Notes

General information

1 Information about the Company

The consolidated financial statements were prepared by MLP SE, Wiesloch, Germany, the ultimate parent company of the MLP Group. MLP SE is listed in the Mannheim Commercial Register under the number HRB 728672 at the address Alte Heerstraße 40, 69168 Wiesloch, Germany.

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

2 Principles governing the preparation of the financial statements

The consolidated financial statements of MLP SE 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 section 315e (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 provides 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.

The term "branch office manager", which is used in the following report section, encompasses the branch office managers at MLP Finanzberatung SE and the sales agents at MLP Banking AG. We use the term "MLP consultants" to summarise all consultants operating in the MLP Group.

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 current financial year 2018, MLP had to apply the following new or amended standards for the first time.

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

MLP made use of the simplified initial application option for the new IFRS 9 and IFRS 15 standards. The accumulated effect from the retroactive application of the new provisions was recognised directly in equity. Comparative figures from the respective periods of previous years were not adjusted. Instead, the changes to items in the balance sheet and income statement of the current period resulting from the first-time adoption of IFRS 9 and IFRS 15 are described. Furthermore, IFRS 15 was only applied to contracts that had not yet been completely fulfilled on January 1, 2018.

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

All figures in €'000					
Effects on the consolidated balance sheet	**Dec. 31, 2017**	**Changes in reporting***	**IFRS 9 effects**	**IFRS 15 effects**	**Jan. 1, 2018**
Assets					
Intangible assets	161,838				161,838
Property, plant and equipment	61,861				61,861
Investments accounted for using the equity mehtod	4,132				4,132
Deferred tax assets	8,035		1,278	-3,079	6,234
Receivables from clients in the banking business	701,975	3,031	-2,513		702,493
Receivables from banks in the banking business	634,150		-212		633,938
Financial assets	158,457		-276		158,181
Tax refund claims	12,346				12,346
Other receivables and assets	125,741	-3,031	-1,121	36,392	157,981
Cash and cash equivalents	301,013		-5		301,008
Total	**2,169,547**		**-2,849**	**33,313**	**2,200,011**
Liabilities and shareholders' equity					
Shareholders' equity	404,935		-4,004	11,852	412,783
Provisions	88,737		1,263		90,000
Deferred tax liabilities	9,531		-107	1,800	11,224
Liabilities due to clients in the banking business	1,439,805	8,101			1,447,906
Liabilities due to banks in the banking business	61,383				61,383
Tax liabilities	10,243				10,243
Other liabilities	154,913	-8,101		19,661	166,473
Total	**2,169,547**		**-2,849**	**33,313**	**2,200,011**

*Recognition of the receivables from/liabilities due to branch office managers has changed with the change due to IFRS 9/IFRS 15.

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

All figures in €'000	
Retained earnings as of Dec 31, 17	**158,072**
IFRS 9	
Reclassification of financial assets from "available-for-sale financial assets" to "fair value through profit or loss" (FVPL)	959
Reclassification of financial assets from "available-for-sale financial assets" to "amortised cost" (AC)	-237
Recognition of higher impairments on receivables from clients in the banking business	-2,513
Recognition of higher impairments on receivables from banks in the banking business	-212
Recognition of higher impairments on financial investments measured at amortised cost	-39
Recognition of higher impairments on receivables and assets	-1,121
Recognition of higher impairments on cash and cash equivalents	-5
Recognition of higher provisions for guarantees/sureties and undrawn credit lines	-1,263
Recognition of higher deferred tax assets with regard to impairment provisions	1,385
IFRS 15	
Initial adoption effect due to capitalisation of contractual assets, minus redemption of accrued commission formed under IAS 18	36,392
Initial adoption effect from the recognition of liabilities due to MLP consultants and branch office managers*	-19,661
Reduction in deferred tax assets due to initial adoption effects of IFRS 15	-4,879
Retained earnings as of Jan. 1, 18	**166,880**

*In the report on June 30, 2018 it was referred to as contractual liabilities.

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

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

Note:

A) The receivables and liabilities recognised at amortised cost under IAS 39 meet the cash flow criterion under IFRS 9 (see → Note 6 for further details) and can continue to be recognised at amortised cost. The reductions to the carrying amounts result from the newly calculated loan loss provision. The effects are presented in the following table.

B) The loan does not meet the cash flow criterion and continues to be recognised at fair value through profit or loss under IFRS 9.

C) Shares held on January 1, 2018 are equity instruments for which the OCI option was not applied. Pursuant to IFRS 9, these therefore need to be recognised at fair value through profit or loss. The investment funds are debt instruments that do not fulfil the cash flow criterion and therefore need to be measured at fair value through profit or loss.

D) The bonds fulfil the cash flow criterion and are measured at amortised costs. The fair value as at December 31, 2017 was € 19,399 thsd, while the amortised costs as at January 1, 2018 were € 19,157 thsd. The initial adoption effect resulting from reclassification of € 237 thsd, as well as formation of the loan loss provision of € 6 thsd were recorded under retained earnings. In the event of continued classification under "Available for sale financial assets", losses resulting from reductions to the fair value of € 197 thsd would have been recognised directly in the revaluation reserve with no effect on profit or loss.

E) For reasons of materiality, non-consolidated investments were already measured at amortised cost under IAS 39. As of January 1, 2018, the simplifications pursuant to IFRS 9.B5.2.3 were applied and the measurement performed at amortised cost.

F) As of January 1, 2018, the portfolio of held-to-maturity (HtM) investments only contained debentures which meet the cash flow criterion. Accordingly, these financial instruments continue to be measured at amortised costs.

G) The liabilities recognised at amortised cost under IAS 39 meet the cash flow criterion under IFRS 9 and can continue to be recognised at amortised cost.

H) As a result of IFRS 9, impairment regulations have been extended to include off-balance-sheet items that are not recognised at fair value through profit or loss. With initial adoption of IFRS 9, an impairment of € 1,263 thsd was formed for the guarantees, sureties and credit commitments.

The following section presents the amendments to the first-time adoption for loan loss provisions:

All figures in €'000			IAS 39			IFRS 9	
	Reference	Category	Impairments as of Dec. 31, 2017	Change in reporting*	Category	As at impairments as of Jan. 1, 2018	Difference in retained earnings
Receivables from banking business - clients	A	L+R	-7,360	-1,450	AC	-11,323	2,513
Receivables from banking business - banks	B	L+R	-		AC	-212	212
Financial investments (fixed and time deposit)	C	L+R	-		AC	-15	15
Financial investments (loans)	C	L+R	-		AC	-2	2
Financial assets (bonds)	C	HtM	-		AC	-16	16
Financial assets (bonds)	C	AfS	-		AC	-6	6
Other receivables and assets	D	L+R	-5,432	1,450	AC	-5,106	1,121
Cash and cash equivalents	C	L+R	-		AC	-5	5
Sureties and warranties	E		-			-102	102
Undrawn credit lines	E		-			-1,161	1,161

*Recognition of receivables from/liabilities due to branch office managers has changed with the changes in pursuant to IFRS 9/IFRS 15.

Note:

A) The increase in impairment primarily results from extending the application scope and adopting the credit risk parameter method described in → Note 6 of € 2,513 thsd.

B) Pursuant to IAS 39, no impairments were formed for the receivables from banking business. As a result of extending the application scope due to IFRS 9, an impairment of € 212 thsd was formed for the initial adoption. These receivables are also based on the credit risk parameter method described in → Note 6.

C) The first-time adoption of IFRS 9 leads to formation of an impairment of € 44 thsd for cash and cash equivalents, time deposits, loans and bonds measured at amortised costs.

D) The increase in impairment primarily results from extension of the application scope and consequently from the switchover to the loss-rate method described in → Note 6 of € 1,121 thsd.

E) Pursuant to IAS 39, no impairment was necessary for sureties, warranties or undrawn credit lines. The impairment regulations were extended to include these items as a result of IFRS 9.5.5.1. The off-balance-sheet items are also impaired using the credit risk parameter method. The impairment of € 1,263 thsd from the initial adoption effect is recognised in the provisions.

In the context of the **initial adoption of IFRS 15**, contractual assets of € 41,513 thsd were to be disclosed on January 1, 2018. They are disclosed under "Other receivables and assets". However, redemption of accrued commission formed under IAS 18 must be taken into account in this item. Retained earnings increased accordingly. The contractual assets result from trail commissions for unit-linked life insurance policies that were brokered in the past. The effects on the revenue streams are described in → Note 6 "Accounting policies". Development of the contractual assets is disclosed in → Note 25.

For the contractual assets recognised for the first time pursuant to IFRS 15, corresponding commission liabilities of € 26,642 thsd were recognised in the "Other liabilities" item. Please refer to → Note 30 for further explanations.

In the last financial year, additional revenue to be realised due to IFRS 15 amounted to € 11,452 thsd. Corresponding expenses of € 7,545 thsd are recognised in the "Commission expenses" item.

Adoption of the following new or revised standards and interpretations was not yet binding for the financial year commencing on January 1, 2018. The standards were not adopted early:

IFRS 16	Leases [1]
IFRS 17	Insurance Contracts [3,4]
Amendments to IFRS 3	Definition of a Business [2, 4]
Amendments to IAS 1 and IAS 8	Changes in Definition of Material [2, 4]
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement [1, 4]
Amendments to IAS 28 and IFRS 10	Investments in Associates and Joint Ventures [1]
Annual improvements to the IFRS	2015-2017 Cycle [1, 4]
Change to the framework	Changes to references made to the accounting framework [2, 4]
IFRIC 23	Uncertainty over Income Tax Treatments [1]

[1] To be applied for financial years beginning on or after January 1, 2019.
[2] To be applied for financial years beginning on or after January 1, 2020.
[3] To be applied for financial years beginning on or after January 1, 2021.
[4] EU endorsement still pending.

The IASB published its new IFRS 16 "Leases" standard in January 2016. IFRS 16 replaces IAS 17 and the accompanying interpretations (IFRIC 4, SIC-15, SIC-27). IFRS 16 is to be applied for financial years beginning on or after January 1, 2019. Early adoption is also possible. The date of transition to IFRS 16 in accordance with the modified retrospective approach is January 1, 2019. Comparative figures from the respective periods of previous years will not be adjusted.

For lessees, IFRS 16 introduces a uniform approach for the accounting of leases, based on which assets for usage rights to the lease objects and liabilities for payment obligations received are to be disclosed for all leases in the balance sheet. For lease objects of low value and for short-term leases (fewer than 12 months), the simplified application rules are applied. In addition, the option to separate leasing and non-leasing components (service) is also applied. Non-leasing components are not taken into account in the recognised right-of-use asset. For leases that have previously been classified as "operating leases" in line with IAS 17, the leasing liability is disclosed at the present value of the remaining leasing payments with discounting performed using the marginal borrowing costs of the lessee at the time of first-time adoption. The right to use the lease object is capitalised in a simplified approach with an amount equal to the leasing liability, adjusted by advance payments or deferred leasing payments. Provisions in place for onerous lease contracts at the time of initial adoption are offset against the capitalised right of use.

The accounting regulations for lessors remain largely unchanged, in particular with regard to the ongoing need to classify leases pursuant to IAS 17.

The analysis performed within the scope of a Group-wide project for initial adoption of IFRS 16 showed that IFRS 16 is likely to have the following effects on the components of the consolidated financial statements and presentation of net assets, financial position and results of operations:

Balance sheet:
As of January 1, 2019, leasing liabilities in the mid double-digit million range are likely to be recognised in the balance sheet as a result of the reclassification. The reclassification effect primarily impacts real estate rented by MLP. No effects on retained earnings in shareholders' equity occur at the time of initial adoption as a result of recognising the right of use at the level of the leasing liability. The equity ratio is likely to deteriorate by less than one percentage point due to the balance sheet extension.

Income statement:
In contrast to the previous recognition of expenses from operating leases under other operating expenses, amortisation expenses for usage rights, as well as interest costs from the accrued interest of leasing liabilities will be recognised in future. For financial year 2019, this leads to an improvement in EBITDA in the low double-digit million range, as well as to an improvement in EBIT, albeit at the expense of the finance cost. On the basis of the leases in place as at January 1, 2019, Group EBIT will increase by up to one million.

Statement of cash flow:
Cash flow from operating activities will improve, while cash flow from financing activities will decline as a result of the changed recognition of leasing expenses from operating leases.

No significant effects on the consolidated financial statements of MLP SE result from the other new or revised standards.

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

Alongside MLP SE as the parent company, 13 (previous year: 13) 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 as of December 31, 2018.

With the resolution dated March 9, 2018 DOMCURA AG, as a shareholder in Nordvers GmbH, approved an exemption pursuant to section 264 (3) of the German Commercial Code (HGB) from the need to draft a management report as per section 289 of the German Commercial Code (HGB) for financial year 2018. The company is included in the 2018 consolidated financial statements of MLP SE with its registered office in Wiesloch. The consolidated financial statements are published in the Federal Gazette (Bundesanzeiger) within the legal deadlines. A single-entity relationship is in place between the Company and MLP SE which obliges MLP SE to the assumption of losses as per section 302 of the German Stock Corporation Act (AktG), as well as to the assumption of liability.

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

As of Dec. 31, 2018	Share of capital in %	Shareholders' equity (€'000)	Net profit (€'000)
Fully consolidated subsidiaries			
MLP Finanzberatung SE, Wiesloch	100.00	30,577	13,822
TPC GmbH, Hamburg [1)] (Wholly-owned subsidiary of MLP Finanzberatung SE)	100.00	314	315
ZSH GmbH Finanzdienstleistungen, Heidelberg [1)] (Wholly-owned subsidiary of MLP Finanzberatung SE)	100.00	1,190	2,407
FERI AG, Bad Homburg v.d. Höhe [1)]	100.00	19,862	17,233
FERI Trust GmbH, Bad Homburg v.d. Höhe [1)] (Wholly-owned subsidiary of FERI AG)	100.00	10,386	7,233
FEREAL AG, Bad Homburg v.d. Höhe [1)] (Wholly-owned subsidiary of FERI AG)	100.00	1,949	132
FERI Trust (Luxembourg) S.A., Luxembourg (Wholly-owned subsidiary of FERI AG)	100.00	23,804	14,744
DOMCURA AG, Kiel [1)]	100.00	2,380	5,629
nordias GmbH Versicherungsmakler, Kiel [1)]	100.00	435	-123
Nordvers GmbH, Kiel [1)] (Wholly-owned subsidiary of DOMCURA AG)	100.00	26	-8
Willy F.O. Köster GmbH, Hamburg [1)] (Wholly-owned subsidiary of nordias GmbH Versicherungsmakler)	100.00	2,025	156
Siebert GmbH Versicherungsmakler, Arnstadt [1)] (Wholly-owned subsidiary of nordias GmbH Versicherungsmakler)	100.00	26	20
MLPdialog GmbH, Wiesloch (Wholly-owned subsidiary of MLP Finanzberatung SE)	100.00	1,262	294
Associates consolidated at equity			
MLP Hyp GmbH, Wiesloch (49.8 % stake held by MLP Finanzberatung SE)	49.80	6,793	3,793
Companies not consolidated due to immateriality			
MLP Consult GmbH, Wiesloch	100.00	2,300	-10
Uniwunder GmbH, Dresden[2)] (49,00% held by MLP Finanzberatung SE)	49.00	150	-112
FERI (Schweiz) (formerly: Michel & Cortesi Asset Management AG, Zurich (Switzerland) [2)], [3)] (Wholly-owned subsidiary of FERI AG)	100.00	TCHF 531	TCHF -87
FPE Private Equity Beteiligungs-Treuhand GmbH, Munich [2)] (Wholly-owned subsidiary of FERI Trust GmbH)	100.00	202	56
FPE Private Equity Koordinations GmbH, Munich [2)] (Wholly-owned subsidiary of FERI Trust GmbH)	100.00	73	44
FPE Direct Coordination GmbH , Munich [2)] (Wholly-owned subsidiary of FERI Trust GmbH)	100.00	6	-6
FERI Private Equity GmbH & Co. KG, Munich [2)] (Wholly-owned subsidiary of FERI Trust GmbH)	100.00	39	19
FERI Private Equity Nr. 2 GmbH & Co. KG, Munich [2)] (Wholly-owned subsidiary of FERI Trust GmbH)	100.00	3	-6
AIF Komplementär GmbH, Munich [2)] (25% held by FERI AG)	25.00	26	15
AIF Register-Treuhand GmbH, Bad Homburg v.d. Höhe [2)] (Wholly-owned subsidiary of FERI AG)	100.00	24	-11
DIEASS GmbH, Kiel [1)] (Wholly-owned subsidiary of DOMCURA AG)	100.00	26	-17
innoAssekuranz GmbH, Kiel (formerly: Portus Assekuranz Vermittlungsgesellschaft mbH, Kiel [1)] (Wholly-owned subsidiary of DOMCURA AG)	100.00	25	-29
Walther Versicherungsmakler GmbH, Hamburg [1)] (Wholly-owned subsidiary of nordias GmbH Versicherungsmakler)	100.00	25	-242

[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 from the annual financial statements 2017.
[3)] Currency conversion rate as at the balance sheet date: € 1 = CHF 1.12774.

Disclosures on non-consolidated structured entities

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 SE controls them.

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 companies’ activities of the 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 on the basis of two different approaches; firstly through 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 € 171 thsd as of December 31, 2018 (previous year: € 360 thsd). In financial year 2018, MLP SE recorded an income of € 1,595 thsd from non-consolidated structured entities (previous year: € 221 thsd).

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

5 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
- → Notes 6 and → 8 – recognition of revenue at a point in time or over time, as well as determination of the revenue level with variable transaction prices
- → Notes 6 and → 20 – impairment test (discounted cash flow forecasts and significant assumptions applied)
- → Notes 6, → 22 to → 25 and → 35 – classification and measurement of financial instruments, as well as fair value disclosures.
- → Notes 6, → 22, → 25 and → 28– allowances for bad debts
- → Notes 6, → 28 and → 34 – provisions and corresponding refund claims as well as contingent assets and liabilities
- → Notes 6 and → 28 – measurement of defined benefit obligations
- → Notes 6 and → 33 – classification of leases
- → Note 18 – recognition of tax receivables/tax reserves
- → Note 26 – cash and cash equivalents – composition of cash and cash equivalents

6 Accounting policies

With effect from January 1, 2018, IFRS 15 has to be applied for the recognition of revenue from customer contracts. IFRS 15 replaces IAS 18 Revenue, as well as the applicable interpretations, and now applies (with a few exceptions) to all revenue from contracts with clients. The application scope of IFRS 15 includes **mutual contracts** in which the other contracting party qualifies as a client, i.e. concludes a contract with MLP regarding receipt of services from ordinary business activities in return for payment. The **identification** of a client with regard to MLP's transactions can be performed regularly and easily.

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

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

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

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

Depending on the way in which control is transferred to the client, IFRS 15 provides recognition of revenue at a point in time or over time. MLP recognises revenue from pure brokerage services (in particular acquisition commission and dynamic commission) at a point in time. Recognition of revenue over time is, in particular, performed for sustainable services (for example portfolio management, fund management).

In the fields of **old-age provision, non-life insurance and health insurance**, commission income is generated from the brokering of insurance products. Acquisition commission is recorded at the time of contract conclusion. With the transition to IFRS 15, the pro rata commission income paid from unit-linked old-age provision products is also to be recognised at a point in time, taking into account the percent of completion.

MLP receives dynamic commissions for contract adjustments that involve extended insurance coverage. Similarly to commission from the brokering of the basic policy, these are recognised when the dynamic increase takes effect.

In the old-age provision and health insurance segment, MLP receives commission payments pertaining to the management of contracts for ongoing support of the policyholder. The service is performed over a time period, which leads to a situation in which respective revenue is to be recognised over time.

Due to the obligation to refund portions of the commission received if brokered insurance policies are terminated prematurely, the amount of commission to which brokers are entitled is tied to uncertainties. Pursuant to IFRS 15, there is a **variable transaction price**. The contractual assets at the level of commission still to be anticipated are recognised at face value, as are related liabilities to MLP consultants and branch office managers. MLP estimates the anticipated payment and only realises revenue when any significant cancellation of recorded revenue is highly unlikely.

Insofar as the insurers pay brokerage commission in advance but with a right to reversal, MLP establishes provisions for cancellation risks on the basis of empirical values and capitalises the associated refund claims against MLP consultants and branch office managers. The change in provisions is disclosed under revenue, while the change in the refund claim associated with this is disclosed under commission expenses.

Revenue from **wealth management** contains both revenue to be recognised at a point in time and over time. Revenue recognised at a point in time includes issue surcharges/premiums, custody fees, account management fees, mutual fund brokerage fees, as well as brokerage and trailer commissions from wealth management mandates. Other wealth management revenue recognised at a point in time results from research and rating services. Revenue recognition over time is, in particular, carried out in active fund management and investment consulting fields of business.

Commission income from the brokering of loans (credit brokering commission) is attributed to revenue from the **loans and mortgages** business. MLP realises brokerage commissions for loan brokerage after concluding the respective loan agreement. The same applies to **real estate brokerage**: Here, revenue is realised when signing the notarised purchase contract. **Other commission and fees** are generated at the level to which consulting services are performed. They are paid in particular for consulting services to companies on setting up occupational pension provision schemes, for consulting services in connection with medical practice financing and for business start-ups. Outside the old-age provision segment, no contracts which require a deviating recognition of commission were identified.

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

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

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

Currency translation

The euro is the functional currency of all companies consolidated in MLP's consolidated financial statements. The Group operates virtually exclusively in Germany and Luxembourg.

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 measurement.

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.

Please see → Note 35 for further information on the assumptions made when determining fair values.

Intangible assets

Intangible assets are disclosed at their acquisition or manufacturing costs minus all accumulated depreciation and amortisation charges as well as accumulated impairment losses. MLP does not apply the revaluation method.

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.

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.

Goodwill and other **indefinite-lived intangible assets** are not amortised. 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.

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 revenue 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 portfolio development, 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.

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.

The profits or losses resulting from the disposal of 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.

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.

The significant assumptions used when calculating the recoverable amount in the form of the use value 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 20.

Leasing

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 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 33.

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 16.

Financial instruments

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

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

Financial assets whose cash flows exclusively comprise interest and principal payments are classified on the basis of the business model. The assessment as to whether a financial asset comprises solely interest and principal payments is based on the commercial substance of the cash flows and not on the contractual designations. All contractual agreements which increase the risk or volatility in the contractual cash flows are not consistent with an elementary credit agreement and are therefore a violation of the cash flow criterion. However, contractual conditions that either have only a very small influence on the contractual cash flows (de minimis) or are non-genuine can be disregarded for the assessment of the cash flow criterion.

MLP purchases financial assets exclusively with the objective of collecting contractual cash flows. Divestments are typically concluded prior to the end of the term and all financial assets are subsumed using the "holding" business model. Divestments performed due to deterioration of the credit quality of individual assets, divestments performed near the end of the term and rare/irregular divestments or divestments of insignificant levels would not present any risk for the assignment to the "holding" business model. Since MLP does not operate any "hold to collect and sell" or "sell" business model, there are no assets resulting from the business model which are (2) measured at fair value through other comprehensive income or (3) measured at fair value through profit or loss as at December 31, 2018.

Financial assets whose cash flows do not exclusively comprise interest and principal payments, such as shares in investment funds and derivatives, are measured at fair value through profit or loss (FVPL). MLP therefore measures shares and investment funds at fair value through profit or loss. Alongside this, two debentures do not meet the cash flow criterion and are also rated at fair value through profit or loss. Further details can be found in the table in → Note 3, presenting the transition of values reported pursuant to IAS 39 to the values to be recognised pursuant to IFRS 9. For equity instruments, IFRS 9 provides an option for measurement at fair value through other comprehensive income (FVOCI). MLP applies this option for measurement at fair value through other comprehensive income at the individual case level. As at December 31, 2018, the option is not currently being exercised for any assets. In addition, IFRS 9.4.1.5 allows the optional measurement of assets at fair value to avoid or significantly reduce an accounting mismatch. MLP does not make any use of the Fair Value Option (FVO) as at December 31, 2018.

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

Stage 1: Contains all contracts that have not experienced a significant rise in credit risk since receipt (Low Credit Risk Exemption). Presence of an investment-grade rating is assumed here. The impairment is determined based on the anticipated credit loss, which is expected from default events over the next 12 months.

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

MLP considers the following conditions/characteristics to represent a significant rise in credit risk:

- More than 30 days in arrears
- Deterioration of the rating by at least two grades compared to the 12-months-forward-and Transfer in "Non-Investment Grade"
- Intensive support

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

MLP uses the simplified method (loss rate method) for other receivables and assets. These do not have any significant financing component pursuant to IFRS 15. On this basis, these receivables are already assigned to Stage 2 during initial recognition and no estimate is performed regarding a significant increase of the credit risk. If the assets display any objective indications of compromised creditworthiness, they are transferred to Stage 3.

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

- Determination using the credit risk parameter method:
  The Expected Credit Loss (ECL) is determined through multiplicative linking of the Exposure at Default (EaD), Probability of Default (PD) and Loss Given Default (LGD) credit risk parameters.
  The parameters are determined in such a way that they reflect relevant events in the past, the current situation, as well as information regarding the future. In principle this can be performed using an economic model that contains all of the information gathered or by adjusting existing parameters so that the current economic environment and forecasts with regard to its future development are taken into account. This information encompasses macroeconomic factors (such as GDP growth and the unemployment rate) and forecasts regarding future economic framework conditions.
  To secure approximate consistency between the risk measurement and the recording of credit losses in the balance sheet, the PD models currently used are applied and suitably extended. In the first step, multi-year PDs (through-the-cycle PDs) are derived from the existing supervisory models. These are then amended using a shift factor method. With the shift factor method, the through-the-cycle PDs (multi-year PDs) derived from rating data are transformed into point-in-time PDs through a multiplicative factor, the shift factor. Migration matrices are used for this, as a result of which future changes in creditworthiness are anticipated at portfolio level over the term. Using rating classes, the migration matrices are based on observable loan loss histories of the portfolios in question. In the second step, the through-the-cycle PDs are adjusted using a shift factor method in such a way that the current economic environment, as well as the future-oriented factors required by IFRS 9 are taken into account. Here, the through-the-cycle PDs (multi-year PDs) derived from rating data are transformed into point-in-time PDs through a multiplicative factor, the shift factor.
- Loss rate method:
  Under certain conditions, IFRS 9 allows use of a loss rate method that is based on the default rates for determining anticipated losses. Here, historical credit default rates are determined for defined portfolios with the same risk characteristics.
  Criteria for portfolio creation are contractual terms of the same design for assets, comparable counterparty characteristics and similar credit ratings of the assets in the portfolio. The anticipated losses are estimated on the basis of historical losses. In contrast to the first process described, there is no explicit subdivision into the components of probability of default (PD) and loss given default (LGD). The determination period of the anticipated losses is the entire term remaining to maturity of the respective asset. When determining the loss rates, forward-looking information is considered by weighting the historic loss rates used. For example, loss rates from a period with strong economic activity will receive lower weighting, while loss rates from a period of recession will be given stronger weighting to anticipate an expected economic slump.
- Expert-based ECL determination:
  Expert-based ECL determination is performed individually using a scenario analysis, to which the expert adds the circumstances of the respective individual case. Both general values are based on past experience and the specific characteristics are therefore continually considered in the calculation.

In the event of substantial contract adjustments, the original asset is derecognised and a new asset recognised (modification). MLP is currently only making minor non-significant modifications on a small scale. The modifications performed are contractual period extensions in addition to deferred redemption payments. In these cases, the contractual revisions will not lead to the derecognition of an asset. The difference determined between the gross carrying amount of the original contract and present value of the modified contract is recognised in the income statement.

Derecognition of a financial instrument (write-off) is performed if an appropriate estimate indicates that a financial asset cannot be fully or partially realised, for example following completion of insolvency proceedings or following judicial decisions.

Purchased or Originated Credit Impaired Financial Assets (POCI) are generally financial assets that fulfil the "credit-impaired" definition on receipt. This is the case when an allocation to a default class is performed.

Subsequent to their initial recognition, **financial liabilities** are to be recognised at their amortised cost 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 or loss** are measured at their fair value. Profits or losses from the change in fair value are recognised through profit or loss.

Pension provisions

Old-age provision in the Group is performed is based on 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 meet 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.

Further details of pension provisions are given in → Note 28.

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. Accordingly, the reversal of provisions is also shown net in the income statement.

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.

Share-based payments

Share-based payments in line with IFRS 2 "Share-Based Payment" comprise pay systems paid for in cash and using equity instruments.

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.

Share-based payments also include those made through equity instruments ("2017 Participation Programme", "2018 Participation Programme" for MLP consultants and branch office managers). The 2018 Participation Programme applies to the 2018 calendar year in addition to MLP consultants and MLP branch office managers whose contracts remained unterminated and in place on December 31, 2018. The compensation to be made in the form of MLP shares is determined on the basis of the annual commission of the MLP consultant/branch office manager, applying various performance parameters, and is recorded in the 2018 consolidated financial statements as an expense with a corresponding increase in shareholders' equity.

Please see Note 32 for further details on share-based payments.

7 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 consulting
- Banking
- 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 consulting" and "occupational pension provision" business segments under the reportable "financial consulting" business segment in accordance with IFRS 8.12. The subject of the reportable **financial consulting** business segment is the provision of consulting services for academics and other discerning clients, particularly with regard to insurance, investments, occupational pension provision and the brokering of contracts in connection with these financial services. The segment comprises MLP Finanzberatung SE, TPC GmbH, ZSH GmbH Finanzdienstleistungen, MLPdialog GmbH, as well as the associate MLP Hyp GmbH.

The task of the reportable **Banking** business segment is to advise on and operate the banking business, including the securities custody business, the commission business, investment consulting and investment brokerage as well as the brokerage of insurance policies that are related to these activities.

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. 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 an underwriting agency. The segment also engages in brokerage activities. It is made up of DOMCURA AG, Nordvers GmbH, nordias GmbH insurance brokers, Willy F.O. Köster GmbH and Siebert GmbH insurance brokers.

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

Intra-segment 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 financial Consulting, banking 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 € 213,353 thsd was generated with two product partners in the business segments of financial consulting, banking, FERI and DOMCURA. In the previous year, revenue of € 205,274 thsd was generated with two product partners in the business segments of financial consulting, banking, FERI and DOMCURA.

Information regarding reportable business segments

All figures in €'000	Financial consulting		Banking		FERI		DOMCURA		Holding		Consolidation		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue	347,150	126,848	75,790	278,317	146,164	139,710	83,441	73,273	–	–	-10,408	-9,405	642,137	608,743
of which total inter-segment revenue	7,138	6,029	3,269	3,371	–	6	–	–	–	–	-10,408	-9,405	–	–
Other revenue	20,259	6,394	12,757	11,639	4,672	4,283	1,860	4,642	9,173	9,611	-24,900	-17,146	23,821	19,424
of which total inter-segment revenue	13,079	4,445	3,138	3,693	–	28	0	63	8,682	8,915	-24,900	-17,146	–	–
Total revenue	**367,409**	**133,242**	**88,547**	**289,957**	**150,836**	**143,993**	**85,300**	**77,915**	**9,173**	**9,611**	**-35,307**	**-26,551**	**665,958**	**628,167**
Commission expenses	-171,665	-58,510	-30,986	-128,959	-85,348	-81,754	-54,643	-48,323	–	–	10,109	8,202	-332,533	-309,344
Interest expenses	–	–	-556	-1,055	–	–	–	–	–	–	–	–	-556	-1,055
Valuation result/Loan loss provisions	705	102	259	-619	-423	-34	-42	40	–	–	–	–	500	-511
Personnel expenses	-66,127	-21,467	-10,764	-53,163	-32,208	-30,507	-14,866	-14,337	-4,075	-3,771	–	–	-128,039	-123,245
Depreciation and impairment	-11,672	-3,702	-95	-7,461	-1,262	-1,170	-1,344	-1,293	-1,586	-1,666	–	–	-15,960	-15,293
Other operating expenses	-103,261	-27,243	-33,887	-103,252	-9,822	-10,614	-9,399	-8,277	-14,140	-12,550	24,981	18,328	-145,528	-143,607
Earnings from investments accounted for using the equity method	2,547	2,487	–	–	–	–	–	–	–	–	–	–	2,547	2,487
Segment earnings before interest and tax (EBIT)	**17,936**	**24,910**	**12,519**	**-4,553**	**21,772**	**19,914**	**5,006**	**5,724**	**-10,627**	**-8,376**	**-217**	**-20**	**46,388**	**37,600**
Other interest and similar income	663	20	2,582	102	7	40	7	27	-81	45	-16	-24	3,161	209
Other interest and similar expenses	-864	-182	-51	-597	-341	-246	-9	-38	-2,706	-461	282	92	-3,689	-1,433
Valuation result not relating to operating activities	-6	–	–	–	-21	–	-3	–	-23	–	–	–	-52	
Finance cost	**-207**	**-163**	**2,531**	**-495**	**-356**	**-206**	**-5**	**-11**	**2,809**	**-417**	**266**	**68**	**-580**	**-1,223**
Eanings before tax (EBT)	**17,729**	**24,747**	**15,050**	**-5,047**	**21,416**	**19,708**	**5,001**	**5,713**	**-13,436**	**-8,793**	**48**	**48**	**45,808**	**36,377**
Income taxes													-11,314	-8,582
Net profit													**34,494**	**27,796**
Earnings from investments accounted for using the equity	**4,186**	**4,132**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,186**	**4,132**
Investments in intangible assets and property, plant and equipment	**8,105**	**1,320**	**685**	**3,678**	**15,420**	**527**	**1,145**	**1,523**	**1,273**	**277**	**–**	**–**	**26,629**	**7,324**
Major non-cash expenses:														
Impairments/reversal of impairments on receivables	-705	-57	-976	965	423	34	42	-40	–	–	–	–	-1,216	902
Impairments/reversal of impairments on financial assets	11	–	804	-341	296	–	5	–	24	–	–	–	1,140	-341
Increase/decrease of provisions/accrued liabilities	44,859	15,905	3,240	38,236	11,187	10,609	3,897	69	4,972	2,179	–	–	68,155	66,997

The previous year's segment figures were not adjusted to the new structure with the Financial Consulting and Banking segments. However, to make the figures comparable, the values of the current financial year have also been prepared in line with the previous year's segment structure in the following table.

Information regarding reportable business segments

All figures in €'000	Financial services		FERI		DOMCURA		Holding		Consolidation		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue	420,167	400,737	146,164	139,710	83,441	73,273	–	–	-7,634	-4,976	642,137	608,743
of which total inter-segment revenue	7,634	4,970	–	6	–	–			-7,634	-4,976	–	–
Other revenue	19,236	14,373	4,672	4,283	1,860	4,642	9,173	9,611	-11,120	-13,485	23,821	19,424
of which total inter-segment revenue	2,437	4,478	–	28	0	63	8,682	8,915	-11,120	-13,485	–	–
Total revenue	**439,403**	**415,109**	**150,836**	**143,993**	**85,300**	**77,915**	**9,173**	**9,611**	**-18,754**	**-18,461**	**665,958**	**628,167**
Commission expenses	-199,885	-184,213	-85,348	-81,754	-54,643	-48,323	–	–	7,343	4,946	-332,533	-309,344
Interest expenses	-556	-1,055	–	–	–	–	–	–	–	–	-556	-1,055
Valuation result/loan loss provisions	964	-517	-423	-34	-42	40	–	–	–	–	500	-511
Personnel expenses	-76,891	-74,630	-32,208	-30,507	-14,866	-14,337	-4,075	-3,771	–	–	-128,039	-123,245
Depreciation and impairment	-11,768	-11,164	-1,262	-1,170	-1,344	-1,293	-1,586	-1,666	–	–	-15,960	-15,293
Other operating expenses	-123,368	-125,654	-9,822	-10,614	-9,399	-8,277	-14,140	-12,550	11,202	13,847	-145,528	-143,607
Earnings from investments accounted for using the equity method	2,547	2,487	–	–	–	–	–	–	–	–	2,547	2,487
Segment earnings before interest and tax (EBIT)	**30,446**	**20,365**	**21,772**	**19,914**	**5,006**	**5,724**	**-10,627**	**-8,376**	**-209**	**-27**	**46,388**	**37,600**
Other interest and similar income	3,244	122	7	40	7	27	-81	45	-16	-24	3,161	209
Other interest and similar expenses	-914	-779	-341	-246	-9	-38	-2,706	-461	282	92	-3,689	-1,433
Valuation result not relating to operating activities	-6	–	-21		-3	–	-23	–	–	–	-52	
Finance cost	**2,325**	**-657**	**-356**	**-206**	**-5**	**-11**	**-2,809**	**-417**	**265**	**68**	**-580**	**-1,223**
Earnings before tax (EBT)	**32,771**	**19,708**	**21,416**	**19,708**	**5,001**	**5,713**	**-13,436**	**-8,793**	**56**	**41**	**45,808**	**36,377**
Income taxes											-11,314	-8,582
Net profit											**34,494**	**27,796**
Earnings from investments accounted for using the equity method	**4,186**	**4,132**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,186**	**4,132**
Investments in intangible assets and property, plant and equipment	**8,791**	**4,998**	**15,420**	**527**	**1,145**	**1,523**	**277**	**277**	**–**	**–**	**26,629**	**7,324**
Major non-cash expenses:												
Impairments/reversal of impairments on receivables	-1,681	908	423	34	42	-40	–	–	–	–	-1,216	902
Impairments/reversal of impairments on financial assets	815	-341	296	–	5	–	24	–	–	–	1,140	-341
Increase/decrease of provisions/accrued liabilities	48,099	54,140	11,187	10,609	3,897	69	4,972	2,179	–	–	68,155	66,997