agreed maturity	The valuation model takes into account the present value of the anticipated future cash inflows/outflows throughout the remaining term, which are discounted using a risk-free discount rate. The discount rate is based on the current yield curve. Credit and default risks, administration costs and expected return on equity are taken into account when determining future cash flows.	Adjustment of cash flows by: • credit and counterparty default risks • administrative expenses • expected return on equity	The estimated fair value would increase (decrease) if: • the credit and default risk were to rise (fall) • the admin costs were to fall (rise) • the expected return on equity were fall (rise).

Net gains and losses from financial instruments are distributed among the categories of IAS 39 for financial assets and financial liabilities at the amounts specified:

All figures in €'000	2015	2014
Loans and receivables	19,870	19,832
Held-to-maturity investments	814	902
Available-for-sale financial assets	1,195	616
Financial instruments held for trading	–	-107
Fair Value Option	-11	-564
Financial liabilities measured at amortised cost	-1,650	-2,622

Net gains or net losses comprise gains and losses on fair value measurement through profit and loss, impairment losses and reversals of impairment losses, and gains and losses on the sale of the financial instruments concerned.

These items also include interest income and expenses, as well as dividends and income from financial assets derecognised in their entirety.

For financial instruments that were not measured at fair value through profit and loss, interest income of € 22,216 thsd (previous year: € 23,550 thsd) and interest costs of € 1,974 thsd (previous year: € 2,891 thsd) were incurred in the last financial year.

For impairment losses, we refer to the note on the items “Receivables from the banking business”, “Other receivables and assets” and “Financial investments”. Commission income and expenses that were not included in the process for determining the effective interest rate can primarily be attributed to early repayment penalties to a negligible extent.

The maximum default risk of the financial instruments held by MLP corresponds to the carrying amount.

38 Financial risk management

With the exception of the disclosures in line with IFRS 7.36-39 (b), the disclosures on the type and severity of risks resulting from financial instruments (IFRS 7.31-42) are included in the risk report of the joint management report and in Note 37.

In the following maturity analysis, contractually agreed cash inflows are shown with a positive sign, while contractually agreed outflows of cash and cash equivalents are shown with a negative sign. For financial guarantees and credit commitments, the potential outflow of cash and cash equivalents is disclosed. The contractually agreed maturities do not correspond to the inflows and outflows of cash and cash equivalents actually expected – in particular in the case of the financial guarantees and credit commitments. Management of the default and liquidity risk is disclosed in the risk report of the group management report.

The tables below show the maturity structure of financial liabilities with contractually fixed terms to maturity:

Total cash flow (principal and interest)

Total cash flow (principal and interest) in €'000 as of Dec. 31, 2015	Due on demand	Up to 1 year	1 to 5 years	More than 5 years	Total
Financial liabilities	1,120,711	102,062	7,576	16,877	1,247,225
Liabilities due to banking business – clients	1,080,352	37,884	–	–	1,118,236
Liabilities due to banking business – banks	1,050	87	5,494	16,256	22,886
Other liabilities	39,309	64,091	2,082	621	106,103
Financial guarantees and credit commitments	62,610	–	–	–	62,610
Sureties and warranties	2,577	–	–	–	2,577
Irrevocable credit commitments	60,033	–	–	–	60,033
Total	1,183,321	102,062	7,576	16,877	1,309,835

Total cash flow (principal and interest)

Total cash flow (principal and interest) in €'000 as of Dec. 31, 2014	Due on demand	Up to 1 year	1 to 5 years	More than 5 years	Total
Financial liabilities	1,037,882	70,038	4,227	12,250	1,124,397
Liabilities due to banking business – clients	991,307	16,433	–	–	1,007,740
Liabilities due to banking business – banks	907	603	3,939	12,250	17,699
Other liabilities	45,668	53,002	288	–	98,958
Financial guarantees and credit commitments	36,030	–	–	–	36,030
Sureties and warranties	3,156	–	–	–	3,156
Irrevocable credit commitments	32,874	–	–	–	32,874
Total	1,073,912	70,038	4,227	12,250	1,160,427

39 Declaration of Compliance with the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG)

The Executive and Supervisory Boards issued a declaration of compliance with the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG) and made it permanently available to the shareholders via its website, ↗ **www.mlp.de** and in the corporate governance report of this Annual Report.

40 Related parties

Executive Board	Mandates in other statutory Supervisory Boards of companies based in Germany	Memberships in comparable domestic and foreign control bodies of commercial enterprises
Dr. Uwe Schroeder-Wildberg, Heidelberg Chairman responsible for Strategy, Communication, Policy/Investor Relations, Marketing, Market and Innovations, Sales	• FERI AG, Bad Homburg v.d.H. (Chairman)	–
Reinhard Loose, Berlin responsible for Compliance, Controlling, IT, Group Accounting, Risk Management, Internal Audit, Legal, Human Resources	• DOMCURA AG, Kiel (since August 27, 2015) • F&F Makler AG, Hamburg (since August 27, 2015) • Nordische Informations-Technologie AG, Kiel (since August 29, 2015)	–
Manfred Bauer, Leimen responsible for Product management	• DOMCURA AG, Kiel (Chairman) (since August 27, 2015) • F&F Makler AG, Hamburg (Chairman) (since August 27, 2015) • Nordische Informations-Technologie AG, Kiel (Chairman) (since August 29, 2015)	• MLP Hyp GmbH, Wiesloch (Supervisory Board)

Supervisory Board	Mandates in other statutory Supervisory Boards of companies based in Germany	Memberships in comparable domestic and foreign control bodies of commercial enterprises
Dr. Peter Lütke-Bornefeld, Everswinkel Chairman formerly Chairman of the Executive Board MLP AG, Wiesloch General Reinsurance AG, Cologne	• VPV Lebensversicherungs- AG, Stuttgart • VHV Vereinigte Hannoversche Versicherung a.G., Hanover (Chairman) • VHV Holding AG, Hannover (Chairman) • VHV Lebensversicherung AG, Hannover (until July 8, 2015) • VHV Allgemeine Versicherung AG, Hanover (since July 8, 2015) • Hannoversche Direktversicherung AG, Hannover • Hannoversche Lebensversicherung AG, Hanover • MLP Finanzdienstleistungen AG, Wiesloch (Chairman)	• ITAS Mutua, Trento, Italy (Member of the Governing Board)
Dr. h.c. Manfred Lautenschläger, Gaiberg Vice Chairman Formerly Chairman of the Executive Board	–	• University Hospital Heidelberg, Heidelberg (Supervisory Board)
Dr. Claus-Michael Dill, Murnau formerly Chairman of the Executive Board AXA Konzern AG, Cologne	• General Reinsurance AG, Cologne (Chairman) (until September 15, 2015) • HUK-COBURG Holding AG, Coburg • HUK-COBURG VVaG, Coburg • HUK-COBURG Versicherung AG, Coburg • XL Catlin Europe SE, Cologne	• XL Catlin Re Switzerland AG, Zurich, Switzerland (Member of the Governing Board) • XL Group plc, Dublin, Ireland (Non-Executive Director) (since August 6, 2015)
Tina Müller, Frankfurt (since June 18, 2015) Chief Marketing Officer and Managing Director at Opel Group GmbH, Rüsselsheim	• MLP Finanzdienstleistungen AG, Wiesloch (until August 4, 2015)	–
Burkhard Schlingermann, Dusseldorf Employees' representative Employee of MLP Finanzdienstleistungen AG, Wiesloch Member of the works council of MLP AG and MLP Finanzdienstleistungen AG, Wiesloch	• MLP Finanzdienstleistungen AG, Wiesloch (employees' representative)	–
Alexander Beer, Karlsruhe Employees' representative Employee of MLP Finanzdienstleistungen AG, Wiesloch	–	–
Johannes Maret, Burgbrohl (until June 18, 2015) Investment Committee Member The Triton Fund, Jersey, GB	–	• Gebrüder Rhodius KG, Burgbrohl (Chairman of the Advisory Board) • The Triton Fund, Jersey, GB (Investment Committee Member) • Befesa Holding S.à.r.l., Luxembourg (Member of the Advisory Board) • Battenfeld Cincinnati Holding GmbH, Bad Oeynhausen (Chairman of the Advisory Board)

Related persons

Within the scope of the ordinary business, legal transactions were made between individual Group companies and members of the Executive Board and the Supervisory Board as well as related parties. The legal transactions refer to the payment transactions and securities services of € 1,772 thsd (previous year: € 1,811 thsd). The legal transactions were completed under standard market or employee conditions.

On the reporting date of December 31, 2015, members of the Executive Bodies had current account credit lines and surety loans totalling € 544 thsd (previous year: € 538 thsd). Surety loans are charged an interest rate of 1.0% (previous year: 1.0%) and the current account debits 6.50% to 8.75% (previous year: 6.50% to 8.75%).

The total remuneration for members of the Executive Board active on the reporting date is € 2,029 thsd (previous year: € 2,053 thsd), of which € 1,344 thsd (previous year: € 1,342 thsd) is attributable to the fixed portion of remuneration and € 685 thsd (previous year: € 711 thsd) is attributable to the variable portion of remuneration. In the financial year, expenses of € 290 thsd (previous year: € 290 thsd) were accrued for occupational pension provision. Retired members of the Executive Board received redundancy payments of € 0 thsd (previous year: € 1,440 thsd). As of December 31, 2015, pension provisions of € 16,169 thsd were in place for former members of the Executive Board (previous year: € 17,631 thsd).

Variable portions of remuneration comprise long-term remuneration components.

The members of the Supervisory Board received non-performance-related remuneration of € 494 thsd for their activities in 2015 (previous year: € 500 thsd). In addition, € 17 thsd (previous year: € 22 thsd) was paid as compensation for expenses and training measures.

For the detailed structure of the remuneration system and the remuneration of the Executive Board and Supervisory Board, please refer to the remuneration report in the → "Corporate governance" chapter. The → remuneration report is part of the management report.

Related companies

Alongside the consolidated subsidiaries, MLP AG comes into direct and indirect contact and has relations with a large number of companies within the scope of its ordinary business. This also includes subsidiaries, which are non-consolidated for reasons of materiality, as well as associates. All business dealings are concluded at conditions and terms customary in the industry and which as a matter of principle do not differ from delivery and service relationships with other companies. The services performed for the companies listed in the following essentially concern remuneration for wealth management and consulting, as well as brokerage, sales and trailer commission.

Transactions were carried out with major related companies, which led to the following items in the consolidated financial statements:

Related companies 2015

All figures in €'000	Receivables	Liabilities	Income	Expenses
MLP Consult GmbH, Wiesloch	–	2,082	–	13
MLP Hyp GmbH, Wiesloch	179	–	6,203	63
Michel & Cortesi Assetmanagement AG, Zurich	633	–	347	134
Coresis Management GmbH, Bad Homburg v.d. Höhe	12	–	62	727
US Treuhand Vertriebsgesellschaft mbH, Bad Homburg v.d. Höhe	–	–	81	57
AIF Komplementär GmbH, Munich	–	48	171	27
FPE Direct Coordination GmbH, Munich	–	–	12	–
FPE Private Equity Beteiligungs-Treuhand GmbH, Munich	–	–	150	–
FPE Private Equity Koordinations GmbH, Munich	–	–	55	–
DIEASS GmbH, Kiel	–	5	–	5
Portus Assekuranz Vermittlungsgesellschaft mbH, Kiel	–	15	–	15
Nordische Informations-Technologie AG, Kiel	10	–	11	–
Walther GmbH Versicherungsmakler, Hamburg	0	24	–	24
Total	834	2,174	7,092	1,063

Related companies 2014

All figures in €'000	Receivables	Liabilities	Income	Expenses
MLP Consult GmbH, Wiesloch	0	2,065	–	13
MLP Hyp GmbH, Wiesloch	26	–	4,677	20
FERI Trust AG (Switzerland), St. Gallen	405	–	12	–
Coresis Management GmbH, Bad Homburg v.d. Höhe	1	–	40	786
UST Immobilien GmbH, Bad Homburg v.d. Höhe	16	–	87	82
AIF Komplementär GmbH, Munich	499	–	419	–
Total	946	2,065	5,236	901

41 Number of employees

The average number of staff employed increased from 1,542 in 2014 to 1,802 in 2015.

	2015			2014		
		of which executive employees	of which marginal part-time employees		of which executive employees	of which marginal part-time employees
Financial services	1,300	28	75	1,303	32	87
FERI	235	9	54	232	8	54
DOMCURA	261	7	25	–	–	–
Holding	7	2	–	7	2	–
Total	1,802	46	154	1,542	42	141

An average of 111 people (previous year: 95) underwent vocational training in the financial year.

42 Auditor's fees

The total fees for services performed by the auditing firm KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt in the financial year 2015 (including expenses, but excluding statutory value added tax) are as follows:

All figures in €'000	2015	2014
Audit services	680	631
Other assurance services	99	112
Tax advisory services	21	–
Other services	107	192
Total	907	935

The item Audit services contains the fees paid for the audit of the consolidated financial statements and for the audit of the other legally stipulated financial statements of MLP AG and its subsidiaries.

43 Disclosures on equity / capital control

A primary objective of equity control is to ensure that the legal solvency regulations for banking and financial services businesses, which prescribe a minimum capital adequacy, are fulfilled and that the sound quantitative and qualitative equity base is strengthened. At MLP, the examinations for the purpose of complying with the solvency regulations, which came into force on January 1, 2014, as well as Article 7 and Article 11 et seq. of EU Directive No. 575/2013 of the European Parliament and Council from June 26, 2013 regarding the supervisory requirements of financial institutions and investment firms, are performed on a consolidated basis (Group). As per Article 11 of the CRR, the relevant Group includes MLP AG, Wiesloch, MLP Finanzdienstleistungen AG, Wiesloch, FERI AG, Bad Homburg v. d. Höhe, FERI Trust GmbH, Bad Homburg v. d. Höhe, FEREAL AG, Bad Homburg v. d. Höhe, FERI Trust (Luxembourg) S. A., Luxembourg, as well as ZSH GmbH Finanzdienstleistungen, Heidelberg.

Pursuant to Article 11 of the CRR, the relevant Group has also included Schwarzer Familienholding GmbH, Kiel (SFH Group) and its subsidiary F & F Makler AG, Hamburg since September 2015.

Pursuant to the CRR, the following companies of the SFH Group are to be classified as "other companies" and are voluntarily included in the scope of consolidation: DOMCURA AG, Kiel, with its subsidiary NORDVERS GmbH, Kiel, as well as the subsidiaries of F & F Makler AG,

Kiel, nordias GmbH Versicherungsmakler, Kiel, Ralf W. Barth GmbH, Hamburg, Willy F. O.

Köster GmbH, Hamburg and Siebert GmbH Versicherungsmakler, Arnstadt.

This ensures that the vast majority of companies in the SFH Group are included in scope of supervisory:

monitoring and reporting activities and thereby the scope of our whole Group.

Pursuant to the CRR, the following companies are not included in the Group as "Other companies":

MLPdialog GmbH, Wiesloch, MLP Hyp GmbH, Wiesloch and FERI EuroRating Services AG, Bad Homburg v. d. Höhe.

At TPC GmbH, Hamburg, use is made of an exemption as per Article 19 of the CRR. These deviations from the IFRS scope of consolidation are considered insignificant.

As a depository institution, MLP Finanzdienstleistungen AG, Wiesloch is the controlling institution as per Article 11 of the CRR.

The following means and measures for controlling and adjusting the equity capital of the Group are available to MLP: (I) Issuing new shares and (II) Making transfers to the statutory reserve to strengthen Tier 1 capital.

Pursuant to Article 92 et seq. of the CRR, MLP is obliged to back its capital adequacy requirements for both counterparty default risks and the operational risk at Group level with at least 8% eligible own funds (equity ratio). MLP applies the standardised approach to credit risk for determining the risk-weighted exposure values (counterparty default risks) in accordance with Article 111 et seq. of the Capital Requirements Regulation (CRR). The basic indicator approach is used for determining the amount for the operational risk (Article 315 et seq. of the CRR).

The backing of risk assets with eligible own funds for tier 1 capital generally requires a minimum ratio of 4.5% (previous year: 4%).

As per Article 25 et seq. of the CRR, the Group’s Tier 1 capital includes the following equity items of IFRS capital: share capital, capital reserves, statutory reserve and retained earnings. Among other factors, the following serve to reduce Tier 1 capital: intangible assets, treasury stock, goodwill.

As in the previous year, MLP has fulfilled all legal requirements relating to the minimum shareholders’ equity backing during the financial year 2015. The relationship between the risk assets and core capital at year-end closing is illustrated below.

All figures on the basis of the financial statements in €'000	2015	2014
Tier 1 common capital	211,250	228,173
Tier 1 additional capital	–	–
Tier 2 capital	–	–
Eligible own funds	211,250	228,173
Capital adequacy requirements for counterparty default risks	70,392	71,162
Capital adequacy requirements for operational risk	47,532	45,667
Equity ratio (at least 8 %)	14.33	15.62
Tier 1 common capital ratio (at least 4 %)	14.33	15.62

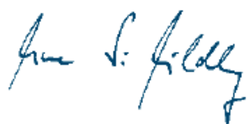
44 Events after the balance sheet date

End of February 2016 MLP announced a further streamlined cost management. This will incur one-off expenses of approximately € 15 million in the financial year 2016. From 2017 onwards, MLP expects this to deliver a distinctly positive EBIT effect. Beyond this there were no appreciable events affecting the Group's net assets, financial position and results of operations.

45 Release of consolidated financial statements

The Executive Board prepared the consolidated financial statements on February 25, 2016 and will present them to the Supervisory Board on March 16, 2016 for publication.

Wiesloch, February 25, 2016
MLP AG
Executive Board



Dr. Uwe Schroeder-Wildberg   Manfred Bauer   Reinhard Loose

Auditor’s Report

We have audited the consolidated financial statements prepared by the MLP AG, Wiesloch, comprising the consolidated income statement and statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flow and consolidated statement of changes in equity and the notes to the consolidated financial statements and its joint management report on the position of the Company and the Group for the business year from January 1 to December 31, 2015. The preparation of the consolidated financial statements and the joint management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB [Handelsgesetzbuch “German Commercial Code”] are the responsibility of the parent company’s management. Our responsibility is to express an opinion on the consolidated financial statements and on the joint management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [Handelsgesetzbuch „German Commercial Code“] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with [German] principles of proper accounting and in the joint management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accountingrelated internal control system and the evidence supporting the disclosures in the consolidated financial statements and the joint management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and joint management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The joint management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group’s position and suitably presents the opportunities and risks of future development.

Frankfurt/ Main, March 2, 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

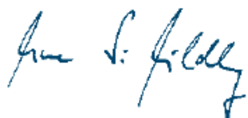
Dr. Hübner
Wirtschaftsprüfer
(German Public Auditor)

Fust
Wirtschaftsprüfer
(German Public Auditor)

Responsibility statement

"To the best of our knowledge and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the joint management report gives a fair view of the performance of the business including business results and the overall position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group."

Wiesloch, February 25, 2016



Dr. Uwe Schroeder-Wildberg   Manfred Bauer   Reinhard Loose