

## Notes to the income statement

### 8 Revenue

All figures in €'000	2018	2017
Old-age provision	212,251	208,117
Wealth management	202,026	190,629
Non-life insurance	120,272	109,850
Health insurance	47,707	45,863
Real estate brokerage*	20,135	13,989
Loans and mortgages	17,785	17,019
Other commission and fees	4,624	4,416
<b>Total commission income</b>	<b>624,801</b>	<b>589,883</b>
<b>Interest income</b>	<b>17,336</b>	<b>18,860</b>
<b>Total</b>	<b>642,137</b>	<b>608,743</b>

\*In the previous year, the revenue from real estate brokerage was included in the other commission and fees item.

The commission income disclosed under revenue is recognised on a regular and point-in-time basis. Revenue is recognised on a regular and point-in-time basis. Revenue recognised over time totalling € 239,637 thsd was generated from the old-age provision business in the financial consulting segment, from the health insurance business in the financial consulting and DOMCURA segments, as well as from the wealth management business in the financial consulting and FERI segments. The revenue from the interest rate business includes negative interest from lending and money market transactions of € 1,818 thsd (previous year: € 1,146 thsd).

### 9 Other revenue

All figures in €'000	2018	2017
Income from the sales tax adjustment	7,842	-
Income from the reversal of provisions	2,142	4,230
Cost transfer to MLP consultants and branch office managers	2,091	1,393
Income from the reversal of deferred obligations	1,969	1,878
Income from investments	1,775	527
Offset remuneration in kind	1,185	1,335
Compensation of management	648	719
Rent	491	485
Own work capitalised	412	306
Income from currency translation	256	176
Income from the disposal of fixed assets	16	24
Income from securities of the participation programme	-	2,396
Sundry other income	4,993	5,955
<b>Total</b>	<b>23,821</b>	<b>19,424</b>

VAT corrections from previous years result in income of € 7,842 in financial year 2018. This is essentially attributable to the subsequent recognition of the VAT unity within the MLP Group, which had initially not been granted within the scope of the tax audit for the years 2008 to 2012. As a result of the subsequent recognition, VAT expenses relating to VAT from previous years were accrued at the level of MLP SE (see → [Note 15](#)), while income was received at the level of MLP Banking AG (€ 4.7 million). Alongside this, income of € 2.2 million was received from the VAT receivables for previous years that were capitalised in Q3. Further income from VAT refund claims of € 0.9 million results from the payment relating to subsequently declared VAT issues.

For more information on income from the reversal of provisions, please refer to → [Note 28](#).  
Income from the reversal of provisions for economic loss, which is offset by expenses from liability insurance refund claims, is disclosed net under income from the reversal of provisions.

Income from the reversal of provisions does not contain any income from provisions for the lending business or provisions for anticipated losses from the lending business. These are part of the loan loss provisions. We make reference to → [Note 12](#) here.

The item "Cost transfers to MLP consultants and branch office managers" essentially comprises income from cost transfers of insurance premiums, services and material costs.

Income from the reversal of deferred obligations are essentially attributable to the reversal of provisions for outstanding invoices, provisions for auditing fees and provisions for profit-sharing payments and performance-based compensation.

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

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

The income from securities of the participation programme essentially comprises income in the context of the sale of certificates in financial year 2017. Please refer to → [Note 32](#) for further details.

Among other things, sundry other income includes advertising subsidies, income from the performance of IT services, as well as income from cost reimbursement claims.

## 10 Commission expenses

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

## 11 Interest expenses

All figures in €'000	2018	2017
<b>Interest and similar expenses IAS 39</b>		
Financial instruments measured at amortised cost	-	1,024
Available-for-sale financial instruments	-	8
<b>Change fair value option IAS 39</b>		
Financial instruments at fair value through profit or loss	-	22
<b>Interest and similar expenses IFRS 9</b>		
Financial instruments measured at amortised cost	556	-
Liabilities due to clients from the banking business	252	-
Liabilities due to banks from the banking business	305	-
<b>Total</b>	<b>556</b>	<b>1,055</b>

Interest expenses in the previous year relate to interest charges for liabilities due to clients in the banking business of € 630 thsd, as well as interest charges for liabilities due to banks in the banking business of € 230 thsd. The previous year's figure included securities valuations, which from 2018 onwards are disclosed under "Loan loss provisions".

## 12 Valuation result/loan loss provisions

All figures in €'000	2018
Provisions for risks from potential bad debts	661
Provisions for risks from the lending business	555
Valuation result	-716
<b>Total</b>	<b>500</b>

As of December 31, 2018, provisions for anticipated losses of € 1,216 thsd were recognised in accordance with IFRS 9. This figure is made up of income from the reversal of impairments of receivables totalling € 661 thsd and income from the reversal of provisions of € 555 thsd.

For further details to the development of the loan loss provisions we make reference to notes → 22 and → 28.

Write-downs of financial instruments measured at fair value through profit or loss led to a valuation result of € -716 thsd.

## 13 Personnel expenses

All figures in €'000	2018	2017
Salaries and wages	110,444	106,674
Social security contributions	14,700	13,985
Expenses for old-age provisions and benefits	2,895	2,586
<b>Total</b>	<b>128,039</b>	<b>123,245</b>

Personnel expenses essentially include salaries and wages, compensation 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.

## 14 Depreciation and impairments

All figures in €'000	2018	2017
Depreciation		
Intangible assets	10,330	9,912
Property, plant and equipment	5,630	5,381
<b>Total</b>	<b>15,960</b>	<b>15,293</b>

As was the case in the previous year, there was no impairment loss in financial year 2018.

## 15 Other operating expenses

All figures in €'000	2018	2017
IT operations	48,461	45,554
Consultancy	14,353	17,423
Rental and leasing	12,500	12,845
Administration operations	10,807	11,121
Other external services	9,018	7,345
External services - banking business	8,220	9,008
Representation and advertising	5,776	6,504
Sales tax expense	5,212	1,026
Premiums and fees	5,112	5,810
Expenses for MLP consultants and branch office managers	3,830	4,321
Travel expenses	3,823	4,425
Entertainment	3,204	2,326
Training and further education	3,090	2,728
Insurance	2,587	2,723
Maintenance	1,603	1,563
Other employee-related expenses	1,542	1,299
Audit	1,270	1,576
Supervisory Board compensation	960	963
Goodwill	431	478
Sundry other operating expenses	3,730	4,569
<b>Total</b>	<b>145,528</b>	<b>143,607</b>

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.

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

The item "External services - banking business" mainly contains securities settlement and transaction costs in connection with the MLP credit card.

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

VAT expenses relate to VAT for previous years as a result of subsequent recognition of VAT unity within the MLP Group, which had initially not been granted within the scope of the tax audit for 2008 to 2012. VAT payments granted to MLP SE in 2016 as a result of this circumstance have now been imposed again. Corresponding income was recorded at MLP Banking AG (see → Note 9).

The expenses for MLP consultants and branch office managers encompass the expenses resulting from the allocation of provisions for obligations towards longstanding branch office managers, for retired staff, as well as the training allowance granted to young MLP consultants.

Sundry other operating expenses essentially comprise expenses for other taxes, charitable donations, cars, literature and expenses from investments.

## 16 Earnings from investments accounted for using the equity method

Earnings from investments accounted for using the equity method were € 2,547 thsd in the financial year (previous year: € 2,487 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% stake in MLP Hyp GmbH, Wiesloch. The Company operates the joint mortgage financing business of MLP Finanzberatung SE, Wiesloch, and Interhyp AG, Munich.

The shares developed as follows:

All figures in €'000	2018	2017
Share as of Jan. 1	4,132	3,751
Dividend payouts	-2,493	-2,106
Pro rata profit after tax	2,547	2,487
Share as of Dec. 31	4,186	4,132

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

All figures in €'000	Dec. 31, 2018	Dec. 31, 2017
Non-current assets	64	74
Current assets	10,857	10,104
Non-current liabilities	-	-
Current liabilities	4,128	3,448
Net assets (100 %)	6,793	6,730
of which MLP's share in net assets (49.8 %)	3,383	3,352
Incidental acquisition costs	151	151
Dividend payout	-2,849	-2,213
Cumulative disproportionate profit	3,501	2,843
Carrying amount of the investment	4,186	4,132
Revenue	21,172	19,124
Total comprehensive income (100 %)	3,793	3,730
of which MLP's share in total comprehensive income (49.8 %)	1,889	1,858
Disproportionate profit for the current financial year (67.2 % / previous year 66.7 %)	658	630
MLP's share in total comprehensive income	2,547	2,487

## 17 Finance cost

All figures in €'000	2018	2017
Other interest and similar income	3,161	209
Interest expenses from financial instruments	-531	-166
Interest expenses from net obligations for defined benefit plans	-423	-429
Other interest costs	-2,735	-838
Other interest and similar expenses	-3,689	-1,433
Valuation result not relating to operating activities	-52	
Finance cost	-580	-1,223

Other interest and similar income of € 1 thsd (previous year: € 22 thsd) is attributable to interest income from deposits with financial institutions which were not included in the banking business segment and € 21 thsd (previous year: € 26 thsd) is attributable to income from the discounting of provisions. In addition to this, other interest and similar income includes negative interest on bank deposits of € -214 thsd (previous year: € -85 thsd). Other interest and similar expenses include expenses from the accrued interest of other provisions totalling € 539 thsd (previous year: € 558 thsd).

## 18 Income taxes

All figures in €'000	2018	2017
Income taxes	11,314	8,582
of which current taxes on income and profit	11,199	7,871
of which deferred taxes	116	711

The current taxes on income and profit include expenses of € 596 thsd (previous year: € -634 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 13.45% (previous year: 13.53%) and amounts to 29.27% (previous year: 29.36%).

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 statement shows the relationship between the earnings before tax and the taxes on income and profit in the financial year:

All figures in €'000	2018	2017
Earnings before tax	45,808	36,377
Group income tax rate	29.27%	29.36%
Calculated income tax expenditure in the financial year	13,408	10,680
Tax-exempt earnings and permanent differences	-2,756	-4,511
Non-deductible expenses	1,137	2,580
Divergent trade taxation charge	264	89
Effects of other taxation rates applicable abroad	-539	-366
Income tax not relating to the period (current and deferred)	-318	52
Other	119	57
Income taxes	11,314	8,582

The effective income tax rate applicable to the earnings before tax is 24.7% (previous year: 23.6%).

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 result from consultancy fees in connection with Group restructuring measures, entertainment expenses, gifts, as well as non-deductible operating expenses incurred in the context of tax-exempt dividends and capital gains, Supervisory Board compensation and other relevant factors.

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

All figures in €'000	Deferred tax assets		Deferred tax liabilities	
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
Intangible assets	144	401	10,630	11,385
Property, plant and equipment	-	-	4,503	4,172
Financial assets	207	6	2	128
Other assets	2,201	1,123	4,485	377
Provisions	10,878	10,316	8	-
Liabilities	1,938	2,720	617	-
Gross value	15,368	14,566	20,245	16,062
Netting of deferred tax assets and liabilities	-10,000	-6,531	-10,000	-6,531
Total	5,368	8,035	10,245	9,531

The deferred tax income recognised under other comprehensive income outside the income statement is € 240 thsd (previous year: € -48 thsd).

Tax refund claims include € 8,158 thsd (previous year: € 7,197 thsd) of corporation tax and € 4,600 thsd (previous year: € 5,149 thsd) of trade tax. € 8,494 thsd thereof (previous year: € 11,881 thsd) thereof relate to MLP SE and € 4,265 thsd (previous year: € 465 thsd) to MLP Finanzberatung SE.

Tax liabilities are made up of € 2,543 thsd (previous year: € 5,588 thsd) of corporation tax and € 2,654 thsd (previous year: € 4,655 thsd) of trade tax. € 4,431 thsd thereof (previous year: € 2,572 thsd) thereof relate to MLP SE and € 541 thsd (previous year: € 6,633 thsd) to MLP Finanzberatung SE.

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.

## 19 Earnings per share

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

All figures in €'000	2018	2017
Basis of the basic net profit per share	34,494	27,796

All figures in number of units	2018	2017
Weighted average number of shares for the basic net profit per share	109,222,778	109,334,686

The basic earnings per share is € 0.32 (previous year: € 0.25).

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

All figures in €'000	2018	2017
Basis of the diluted net profit per share	34,494	-

All figures in number of units	2018	2017
Weighted average number of shares for the diluted net profit per share	109,334,686	-

The diluted earnings per share is € 0.32 (previous year: € 0.25).