MLP CONSOLIDATED FINANCIAL STATEMENTS

Income statement and statement of comprehensive income

Income statement for the period from 1 January to 31 December 2020

All figures in €'000	Notes	2020	2019
Revenue	→ (8)	745,524	689,561
Other revenue	→ (9)	21,799	19,199
Total revenue		**767,323**	**708,760**
Inventory changes	→ (10)	7,284	3,940
Commission expenses	→ (11)	-397,040	-369,925
Interest expenses	→ (12)	-412	-615
Valuation result/loan loss provisions	→ (13)	-3,021	-896
Personnel expenses	→ (14)	-147,971	-135,717
Depreciation and impairments	→ (15)	-27,691	-26,371
Other operating expenses	→ (16)	-142,838	-135,071
Earnings from investments accounted for using the equity method	→ (17)	3,729	2,998
Earnings before interest and taxes (EBIT)		**59,363**	**47,104**
Other interest and similar income		1,311	767
Other interest and similar expenses		-4,126	-3,145
Valuation result not relating to operating activities		-213	43
Finance cost	→ (18)	**-3,028**	**-2,335**
Earnings before taxes (EBT)		**56,335**	**44,770**
Income taxes	→ (19)	-13,093	-7,844
Net profit		**43,241**	**36,925**
of which attributable to			
owners of the parent company		43,253	37,327
minority interests		-11	-402
Earnings per share in €	→ (20)		
basic/diluted		0.40	0.34

Statement of comprehensive income for the period from 1 January to 31 December 2020

All figures in €'000	Notes	2020	2019
Net profit		**43,241**	**36,925**
Gains/losses due to the revaluation of defined benefit obligations		-4,975	-7,038
Deferred taxes on non-reclassifiable gains/losses	→ (19)	1,528	2,008
Non-reclassifiable gains/losses		**-3,447**	**-5,030**
Other comprehensive income		**-3,447**	**-5,030**
Total comprehensive income		**39,794**	**31,895**
of which attributable to			
owners of the parent company		39,805	32,297
minority interests		-11	-402

Statement of financial position

Assets as of 31 December 2020

All figures in €'000	Notes	31 Dec. 2020	31 Dec. 2019
Intangible assets	→ (21)	178,872	183,070
Property, plant and equipment	→ (22)	125,069	130,914
Investments accounted for using the equity method	→ (17)	5,426	5,138
Deferred tax assets	→ (19)	9,580	7,254
Receivables from clients in the banking business	→ (23)	880,649	872,175
Receivables from banks in the banking business	→ (24)	751,466	728,085
Financial assets	→ (25)	197,623	178,584
Inventories	→ (26)	17,817	10,533
Tax refund claims	→ (19)	9,733	4,493
Other receivables and assets	→ (27)	199,753	168,587
Cash and cash equivalents	→ (28)	859,041	510,778
Total		**3,235,028**	**2,799,611**

Liabilities and shareholders' equity as of 31 December 2020

All figures in €'000	Notes	31 Dec. 2020	31 Dec. 2019
Equity attributable to MLP SE shareholders		453,243	436,605
Minority interests		776	787
Total shareholders' equity	→ (29)	454,019	437,392
Provisions	→ (30)	115,799	101,596
Deferred tax liabilities	→ (19)	9,167	10,690
Liabilities due to clients in the banking business	→ (31)	2,271,919	1,894,843
Liabilities due to banks in the banking business	→ (31)	107,471	98,409
Tax liabilities	→ (19)	10,932	6,113
Other liabilities	→ (33)	265,722	250,568
Total		**3,235,028**	**2,799,611**

Statement of cash flow

Statement of cash flow for the period from 1 January to 31 December 2020

All figures in €'000	2020	2019
Net profit (total)	**43,241**	**36,925**
Income taxes paid/reimbursed	-15,746	1,199
Interest received	15,297	16,791
Interest paid	-2,568	-512
Earnings from investments accounted for using the equity method	-3,729	-2,998
Dividends received from investments accounted for using the equity method	3,441	2,567
Depreciation/impairments/write-ups of intangible assets and property, plant and equipment	27,691	15,012
Depreciation/impairments/write-ups of financial assets	365	60
Allowances for bad debts	2,734	1,538
Earnings from the disposal of intangible assets and property, plant and equipment	-192	199
Earnings from the disposal of financial assets	-46	-9
Adjustments from income taxes, interest and other non-cash transactions	-4,484	-43,755
Changes in operating assets and liabilities		
Receivables from banks in the banking business	-23,381	-33,875
Liabilities due to banks in the banking business	9,062	16,784
Receivables from clients in the banking business	-11,208	-112,686
Liabilities due to clients in the banking business	377,076	255,950
Rights of use as per IFRS 16	-8,493	-53,275
Inventories	-7,284	-10,533
Other assets	-36,406	-2,198
Other liabilities	28,502	97,301
Provisions	14,203	7,111
Cash flow from operating activities	**408,075**	**191,597**
Purchase of intangible assets and property, plant and equipment	-9,291	-9,300
Proceeds from disposal of intangible assets and property, plant and equipment	326	152
Repayment of /investment in other investments (fixed and time deposits)	-5,000	-5,000
Repayment of/investment in fixed income securities	-11,849	-5,467
Payments/proceeds from purchase/disposal of other financial assets	-2,509	-1,729
Payments for the acquisition of the DI Group	–	-11,950
Cash flow from investing activities	**-28,323**	**-33,293**
Dividends paid to shareholders of MLP SE	-22,959	-21,867
Proceeds from taking out loans	3,507	-
Principal payments of leasing liabilities	-12,036	-11,584
Cash flow from financing activities	**-31,488**	**-33,451**
Change in cash and cash equivalents	348,264	124,853
Cash and cash equivalents at beginning of period	510,778	385,926
Liabilities to banks due on demand (excluding the banking business)	-3,244	-
Cash and cash equivalents at end of period	**855,797**	**510,778**
Composition of cash and cash equivalents		
Cash and cash equivalents	859,041	510,778
Liabilities to banks due on demand (excluding the banking business)	-3,244	-
Cash and cash equivalents at end of period	**855,797**	**510,778**

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

Statement of changes in equity

Statement of changes in equity for the period from 1 January to 31 December 2020

All figures in €'000						Equity attributable to MLP SE shareholders	
	Share capital	Capital reserves	Revaluation gains/losses related to defined benefit obligations after taxes	Retained earnings	Total	Minority interests	Total shareholders' equity
As of 1 Jan. 2019	**109,167**	**149,227**	**–12,518**	**178,951**	**424,826**	**–**	**424,826**
Acquisition of treasury stock	168	–	–	555	722	–	722
Share-based payment	–	626	–	–	626	–	626
Dividend	–	–	–	–21,867	–21,867	–	–21,867
Transactions with owners	**168**	**626**	**–**	**–21,312**	**–20,518**	**–**	**–20,518**
Net profit	–	–	–	37,327	37,327	–402	36,925
Other comprehensive income	–	–	–5,030	–	–5,030	–	–5,030
Total comprehensive income	**–**	**–**	**–5,030**	**37,327**	**32,297**	**–402**	**31,895**
Changes to the scope of consolidation (acquisition of the DI Group)	–	–	–	–	–	1,189	1,189
As of 31 Dec. 2019	**109,334**	**149,853**	**–17,547**	**194,966**	**436,605**	**787**	**437,392**
As of 1 Jan. 2020	**109,334**	**149,853**	**–17,547**	**194,966**	**436,605**	**787**	**437,392**
Acquisition of treasury stock	–8	–	–	–266	–274	–	–274
Share-based payment	–	65	–	–	65	–	65
Dividend	–	–	–	–22,958	–22,958	–	–22,958
Transactions with owners	**–8**	**65**	**–**	**–23,225**	**–23,168**	**–**	**–23,168**
Net profit	–	–	–	43,253	43,253	–11	43,241
Other comprehensive income	–	–	–3,447	–	–3,447	–	–3,447
Total comprehensive income	–	–	–3,447	43,253	39,805	–11	39,794
As of 31 Dec. 2020	**109,326**	**149,918**	**–20,995**	**214,994**	**453,243**	**776**	**454,019**

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 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, development and management of real estate as well as 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 § 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 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.

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 financial year 2020, the following new or amended accounting principles from the IFRS standards are to be used at MLP for the first time:

- Amendments to IFRS 3: Definition of a Business
- Changes to the framework: Changes to references made to the accounting framework
- Amendments to IFRS 9, IAS 39 and IFRS 7: Elimination of uncertainties in the context of the IBOR reform
- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to IFRS 16: Covid-19-Related Rent Concessions

No significant effects on the consolidated financial statements of MLP SE result from the amended standards.

Effects of the coronavirus pandemic

In the last financial year, the business and economic environment in which MLP operates was impacted significantly by the coronavirus pandemic.

MLP has gone to great lengths in the past to make its business model both stable and robust through diversification. In contrast to others in the market, the Group is therefore not substantially impacted by the effects associated with the coronavirus pandemic. In particular, there are no risks to the continuation of business operations. Yet despite this, the coronavirus pandemic is still having effects, particularly in terms of the estimates, assumptions and discretionary decisions that also incorporate future expectations and are needed when drafting the IFRS consolidated financial statements, as well as the recognition of financial instruments pursuant to IFRS 9. For further details, please refer to → Notes 5 and → 6.

Adoption of the following new or revised standards and interpretations was not yet binding for the financial year commencing on 1 January 2020:

IFRS 17 including amendments to IFRS 17 [3,4]	Insurance Contracts
Amendments to IFRS 4 [1]	Adoption of IFRS 9
Amendments to IAS 1 [3,4]	Classification of liabilities as current or non-current
Amendments to IFRS 3, IAS 16 and IFRS 37 [2,4]	IFRS 3 Reference to the conceptual framework; IAS 16 Property, plant and equipment; Proceeds before intended use; IAS 37: Onerous contracts, cost of fulfilling a contract
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 [1]	Reform of reference rates

[1] To be applied for financial years beginning on or after 1 January 2021.
[2] To be applied for financial years beginning on or after 1 January 2022.
[3] To be applied for financial years beginning on or after 1 January 2023.
[4] EU endorsement still pending.

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, 36 (previous year: 36) fully consolidated domestic subsidiaries, and as was already the case in the previous year, one fully consolidated foreign subsidiary and two (previous year: two) associated companies were incorporated in the consolidated financial statements as of 31 December 2020.

With the resolution dated 6 March 2020 DOMCURA AG, as a shareholder in Nordvers GmbH, approved an exemption pursuant to § 264 (3) of the German Commercial Code (HGB) from the need to draft a management report as per § 289 of the German Commercial Code (HGB) for the financial year 2020. The company is included in the 2020 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 § 302 of the German Stock Corporation Act (AktG), as well as to the assumption of liability.

On 6 March 2020, the Annual General Meeting of DOMCURA AG approved an exemption pursuant to § 264 (3) of the German Commercial Code (HGB) from the need to draft a management report as per § 289 of the German Commercial Code (HGB) for the financial year 2020. The company is included in the 2020 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 § 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 31 December 2020	Registered office	Share of capital in %	Shareholders' equity (€'000)	Net profit €'000
Fully consolidated subsidiaries				
MLP Finanzberatung SE	Wiesloch	100.00	39,658	126
MLP Banking AG[1]	Wiesloch	100.00	108,998	6,068
ZSH GmbH Finanzdienstleistungen[1] (Wholly-owned subsidiary of MLP Finanzberatung SE)	Heidelberg	100.00	1,190	1,480
FERI AG[1]	Bad Homburg v.d. Höhe	100.00	19,862	38,637
FERI Trust GmbH[1] (Wholly-owned subsidiary of FERI AG)	Bad Homburg v. d. Höhe.	100.00	13,886	28,701
FERI Trust (Luxembourg) S.A. (Wholly-owned subsidiary of FERI AG)	Luxemburg	100.00	29,508	14,734
DOMCURA AG [1]	Kiel	100.00	2,380	8,197
nordias GmbH Versicherungsmakler[1]	Kiel	100.00	435	-2,168
NORDVERS GmbH [1] (Wholly-owned subsidiary of DOMCURA AG)	Kiel	100.00	26	-202
MLPdialog GmbH (Wholly-owned subsidiary of MLP Finanzberatung SE)	Wiesloch	100.00	1,262	1,234
DI Deutschland.Immobilien AG (75.1% subsidiary of MLP Finanzberatung SE)	Hannover	75.10	954	444
Vertrieb Deutschland.Immobilien GmbH (Wholly-owned subsidiary of DI Deutschland.Immobilien AG)	Hannover	100.00	1,155	754
Web Deutschland.Immobilien GmbH (Wholly-owned subsidiary of DI Deutschland.Immobilien AG)	Hannover	100.00	340	252

As of 31 December 2020	Registered office	Share of capital in %	Shareholders' equity (€'000)	Net profit €'000
IT Deutschland.Immobilien GmbH (Wholly-owned subsidiary of DI Deutschland.Immobilien AG) Projekte Deutschland.Immobilien GmbH	Hannover	100.00	24	49
Projekte Deutschland.Immobilien GmbH (Wholly-owned subsidiary of DI Deutschland.Immobilien AG)	Hannover	100.00	229	698
Pflegeprojekt Haus Netzschkau GmbH (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00	-31	-16
Projekte Deutschland.Immobilien Bad Münder GmbH (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00	-139	-40
Pflegeprojekt Rosenberg UG (94% subsidiary of Projekte Deutschland.Immobilien GmbH)	Minden	94.00	388	34
Sechste Projekte Deutschland.Immobilien GmbH (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00	-2	-15
Projekte Deutschland.Immobilien Göggingen GmbH (formerly: 31. Projekte Deutschland.Immobilien GmbH (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00	-910	-897
32. Projekte Deutschland.Immobilien GmbH (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00	0	-11
33. Projekte Deutschland.Immobilien GmbH (80% subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	80.00	-178	-34
Projekte Deutschland.Immobilien Magdeburg GmbH (formerly: 40. Projekte Deutschland.Immobilien UG) (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00	11	-12
41. Projekte Deutschland.Immobilien GmbH (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00	26	2
53. Projekte Deutschland.Immobilien GmbH (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00	20	-2
54. Projekte Deutschland.Immobilien GmbH (80% subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	80.00	-18	-34
Projekte Deutschland.Immobilien Stetten GmbH (formerly: 60. Projekte Deutschland.Immobilien GmbH) (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00	-12	-20
Projekte Deutschland.Immobilien Moosthenning GmbH (formerly: 61. Projekte Deutschland.Immobilien GmbH) (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00	11	-11
62. Projekte Deutschland.Immobilien GmbH (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00	20	-2
Projekte Deutschland.Immobilien Kißlegg GmbH (formerly: 63. Projekte Deutschland.Immobilien GmbH) (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00	11	-11
Projekte Deutschland.Immobilien Balingen GmbH & Co. KG (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00	-49	-27
Projekte Deutschland.Immobilien Waldmössingen GmbH & Co. KG (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00	-1,309	-1,279
Zehnte Projekte 2 Deutschland.Immobilien GmbH (75% subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	75.00	6	-5
Projekte 2 Deutschland.Immobilien Lauben GmbH (75% subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	75.00	5	-6
20. Projekte Deutschland.Immobilien GmbH (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00	10	-2
21. Projekte Deutschland.Immobilien GmbH (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00	10	-2
22. Projekte Deutschland.Immobilien GmbH (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00	10	-2
Associates consolidated at equity				

As of 31 December 2020	Registered office	Share of capital in %	Shareholders' equity (€'000)	Net profit €'000
MLP Hyp GmbH (49.8% stake held by MLP Finanzberatung SE)	Wiesloch	49.80	8,363	5,363
Projekte 2 Deutschland.Immobilien GmbH (50% stake held by DI Deutschland.Immobilien AG)	Hannover	50.00	285	–5
Subsidiaries not consolidated due to immateriality				
MLP Assekuranzmakler Holding GmbH (formerly: MLP Consult GmbH, Wiesloch) [2]	Wiesloch	100.00	2,291	–9
Uniwunder GmbH [2] (39.73% stake held by MLP Finanzberatung SE)	Dresden	39.73	993	228
FERI (Switzerland) AG [2] [3] (Wholly-owned subsidiary of FERI AG)	Zurich	100.00	1,308 CHF	245 CHF
FPE Private Equity Beteiligungs-Treuhand GmbH [2] (Wholly-owned subsidiary of FERI Trust GmbH)	Munich	100.00	256	105
FPE Private Equity Koordinations GmbH [2] (Wholly-owned subsidiary of FERI Trust GmbH)	Munich	100.00	69	44
FPE Direct Coordination GmbH [2] (Wholly-owned subsidiary of FERI Trust GmbH)	Munich	100.00	46	38
FERI Private Equity GmbH & Co. KG [2] (Wholly-owned subsidiary of FERI Trust GmbH)	Munich	100.00	11	–1
FERI Private Equity Nr. 2 GmbH & Co. KG [2] (Wholly-owned subsidiary of FERI Trust GmbH)	Munich	100.00	2	0
AIF Komplementär GmbH [2] (25% stake held by FERI AG)	Munich	25.00	51	13
AIF Register-Treuhand GmbH [2] (Wholly-owned subsidiary of FERI AG)	Bad Homburg v. d. H.	100.00	5	–8
DIEASS GmbH [1] (Wholly-owned subsidiary of DOMCURA AG)	Kiel	100.00	26	–14
innoAssekuranz GmbH, Kiel [1] (Wholly-owned subsidiary of DOMCURA AG)	Kiel	100.00	259	–266
DIFA Research GmbH [2] (49% stake held by MLP Finanzberatung SE)	Berlin	49.00	1,019	–206
WiD Wohnungen in Deutschland GmbH & Co. KG (50% stake held by Projekte Deutschland.Immobilien GmbH)	Mainz	50.00	2	72
Projekt Deutschland.Immobilien Tengen GmbH (50% stake held by DI Deutschland.Immobilien AG)	Saarbrücken	50.00	–267	–68
Convivo Wohnparks Deutschland.Immobilien Wittmund GmbH & Co. KG (50% stake held by DI Deutschland.Immobilien AG)	Hannover	50.00	–3,870	–3,141
Projekte Deutschland.Immobilien Bad Goegging GmbH (50% stake held by DI Deutschland.Immobilien AG)	Neustadt an der Donau	50.00	9	–3
30. Projekte Deutschland.Immobilien GmbH (50% stake held by DI Deutschland.Immobilien AG)	Hannover	50.00	–112	–21
Achte Projekte 2 Deutschland.Immobilien GmbH (100% subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	50.00	162	–20
Neunte Projekte 2 Deutschland.Immobilien GmbH (100% subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	50.00	6	–4
Zwölfte Projekte 2 Deutschland.Immobilien GmbH (100% subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	50.00	16	–4
Care Beteiligungs GmbH (50% stake held by Projekte 2 Deutschland.Immobilien GmbH)	Gießen	25.00	56	11
Seniorenresidenz Dr. Unruh Str. Wismar Immobilien GmbH & Co.KG (41% stake held by Projekte 2 Deutschland.Immobilien GmbH)	Gießen	20.50	–2,911	–2,777
Seniorenresidenz Velten GmbH & Co. KG (41% stake held by Projekte 2 Deutschland.Immobilien GmbH)	Gießen	20.50	–2,602	–357
Convivo Wohnparks Deutschland Immobilien GmbH (50% stake held by DI Deutschland.Immobilien AG)	Hannover	50.00	15	0
WD Wohnungsverwaltung Deutschland GmbH (Wholly-owned subsidiary of DI Deutschland.Immobilien AG)	Hannover	100.00	–112	–54
Grundstücksgesellschaft Berlin Methfesselstraße 29/31 GmbH & Co. KG (50% stake held by Projekte Deutschland.Immobilien GmbH)[4]	Berlin	50.00	–	–

[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 2019 annual financial statements.
[3] Currency conversion rate as at the balance sheet date: € 1 = CHF 1.08443.
[4] Acquired in 2020; no data available.

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 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 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 € 51 thsd as of 31 December 2020 (previous year: € 103 thsd). In the financial year 2020, MLP SE recorded an income of € 1,395 thsd from non-consolidated structured entities (previous year: € 2,298 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
- → Note 6, → 8 – recognition of revenue at a point in time or over time, as well as determination of the revenue level with variable transaction prices
- → Note 6 and → 21 – impairment test (discounted cash flow forecasts and significant assumptions applied)
- → Note 6, → 23, → 24, → 25, → 27, → 28, → 30 and → 36
  – classification and measurement of financial instruments, as well as fair value disclosures
  – allowances for bad debts
- → Note 6, → 30 and → 35 – provisions and corresponding refund claims as well as contingent assets and liabilities
- → Note 6 and → 30 – measurement of defined benefit obligations
- → Note 6 – Measurement of leasing liabilities
- → Note 19 – recognition of tax receivables/tax reserves
- → Note 28 – cash and cash equivalents – composition of cash and cash equivalents

6 Accounting policies

The application scope of **IFRS 15 "Revenue from Contracts with Customers"** includes mutual contracts in which the other contracting party qualifies as a client, i.e. concludes a contract with MLP regarding receipt of services or real estate objects 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. **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 these cases, MLP recognises revenue at the level of the fixed and performance-linked compensation for the services performed for clients in the period.

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. Commission income from unit-linked old-age provision products that is paid on a pro rata basis is recognised at a specific point in time, taking into account a probable percentage of completion.

MLP receives dynamic commissions for contract adjustments that involve extended insurance coverage. As is the case with commissions from the brokerage of the basic policy, these are recognised when the dynamic increase takes effect.

In the old-age provision and health insurance consulting field, 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. The contractual conditions stipulate a payment within around three months.

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**. MLP estimates the transaction price on the basis of statistical empirical values for the risk of termination and mortality. Revenue is recorded to the extent that it is highly probable that there will be no significant cancellations in a future period.

The contractual assets, as well as the liabilities to MLP consultants and branch office managers associated with these, are disclosed at the face value of the commission still to be anticipated.

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 services. Revenue is recognised over time, in particular, for services performed in the fields of fund management and investment consulting. Alongside fixed compensation, MLP also records variable payments in these fields of business, the level of which is based on the performance (performance-linked compensation) achieved in the respective accounting period. The agreed term of payment is set at an average of 30 days.

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. When **selling portfolio properties**, the revenue is recognised at the time when the respective real estate is handed over to the purchaser. In the case of **real estate development**, revenue is recognised on the basis of the degree of completion and the anticipated revenue over time. Pursuant to IFRS 15, this recognition of revenue over time must always be performed when a contract is in place with the client, if an asset is created as a result of the services provided by MLP that does not present MLP with any alternative opportunity for use and MLP has a right to payment (including a profit margin) on the performance completed to date, which is normally the case with property development. The progress of a real estate project is measured based on the ratio of the costs already accrued relative to the estimated total cost of construction (cost-to-cost method). The cost-to-cost method is applied in order to determine the progress of a project, as this is the most reliable way to measure the performance progress, since the customer's rights to payment are based on the degree of completion of the construction project.

Insofar as the cumulative performance (contract costs and, where relevant, results of the contract) exceed the advance payments in individual cases, the construction contracts are recognised on the assets side of the balance sheet under **contract assets**. The contract asset represents the Group's claim for counterperformance. In accordance with the German Ordinance on Estate Agents and Property Developers (MaBV), payments are typically made in parallel to performance provision on the basis of regular invoices.

If a negative balance remains following deduction of the advance payments from the disclosed contract assets, this is disclosed on the liabilities side of the balance sheet under **contract liabilities** as a performance obligation. At the project-based level, this is presented on a net basis.

The contract initiation costs are determined on the basis of the invoiced brokerage commission of the respective entity, insofar as they were not to be eliminated within the scope of the group accounting process. The contract initiation costs are recognised on the assets side of the balance sheet under contract assets and amortised based on the degree of completion.

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 business start-ups.

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.

You can find further information on the assumptions made when determining fair values in → Note 36.

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. 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.

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. For further details, please refer to → Note 15.

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 that are 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 21.

Inventories

Inventories essentially comprise developed and undeveloped land that is held for resale, as well as finished goods in the form of apartments that have not yet been sold. With the exception of undeveloped land, inventories are recognised in the balance sheet at the lower value of acquisition/manufacturing costs and net realisable value. Undeveloped land is recognised at the lower value of either acquisition costs or net realisable value.

Leasing

The Group rents office buildings and vehicles in particular. The rental agreements for office buildings are typically concluded for up to ten years, while the rental agreements for vehicles have an average term of between three and four years. To maintain operational flexibility with regard to the portfolio of agreements, MLP incorporates extension and termination options as a contractual strategy element.

For lessees, IFRS 16 dictates a uniform approach for the accounting of leases, based on which right-of-use assets and liabilities for payment obligations are to be recognised 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. The option to capitalise non-lease components (service) as per IFRS 16.15 is not applied. Non-leasing components are not taken into account in the recognised right-of-use asset.

When recognised for the first time, assets and liabilities from leases are recorded at present value. The leasing liabilities include the present value of following lease payments:

- Fixed payments, including in-substance fixed payments, minus any lease incentives
- Variable lease payments, which are linked to an index or interest rate, initially measured using the index or interest rate for the provision period.
- Anticipated payments of the Group from the use of residual value guarantees
- The exercise price of an option to buy, whose exercising by the Group is reasonably certain.
- Penalties in the context of terminating a lease, provided the term takes into account that the Group will exercise the termination option.

When measuring leasing liabilities, lease payments for extension periods are also taken into account, provided the exercise of the extension option is deemed sufficiently certain.

Lease payments are discounted at the underlying implicit interest rate, provided it can be readily determined. Otherwise – and this is generally the case in the Group – discounting is performed at the group-wide uniform lessee's incremental borrowing rate on the basis of Group-wide uniform maturity bands, i.e. the interest rate that the respective lessee would have to pay if he needed to borrow funds in order to acquire a comparable value for a comparable term with comparable security under comparable conditions. For further details, please refer to → Note 18.

The Group is exposed to potential future increases in variable lease payments that can result from a change to an index or an interest rate. These potential changes in leasing rates are not taken into account in the leasing liability until they come into effect. As soon as a change to an index or interest rate have an effect on the leasing rates, the leasing liability is adjusted to the right of use. Leasing rates are split into principal and interest payments.

Rights of use are rated at acquisition costs, which have the following structure:

- Initial measured value of the leasing liability
- All lease payments made on or before provision, minus all leasing incentives received
- All initial direct costs accrued by the lessee
- Estimated costs accrued by the lessee during removal and disposal of the underlying asset, during restoration of the location in which it is located or when returning the underlying asset to the condition stipulated in the lease agreement

Rights of use are amortised on a straight-line basis over the shorter of the two time periods of the term of use and the term of the underlying lease agreement. If exercising an option to buy is reasonably certain from the perspective of the Group, the underlying asset is amortised over its useful life.

MLP sublet a small amount of properties in the financial year. For further details, please refer to → Note 22.

Investments accounted for using the equity method

The acquisition costs are adjusted on an annual basis by the corresponding changes in equity of the associated company. The change in pro rata shareholders' equity is performed either according to MLP's capital share or on a disquotal basis. 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

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 therefore represent a violation of the cash flow criterion. However, those 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 in the "Hold" business model exclusively with the objective of collecting contractual cash flows. This means that divestments will prior to the end of the term will generally be excluded. Divestments performed due to deterioration of the credit quality of individual assets, divestments performed near to the end of the term, as well as rare/irregular divestments or divestments of insignificant levels would not present any risk for the assignment to the "Hold" business model. In addition, MLP uses the "Hold and Sell" business model to purchase financial assets, albeit in a limited scope. With this business model, the objective is both to collect contractual cash flows and to make a profit through divestment. The asset assigned to this business model does not meet the cash flow condition and is rated at fair value through profit or loss. Financial assets that cannot be assigned to any of the aforementioned business models are disclosed under the business model "Others". As of 31 December 2020, there is no financial asset attributable to the business model "Others".

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 such shares and investment funds at fair value through profit or loss. Two debentures are structured debt instruments that do not fulfil the cash flow criterion and are also measured at fair value through profit or loss. 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 of 31 December 2020, the option is not 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 of 31 December 2020.

The **impairment model** under IFRS 9 includes expectations regarding the future and is based on the anticipated credit losses. 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 costs 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 on the basis of 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-month-forward rating and transfer to non-investment grade
- Intensive support

Stage 3: Contains financial assets that display objective indications of credit impairments or 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. If a client is more than 90 days in arrears, this client is assigned default status. Once the default status is removed, the asset is only transferred back out of Stage 3 following a three-month good conduct period.

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. Based on this, 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 credit impairments, 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 (primarily GDP performance and the unemployment rate) and forecasts regarding future economic framework conditions. In terms of the macroeconomic input factors, the stabilisation measures due to the COVID pandemic are also incorporated in the underlying forecasts. 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, through-the-cycle PDs are derived from the existing supervisory models. 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 derived from rating data are transformed into point-in-time PDs through a multiplicative factor, the shift factor. Inclusion of a one-year, three-year and five-year outlook ensures that short-term developments are not overweighted.
- 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, as well as 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. The review period of portfolios, in which MLP anticipates effects resulting from the COVID-19 pandemic, was extended in the financial year for the loss rate calculation. The selected period encompasses fewer economically strong years and more economically weak years.
- 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 based on past experience and the specific characteristics are therefore continually considered in the calculation. For example, clients were individually subjected to a COVID-19 scenario in the financial year in order to give appropriate consideration to the special circumstances.

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, as well as 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.

If the reason for the adjustment is not primarily due to other financial difficulties, but rather a legal moratorium (pursuant to Art. 240 § 3 (1) of the Introductory Act to the German Civil Code (EGBGB)) in connection with the COVID pandemic, the institution is then obligated to grant the client a deferral. As such, MLP interprets these legal moratoria as contractual bases and does not classify these contractual adjustments as modifications in the sense of IFRS 9. Also, legally substantiated contract adjustments do not automatically lead to intensive client support. This ensures that those clients that are currently receiving intensive support are not clients facing short-term liquidity squeezes.

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 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 or loss** are measured at their fair value. Profits or losses from the change in fair value are recognised through profit or loss.

The **tax liabilities** are due to taxes on the income and profit of the individual companies based on the corresponding national tax regime. In principle, the income tax assessment is carried out at the level of the individual item, taking into account potential correlations. If the approval of the tax treatment is probable, current and deferred taxes are to be recognised on this basis. If, on the other hand, there is any uncertainty with respect to the approval (not probable), the amount most probable to meet tax approval will generally be used, unless the expected value for a specific scenario leads to a more meaningful result. It is always assumed that the tax authorities have complete knowledge of the circumstances. Finally, the assumptions and decisions made are reviewed on each reporting date and adjusted if necessary on the basis of new information.

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.

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. 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.

If MLP has an onerous contract, the current contractual obligation is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs (i.e. the costs that MLP cannot avoid because the contract is in place) for fulfilment of the contractual obligations are higher than the anticipated economic benefit. However, before a separate provision is recorded for an onerous contract, MLP records the impairment losses for assets that are associated with the contract.

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 (participation programme for MLP consultants and office managers). The participation programme applies to the calendar year 2020, as well as to MLP consultants and MLP branch office managers whose contracts remained unterminated and in place on 31 December 2020. 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 2020 consolidated financial statements as an expense with a corresponding increase in shareholders' equity.

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

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 and Others

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", "occupational pension provision" and "DI sales" business segments under the reportable **"Financial Consulting"** business segment in accordance with IFRS 8.12. The object 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 including real estate, occupational pension provision and the brokering of contracts in connection with these financial services. The segment comprises MLP Finanzberatung SE, ZSH GmbH Finanzdienstleistungen, MLPdialog GmbH, Vertrieb Deutschland.Immobilien GmbH, Web Deutschland.Immobilien GmbH, IT Deutschland.Immobilien 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, and FERI Trust (Luxembourg) S.A.

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 is made up of DOMCURA AG, Nordvers GmbH and nordias GmbH Versicherungsmakler.

The **Holding and Others** business segment includes significant internal services and activities of MLP SE and DI Deutschland.Immobilien AG, as well as the real estate development business of the DI Group. This comprises Projekte Deutschland.Immobilien GmbH and its subsidiaries, as well as Projekte 2 Deutschland.Immobilien GmbH. A list of subsidiaries is provided in → Note 4.

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 Financial Consulting and DOMCURA segments perform their economic activities predominantly in Germany. The same applies to the real estate development business in the Holding and Others segment. The FERI segment conducts its business activities above all in Germany and in Luxembourg.

In the business segments of Financial Consulting, Banking, FERI and DOMCURA, at least 10% of aggregated turnover of € 234,329 thsd was generated with two product partners in the financial year. In the previous year, revenue of € 242,925 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 and Others		Consolidation		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenue	377,382	369,287	87,601	81,366	194,193	161,572	97,937	88,984	4,491	108	-16,081	-11,757	745,524	689,561
of which total inter-segment revenue	10,797	7,870	5,284	3,887	–	–	–	–	–	–	-16,081	-11,757	–	–
Other revenue	24,118	21,609	7,507	5,337	3,544	5,139	1,694	2,092	13,771	10,380	-28,835	-25,358	21,799	19,199
of which total inter-segment revenue	13,110	12,630	2,833	3,400	–	17	8	–	12,884	9,311	-28,835	-25,358	–	–
Total revenue	**401,500**	**390,896**	**95,108**	**86,703**	**197,738**	**166,711**	**99,631**	**91,077**	**18,262**	**10,487**	**-44,916**	**-37,115**	**767,323**	**708,760**
Inventory changes	–	–	–	–	–	–	–	–	7,284	3,940	–	–	7,284	3,940
Commission expenses	-193,827	-186,474	-36,905	-33,568	-107,126	-99,052	-63,353	-57,812	-10,146	-3,980	14,317	10,962	-397,040	-369,925
Interest expenses	–	–	-268	-540	–	–	–	–	–	–	-144	-75	-412	-615
Valuation result/loan loss provisions	-448	-13	-2,202	-802	-229	-87	-22	15	-120	-9	–	–	-3,021	-896
Personnel expenses	-72,779	-69,566	-12,461	-11,877	-37,114	-32,842	-17,908	-15,974	-7,709	-5,457	–	–	-147,971	-135,717
Depreciation and impairment	-20,186	-19,719	-382	-281	-2,296	-2,371	-2,392	-2,159	-2,436	-1,840	–	–	-27,691	-26,371
Other operating expenses	-105,283	-98,626	-36,354	-34,296	-9,154	-9,082	-8,487	-8,822	-11,670	-9,737	28,111	25,492	-142,838	-135,071
Earnings from investments accounted for using the equity method	3,645	3,011	–	–	–	–	–	–	85	-13	–	–	3,729	2,998
Segment earnings before interest and taxes (EBIT)	**12,622**	**19,509**	**6,535**	**5,339**	**41,819**	**23,276**	**7,469**	**6,325**	**-6,450**	**-6,609**	**-2,631**	**-735**	**59,363**	**47,104**
Other interest and similar income	261	458	1,028	131	-77	-7	-116	-51	275	217	-60	19	1,311	767
Other interest and similar expenses	-3,038	-2,276	-53	-39	-519	-541	-36	-32	-2,400	-1,008	1,920	750	-4,126	-3,145
Valuation result not relating to operating activities	-187	23	–	–	-25	-3	–	-1	-1	25	–	–	-213	43
Finance cost	**-2,965**	**-1,795**	**976**	**92**	**-621**	**-551**	**-152**	**-85**	**-2,126**	**-766**	**1,860**	**770**	**-3,028**	**-2,335**
Earnings before taxes (EBT)	**9,657**	**17,714**	**7,511**	**5,432**	**41,198**	**22,725**	**7,317**	**6,240**	**-8,576**	**-7,375**	**-772**	**34**	**56,335**	**44,770**
Income taxes													-13,093	-7,844
Net profit													**43,241**	**36,925**
of which attributable to owners of the parent company													**43,253**	**37,327**
minority interests													**-11**	**-402**
Investments accounted for using the equity method	5,283	4,630	–	–	–	–	–	–	143	508	–	–	5,426	5,138
Investments in intangible assets and property, plant and equipment	**3,356**	**4,630**	**321**	**682**	**2,574**	**1,459**	**2,474**	**1,281**	**567**	**1,247**	**–**	**–**	**9,291**	**9,300**
Major non-cash expenses:														
Impairments/reversal of impairments on receivables	448	13	1,916	1,443	22	87	229	-15	120	9	–	–	2,734	1,538
Increase/decrease of provisions/accrued liabilities	57,258	48,922	4,174	3,111	3,775	495	814	-21	10,467	5,792	–	–	76,489	58,298

Notes to the income statement

8 Revenue

All figures in €'000	2020	2019
Wealth management	262,067	223,515
Old-age provision	214,590	225,825
Non-life insurance	137,229	126,569
Health insurance	50,589	48,308
Real estate brokerage	39,453	23,650
Loans and mortgages	21,827	20,782
Other commissions and fees	4,607	4,291
Total commission income	**730,362**	**672,941**
Interest income	**15,162**	**16,620**
Total	**745,524**	**689,561**

The commission income disclosed under revenue is recognised on a regular and point-in-time basis. Revenue recognised over time totalling € 306,125 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, from the real estate brokerage business in the Holding and Others segment and from the wealth management business in the Financial Consulting, Banking and FERI segments (previous year: € 260,845 thsd). Revenue from the interest rate business includes negative interest from lending and money market transactions of € 3,180 thsd (previous year: € 2,352 thsd).

9 Other revenue

All figures in €'000	2020	2019
Cost transfer to MLP consultants and branch office managers	4,751	3,453
Income from the sales tax (VAT) adjustment	3,361	827
Compensation of management	2,007	1,111
Income from investments	1,749	2,422
Offset remuneration in kind	1,436	1,370
Income from the reversal of deferred obligations	1,333	2,204
Income from the reversal of provisions	711	1,120
Rent	383	402
Income from the disposal of fixed assets	289	20
Own work capitalised	110	354
Income from currency translation	41	73
Sundry other income	5,629	5,843
Total	**21,799**	**19,199**

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 sales tax adjustment is the result of subsequently asserted input tax amounts for previous years due to subsequent recognition of VAT unity for 2012.

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

Income from the reversal of deferred obligations essentially result from the reversal of provisions for outstanding invoices.

For more information on income from the reversal of provisions, please refer to → Note 30. Income from the reversal of provisions for economic loss, which is offset by expenses from the derecognition of 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 13 here.

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

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 Inventory changes

Inventory changes are € 7,284 thsd as of 31 December 2020 (previous year: € 3,940 thsd). These can be attributed to changes in inventory of the DI Group.

11 Commission expenses

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

12 Interest expenses

All figures in €'000	2020	2019
Interest and similar expenses IFRS 9		
Financial instruments measured at amortised cost	412	615
Liabilities due to clients from the banking business	75	234
Liabilities due to banks from banking business	337	381
Total	**412**	**615**

13 Valuation result/loan loss provisions

All figures in €'000	2020	2019
Provisions for risks from potential bad debts	-2,871	-1,590
Provisions for risks from the lending business	137	53
Valuation result	-287	642
Total	**-3,021**	**-896**

As of 31 December 2020, provisions for anticipated losses of € -2,734 thsd were recognised in accordance with IFRS 9 (previous year: € -1,538 thsd), This comprises expenses in connection with the recognition of impairment losses for receivables of € -2,871 thsd (previous year: € -1,590 thsd), as well as income from changes in provisions for anticipated losses from the lending business of € 137 thsd (previous year: € 53 thsd).

See → Notes 23, → 24, → 25, → 27, → 28 and → 30 for detailed explanations on the development of loan loss provisions.

Write-downs of financial instruments measured at fair value through profit or loss led to a valuation result of € -287 thsd (previous year: € 642 thsd).

14 Personnel expenses

All figures in €'000	2020	2019
Salaries and wages	127,246	116,847
Social security contributions	17,069	15,902
Expenses for old-age provisions and benefits	3,656	2,968
Total	**147,971**	**135,717**

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.

15 Depreciation and impairments

All figures in €'000	2020	2019
Depreciation		
Intangible assets	9,882	9,218
Property, plant and equipment	17,763	17,152
Impairment	45	-
Total	**27,691**	**26,371**

In the financial year 2020, the depreciation of property, plant and equipment include amortisation of rights of use as per IFRS 16 of € 11,657 thsd (previous year: € 11,358 thsd), some € 10,522 thsd of which (previous year: € 10,296 thsd) can be attributed to amortisation of rights of use for real estate and € 1,135 thsd (previous year: € 1,062 thsd) can be attributed to amortisation of rights of use for vehicles. Impairment charges of € 45 thsd (previous year: € 0 thsd) relate to rights of use for real estate resulting from vacant rental properties.

16 Other operating expenses

All figures in €'000	2020	2019
IT operations	51,970	48,547
Consultancy	19,002	16,019
Administration operations	10,673	10,323
External services – banking business	10,474	8,965
Other external services	9,867	10,191
Representation and advertising	6,147	5,879
Expenses for commercial agents	4,979	2,819
Premiums and fees	4,768	4,767
Insurance	3,467	3,307
Goodwill	3,329	1,139
Maintenance	2,831	2,812
Training and further education	2,467	2,979
Other employee-related expenses	2,048	2,508
Travel expenses	1,705	4,105
Audit	1,361	1,491
Entertainment	1,253	2,905
Supervisory Board compensation	988	948
Rental and leasing	388	567
Sales tax (VAT) expense	371	45
Sundry other operating expenses	4,750	4,756
Total	**142,838**	**135,071**

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

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.

Other external services essentially include expenses for online acquisition of potential new clients.

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

Expenses for commercial agents include costs such as for former consultants and the training allowance granted for MLP consultants.

The item "Premiums and fees" essentially comprises premiums paid to the compensation scheme and deposit protection of German banks, premiums and fees paid to the European Central Bank, premiums and fees paid to the Federal Financial Supervisory Authority, as well as postage and freight costs.

Among other things, the rental and lease expenses comprise expenses that do not require capitalisation according to IFRS 16. These include expenses for short-term leases of € 42 thsd (previous year: € 15 thsd) and expenses for low-value leases of € 4 thsd (previous year € 4 thsd). In the last financial year, the expenses for variable lease payments, which were not included in the measurement of leasing liabilities (for example payments at the end of a vehicle lease agreement) were € 37 thsd (previous year: € 31 thsd).

Sundry other operating expenses include coronavirus-related cancellation costs for conventions and events, as well as expenses for other taxes, donations and cars.

17 Investments accounted for using the equity method

Earnings from investments accounted for using the equity method were € 3,729 thsd in the financial year (previous year: € 2,998 thsd) and are made up from the share of earnings in MLP Hyp GmbH of € 3,645 thsd and in Projekte 2 Deutschland.Immobilien GmbH of € 85 thsd. 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 and the 50% stake in Projekte2 Deutschland.Immobilien GmbH, Hannover. MLP Hyp GmbH operates the joint mortgage financing business of MLP Finanzberatung SE, Wiesloch, and Interhyp AG, Munich. Projekte2 Deutschland.Immobilien GmbH is an intermediate holding company within the DI Group. It holds shares in project enterprises in which real estate developments are executed.

The shares of MLP Hyp developed as follows:

All figures in €'000	2020	2019
Share as of 1 Jan.	**4,630**	**4,186**
Dividend payouts	-2,991	-2,567
Pro rata profit after tax	3,645	3,011
Share as of 31 Dec.	**5,283**	**4,630**

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

All figures in €'000	31 Dec. 2020	31 Dec. 2019
Non-current assets	**205**	**55**
Current assets	13,979	11,486
Non-current liabilities	–	–
Current liabilities	**5,821**	**4,103**
Net assets (100%)	8,363	7,438
of which MLP's share in net assets (49.8%)	4,165	3,704
Incidental acquisition costs	151	151
Dividend payout	**–4,308**	**–3,528**
Cumulative disproportionate profit	**5,276**	**4,302**
Carrying amount of the investment	**5,283**	**4,630**
Revenue	**29,606**	**23,542**
Total comprehensive income (100%)	5,363	4,438
of which MLP's share in total comprehensive income (49.8%)	2,671	2,210
Disproportionate profit for the current financial year (68%//previous year 67.2%)	**974**	**801**
MLP's share in total comprehensive income	**3,645**	**3,011**

The shares of Projekte 2 Deutschland.Immobilien GmbH developed as follows:

All figures in €'000	2020	2019
Share as of 1 Jan. (previous year 1 Sep.)	**508**	**520**
Dividend payouts	–450	–
Pro rata profit after tax	85	–13
Share as of 31 Dec.	**143**	**508**

The table below contains summarised financial information on Projekte 2 Deutschland.Immobilien GmbH:

All figures in €'000	31 Dec. 2020	31 Dec. 2019
Non-current assets	88	76
Current assets	197	957
Non-current liabilities	–	-
Current liabilities	–	17
Net assets (100%)	285	1,016
of which MLP's share in net assets (50%)	143	508
Incidental acquisition costs	–	-
Dividend payout	–	-
Carrying amount of the investment	**143**	**508**
Revenue	0	0
Total comprehensive income (100%)	169	–25
of which MLP's share in total comprehensive income (50%)	-85	-13
MLP's share in total comprehensive income	**85**	**–13**

18 Finance cost

All figures in €'000	2020	2019
Other interest and similar income	**1,311**	**767**
Interest expenses from financial instruments	–2,629	–1,554
Interest expenses from net obligations for defined benefit plans	-431	-443
Other interest costs	-1,066	-1,148
Other interest and similar expenses	**–4,126**	**–3,145**
Valuation result not relating to operating activities	**–213**	**43**
Finance cost	**–3,028**	**–2,335**

Other interest and similar income of € 5 thsd (previous year: € 0 thsd) relates to interest income from deposits with financial institutions which are not attributable to the banking business and € 18 thsd (previous year: € 23 thsd) relates to income from the discounting of provisions. In addition to this, other interest and similar income includes negative interest on bank deposits of € -468 thsd (previous year: € -211 thsd). Other interest and similar expenses include expenses from the accrued interest of other provisions totalling € 287 thsd (previous year: € 363 thsd).

In addition, the item comprises expenses from the accrued interest of leasing liabilities pursuant to IFRS 16 of € 544 thsd (previous year: € 587 thsd). For further details, please refer to → Note 6.

19 Income taxes

All figures in €'000	2020	2019
Income taxes	13,093	7,844
of which current taxes on income and profit	15,414	8,571
of which deferred taxes	-2,321	-727

The current taxes on income and profit include expenses of € 585 thsd (previous year: € -2,046 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 13.6% (previous year: 13.34%) and amounts to 29.42% (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 statement shows the relationship between the earnings before tax and the taxes on income and profit in the financial year:

All figures in €'000	2020	2019
Earnings before tax	**56,335**	**44,770**
Group income tax rate	**29.42%**	**29.19%**
Calculated income tax expenditure in the financial year	16,574	13,068
Tax-exempt earnings and permanent differences	-3,325	-4,461
Non-deductible expenses	1,002	1,103
Divergent trade taxation charge	423	184
Effects of other taxation rates applicable abroad	-786	-743
Income tax not relating to the period (current and deferred)	-475	-1,699
Change of impairment of net yet utilised losses	-293	605
Other	-27	-213
Income taxes	**13,093**	**7,844**

The effective income tax rate applicable to the earnings before tax is 23.24% (previous year: 17.52%).

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 and Uniwunder 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.

As of December 31, 2020, the MLP Group recognised deferred tax assets from temporary differences of € 241 thsd (previous year: € 1 thsd) that exceed deferred tax liabilities in entities which have suffered a loss in either the current or preceding period.

At companies with taxable unrecognised differences, deferred tax assets were recorded on tax loss carryforwards, taking into account the minimum level of taxation. Legal or economic restrictions were in place with regard to the usability of corporation tax losses of € 2,387 thsd (previous year: € 1,757 thsd) and trade tax losses of € 1,939 thsd (previous year: € 1,757 thsd) with regard to their usability. No deferred tax assets were therefore recognised. If full utilisation of the losses had been possible, it would have theoretically been necessary to recognise deferred tax assets of € 673 thsd (previous year: € 573 thsd).

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

All figures in €'000	Deferred tax assets		Deferred tax liabilities	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Intangible assets	725	978	11,361	11,864
Property, plant and equipment	–	–	5,094	4,782
Financial assets	43	115	44	118
Other assets	2,531	1,175	4,895	3,450
Provisions	15,119	12,812	27	–
Liabilities	3,319	2,334	511	504
Tax loss carryforwards	1,398	–	–	–
Impairment of loss carryforwards	-673	–	–	–
Deferred income	–	–	117	131
Gross value	**22,462**	**17,414**	**22,049**	**20,850**
Netting of deferred tax assets and liabilities	12,882	10,160	12,882	10,160
Total	**9,580**	**7,254**	**9,167**	**10,690**

The deferred tax income recognised under other comprehensive income outside the income statement is € 1,528 thsd (previous year: € 2,008 thsd).

Tax refund claims include € 6,186 thsd (previous year: € 3,198 thsd) of corporation tax and € 3,546 thsd (previous year: € 1,304 thsd) of trade tax. € 1,030 thsd of tax refund claims (previous year: € 476 thsd) are attributable to MLP SE, € 8,475 thsd (previous year: € 3,882 thsd) to MLP SE, € 20 thsd (previous year: € 0 thsd) to FERI Trust (Luxembourg) S.A. and € 208 thsd (previous year: € 134 thsd) to the DI Deutschland.Immobilien AG Group.

Tax liabilities are made up of € 5,830 thsd (previous year: € 2,777 thsd) of corporation tax and € 5,102 thsd (previous year: € 3,336 thsd) of trade tax. € 10,634 thsd of tax liabilities (previous year: € 5,603 thsd) are attributable to MLP SE, € 0 thsd (previous year: € 308 thsd) to MLP Finanzberatung SE, € 183 thsd (previous year: € 194 thsd) to FERI Trust (Luxembourg) S.A. and € 116 thsd (previous year: € 9 thsd) to the DI Deutschland.Immobilien AG Group.

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 at 31 December 2020, we had undistributed profits of subsidiaries of around € 64.0 million (previous year: € 75.4 million), for which no deferred tax liabilities were formed, as we are capable of controlling the timing of the reversal of the temporary difference and it is unlikely that the temporary difference will be reversed in the foreseeable future.

20 Earnings per share

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

All figures in €'000	2020	2019
Basis of the basic net profit per share	43,253	37,327

All figures in number of units	2020	2019
Weighted average number of shares for the basic net profit per share	109,206,759	109,220,014

The basic earnings per share is € 0.40 (previous year: € 0.34).

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

All figures in €'000	2020	2019
Basis of the diluted net profit per share	43,253	37,327

All figures in number of units	2020	2019
Weighted average number of shares for the diluted net profit per share	109,334,686	109,334,686

The diluted earnings per share is € 0.40 (previous year: € 0.34).

Notes to the statement of financial position

21 Intangible assets

All figures in €'000	Goodwill	Software (developed inhouse)	Software (purchased)	Advance payments and developments in progress	Other intangible assets	Total
Acquisition costs						
As of 1 Jan. 2019	**94,964**	**13,493**	**100,523**	**1,405**	**57,255**	**267,640**
Additions	–	167	1,531	2,235	2	3,936
Addition to the scope of consolidation	27,538	3,188	45	–	1,737	32,508
Disposals	–	–	–537	–6	–	–543
Transfers	–	1,166	1,919	–3,085	–	–
As of 31 Dec. 2019	**122,502**	**18,014**	**103,481**	**549**	**58,995**	**303,541**
Additions	–	–	1,929	3,864	2	5,795
Addition to the scope of consolidation	–	–	–	–	–	–
Disposals	–	–	–2,123	–3	–3	–2,129
Transfers	–	99	843	–942	–	–
As of 31 Dec. 2020	**122,502**	**18,113**	**104,130**	**3,468**	**58,994**	**307,207**
Depreciation and impairments						
As of 1 Jan. 2019	**3**	**13,035**	**75,970**	**–**	**22,740**	**111,748**
Depreciation	–	699	7,138	–	1,381	9,218
Addition to the scope of consolidation*	–	–	41	–	–	41
Impairments	–	–	–	–	–	–
Disposals	–	–	–537	–	–	–537
As of 31 Dec. 2019	**3**	**13,735**	**82,612**	**–**	**24,122**	**120,471**
Depreciation	–	1,064	7,138	–	1,680	9,882
Addition to the scope of consolidation	–	–	–	–	–	–
Impairments	–	–	–	–	–	–
Disposals	–	–	–2,015	–	–3	–2,018
As of 31 Dec. 2020	**3**	**14,799**	**87,735**	**–**	**25,798**	**128,335**
Carrying amount 1 Jan. 2019	**94,962**	**457**	**24,553**	**1,405**	**34,515**	**155,892**
Carrying amount 31 Dec. 2019	**122,500**	**4,279**	**20,869**	**549**	**34,873**	**183,070**
Carrying amount 1 Jan. 2020	**122,500**	**4,279**	**20,869**	**549**	**34,873**	**183,070**
Carrying amount 31 Dec. 2020	**122,500**	**3,314**	**16,395**	**3,468**	**33,195**	**178,872**

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

Useful lives of intangible assets

	Useful life as of 31 Dec. 2020	Useful life as of 31 Dec. 2019
Acquired software//licences	3–7 years	3–7 years
Software created internally	3–5 years	3–5 years
Acquired trademark rights	–	–
Client relations/contract inventories	5; 10–25 years	5; 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 goodwill accrued on the basis of the provisional purchase price allocation resulting from the acquisition of the DI Group in the last financial year has been confirmed in the final purchase price allocation and was distributed to two cash-generating units. The reportable Financial Consulting business segment contains the following groups of cash-generating units: (1) financial consulting, (2) occupational pension provision, (3) ZSH and (4) DI Sales. No goodwill has been allocated to the reportable Banking business segment. The reportable FERI business segment includes the cash-generating unit FERI Assetmanagement. The reportable DOMCURA business segment contains one DOMCURA cash-generating unit. The cash-generating unit DI Projects is included in the Holding and Others segment. Cash-generating units were allocated the following goodwill values arising from business combinations:

All figures in €'000	31 Dec. 2020	31 Dec. 2019
Financial Consulting	22,042	22,042
Occupational pension provision	9,955	9,955
ZSH	4,072	4,072
DI Sales	12,974	–*
Financial Consulting	**49,043**	**36,069**
FERI Asset Management	53,230	53,230
FERI	**53,230**	**53,230**
DOMCURA	5,663	5,663
DOMCURA	**5,663**	**5,663**
DI Projects	14,564	–*
Holding and Others	**14,564**	**–***
DI (provisional)	**–**	**27,538***
Total	**122,500**	**122,500**

*Goodwill from the preliminary purchase price allocation in the financial year 2019 not yet allocated to cash generating units.

As was already the case in the previous year, there was no need for an impairment of capitalised goodwill in the financial year 2020. The significant assumptions presented in the following were based on the impairment test performed.

Reportable financial consulting business segment

Financial Consulting		
Weighted average (in %)	**2020**	**2019**
Discount rate (before tax)	9.2	9.0
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	*	10.0

Occupational pension provision		
Weighted average (in %)	**2020**	**2019**
Discount rate (before tax)	9.5	9.4
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	26.4	3.1

ZSH		
Weighted average (in %)	**2020**	**2019**
Discount rate (before tax)	9.5	9.1
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	1.6	12.9

DI Sales		
Weighted average (in %)	**2020**	**2019****
Discount rate (before tax)	9.0	-
Growth rate of the terminal value	1.0	-
Planned EBT growth rate (relative average EBT increase per year)	120.7	-

* Growth rates cannot be arithmetically determined due to a negative starting basis.
** Goodwill from the preliminary purchase price allocation in the financial year 2019 not yet tested and assigned to cash generating units.

Reportable FERI business segment

FERI Assetmanagement		
Weighted average (in %)	**2020**	**2019**
Discount rate (before tax)	12.8	12.6
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	-4.5	5.1

Reportable DOMCURA business segment

DOMCURA		
Weighted average (in %)	**2020**	**2019**
Discount rate (before tax)	9.5	9.2
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	5.5	4.3

Other Holding and Others segment

DI Projects		
Weighted average (in %)	2020	**2019****
Discount rate (before tax)	13.6	-
Growth rate of the terminal value	1.0	-
Planned EBT growth rate (relative average EBT increase per year)	*	-

* Growth rates cannot be arithmetically determined due to a negative starting basis.
** Goodwill from the preliminary purchase price allocation in the financial year 2019 not yet tested and assigned to cash generating units.

The global COVID-19 pandemic was taken into account in the key underlying assumptions. MLP bases is planned EBT figures on the assumption that the coming year will also be impacted by the pandemic and its consequences and that the situation is unlikely to normalise again until the second half of 2021. The capitalisation rate is made up of a risk-free interest rate of 0.1% (previous year: 0.2%), a market risk premium of 7.6% (previous year: 7.5%), as well as an individual beta for each cash-generating unit in the range from 0.88 to 1.17 (previous year: 0.85 to 1.15).

Within the scope of its impairment testing MLP carried out sensitivity analyses. A so-called adverse scenario was developed in order to simulate an economic downturn that potentially continues beyond the year 2021. This scenario leads to a 30% reduction in the planned EBT growth rate. As such, a reduction in the planned EBT growth rate of 30% (previous year 12%) was analysed. In addition to this, the effects of increasing the discount interest rates by one percentage point were analysed (previous year 50 BP). The reduction in planned EBT growth, as well as the increase in discount interest rates does not lead to the carrying amount exceeding the recoverable amount at any of the cash-generating units.

The items **software (inhouse), software (purchased), advance payments and developments in progress** contain own work performed within the context of developing and implementing software. In the financial year 2020, own services with a value of € 110 thsd were capitalised (previous year: € 354 thsd). All development and implementation costs incurred complied in full with the criteria for capitalisation pursuant to IAS 38 "Intangible assets".

The item **"Other intangible assets"** essentially 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 cash-generating unit of the "FERI" reportable business segment:

All figures in €'000	2020	**2019**
FERI Asset Management	15,829	15,829
FERI	**15,829**	**15,829**

The "DOMCURA" brand is fully attributed to the cash-generating unit of the "DOMCURA" reportable business segment:

All figures in €'000	2020	2019
DOMCURA	**7,023**	**7,023**

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 € 174 thsd as of 31 December 2020 (previous year: € 771 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 1 Jan. 2019	**91,656**	**55,080**	**86**	**146,823**
Additions	877	3,792	695	5,364
Addition to the scope of consolidation	0	200	6	207
Disposals	-203	-7,394	-24	-7,622
Transfers	63	87	-150	0
As of 31 Dec. 2019	**92,393**	**51,765**	**614**	**144,772**
Additions	350	2,911	234	3,495
Addition to the scope of consolidation	–	–	–	-
Disposals	-199	-1,658	-1	-1,859
Transfers	294	429	-723	0
As of 31 Dec. 2020	**92,838**	**53,446**	**124**	**146,408**
Depreciation and impairment				
As of 1 Jan. 2019	**28,218**	**40,335**	**–**	**68,553**
Depreciation	2,297	3,497		5,794
Addition depreciation	–	62	–	62
Impairment	–	–	–	-
Disposals	-154	-7,123	–	-7,277
As of 31 Dec. 2019	**30,361**	**36,771**	**–**	**67,132**
Depreciation	2,205	3,902	–	6,106
Addition depreciation	–	–	–	-
Impairment	–	–	–	-
Disposals	-181	-1,655	–	-1,835
As of 31 Dec. 2020	**32,385**	**39,017**	**–**	**71,403**
Carrying amount 1 Jan. 2019	63,438	14,746	86	78,270
Carrying amount 31 Dec. 2019	**62,032**	**14,994**	**614**	**77,640**
Carrying amount 1 Jan. 2020	62,032	14,994	614	77,640
Carrying amount 31 Dec. 2020	**60,453**	**14,429**	**124**	**75,005**

Useful lives of property, plant and equipment

	Useful life/residual value 31 Dec. 2020	Useful life/residual value 31 Dec. 2019
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	10 years or duration or the respective tenancy agreement
Furniture and fittings	8–25 years	8–25 years
IT hardware, IT cabling	3–13 years	3–13 years
Office equipment, office machines	3–23 years	3–23 years
Cars	2–6 years	2–6 years
Works of art	15–20 years	15–20 years

Depreciation/amortisation and impairment of property, plant and equipment are disclosed in → Note 15.

The payments on account and assets under construction refer exclusively to acquired property, plant and equipment. 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 € 273 thsd net as of 31 December 2020 (previous year: € 348 thsd).

Leases

Rights of use from leases are disclosed under the "property, plant and equipment" item. As of 31 December 2020, rights of use of € 50,063 thsd are in place (previous year: € 53,275 thsd), € 48,079 thsd (previous year: € 51,723 thsd) thereof is attributable to rented properties and € 1,984 thsd (previous year: € 1,551 thsd) to vehicle leases.

In the financial year, the acquisition costs of the rights of use from leases developed as follows. There were additions of € 9,104 thsd (previous year: € 11,415 thsd) and disposals of € 2,247 thsd (previous year: € 1,655 thsd). Amortisation of rights of use from leases of € 1,636 thsd (previous year: € 452 thsd) were recognised in the financial year. The changes are mainly due to rented properties.

In the financial year 2020 some properties were sublet, resulting in revenue of € 343 thsd (previous year: € 127 thsd).

The table below shows a maturity analysis of inflows from the sub-lease of properties and of use and reflects the undiscounted payments received after the balance sheet date of the financial year and of the previous year:

All figures in €'000	Up to 1 year	1–5 years	>5 years	Total
Sublease agreements 2020	146	154	10	310
Sublease agreements 2019	148	79	–	227

23 Receivables from clients in the banking business

Receivables from clients in the banking business

All figures in €'000	31 Dec. 2020	31 Dec. 2019
Originated loan	543,223	483,069
Corporate bond debts	231,065	254,950
Receivables from credit cards	87,421	110,099
Receivables from current accounts	22,411	27,172
Receivables from wealth management	1,126	805
Other	4,884	3,753
Total, gross	**890,130**	**879,849**
Impairment	-9,481	-7,674
Total, net	**880,649**	**872,175**

As of 31 December 2020, receivables (net) with a term of more than one year remaining to maturity are € 712,850 thsd (previous year: € 674,139 thsd).

The gross carrying amounts of receivables from clients in the banking business developed as follows in the financial year:

Reconciliation statement for gross carrying amounts of receivables from clients in the banking business for 2020

All figures in '000	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL - not credit impaired)	Stage 3 (lifetime ECL - impaired credits	Purchased or originated credit-impaired financial asset (POCI)	Total
As of 1 Jan. 2020	**817,896**	**56,728**	**5,181**	**44**	**879,849**
Transfer to Stage 1	18,188	-17,892	-296	-	-
Transfer to Stage 2	-24,954	25,333	-379	-	-
Transfer to Stage 3	-1,371	-7,641	9,011	-	-
Allocation	100,829	7,775	-	-	108,605
of which newly acquired or issued financial assets	100,829	7,775	-	-	108,605
of which existing business	-	-	-	-	-
Disposals	-92,123	-4,979	-1,216	-5	-98,323
of which financial assets derecognised in their entirety	-90,282	-2,967	-1,032	-5	-94,287
of which existing business	-1,841	-2,011	-600	-	-4,452
of which write-offs	-	-	-184	-	-184
As of 31 Dec. 2020	**818,466**	**59,325**	**12,300**	**39**	**890,130**

Reconciliation statement for gross carrying amounts of receivables from clients in the banking business for 2019

All figures in '000	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL – not credit impaired)	Stage 3 (lifetime ECL – impaired credits	Purchased or originated credit-impaired financial asset (POCI)	Total
As of 1 Jan. 2019	**713,391**	**44,746**	**11,867**	**46**	**770,051**
Transfer to Stage 1	16,500	-16,314	-186	–	–
Transfer to Stage 2	-26,646	27,912	-1,267	–	–
Transfer to Stage 3	-142	-46	189	–	–
Allocation	142,010	4,413	106	–	146,528
of which newly acquired or issued financial assets	122,587	4,413	–	–	127,000
of which existing business	19,422	–	106	–	19,528
Disposals	-27,217	-3,983	-5,528	-2	-36,730
of which financial assets derecognised in their entirety	-27,217	-2,142	-5,005	-2	-34,367
of which existing business	–	-1,841	–	–	-1,841
of which write-offs	–	–	-523	–	-523
As of 31 Dec. 2019	**817,896**	**56,728**	**5,181**	**44**	**879,849**

Receivables from clients in the banking business to collect contractual cash flows held by MLP are carried at amortised costs using the effective interest method. Assuming no bad debts are in place, all financial assets are recorded in Stage 1 on their date of acquisition and then written down over the next twelve months with an anticipated default. In the financial year, there were receivables of € 39 thsd (previous year: € 44 thsd) where there was already an indication of impairment on the date of acquisition (POCI – purchased or originated credit-impaired financial assets).

If the credit risk increases significantly, a transfer from Stage 1 to Stage 2 is performed. This involves a calculation of the impairment on the basis of the expected credit loss over the entire remaining term. If there are objective indications of a credit impairment or a default status, the financial asset is recognised in Stage 3. See → Note 6 for further details on the impairment methods used and calculation of the impairment.

Modifications were performed to 25 contracts due to the effects of the coronavirus pandemic in the reporting year (previous year: one contract). These essentially relate to the suspension of next due principal payments at an unchanged interest rate and do therefore not apply to substantial modifications. The modification gain resulting from recalculating the present value of the receivable throughout the contractual period is not presented in the statement of comprehensive income, as it is not significant.

As the result of the application of the legal moratorium (pursuant to Art. 240 § 3 (1) of the Introductory Act to the German Civil Code (EGBGB)) MLP has granted 15 clients a deferral of payment in the current financial year. Since the deferrals were not primarily granted on the grounds of financial hardship, they have not been classified as modifications.

Loan loss provisions for receivables from clients in the banking business developed as follows in the reporting year:

Reconciliation of expected losses 2020

All figures in €'000	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL – not impaired)	Stage 3 (lifetime ECL – impaired credits)	Purchased or originated credit-impaired financial instruments(POCI)	Total
As of 1 Jan. 2020	**1,800**	**3,233**	**2,638**	**3**	**7,674**
Transfer to Stage 1	108	-97	-11	–	–
Transfer to Stage 2	-76	127	-50	–	–
Transfer to Stage 3	-16	-420	436	–	–
Allocation	665	1,971	2,543	–	5,180
of which newly acquired or issued financial assets	287	534	–	–	821
of which existing business	378	1,438	2,543	–	4,359
Disposals	-602	-1,553	-1,217	–	-3,373
of which usage	–	–	-269	–	-269
of which reversal	-602	-1,553	-947	-1	-3,104
As of 31 Dec. 2020	**1,879**	**3,261**	**4,339**	**2**	**9,481**

Reconciliation of expected losses 2019

All figures in €'000	Stage 1 (12-Months-ECL)	Stage 2 (lifetime ECL – not impaired)	Stage 3 (lifetime ECL – impaired credits)	Purchased or originated credit-impaired financial instruments(POCI)	Total
As of 1 Jan. 2019	**1,768**	**2,359**	**4,862**	**36**	**9,024**
Transfer to Stage 1	78	-76	–	–	–
Transfer to Stage 2	-111	188	-78	–	–
Transfer to Stage 3	-2	-2	4	–	–
Allocation	683	2,037	2,002	–	4,721
of which newly acquired or issued financial assets	367	1,849	–	–	2,217
of which existing business	316	187	2,002	–	2,505
Disposals	-616	-1,273	-4,149	-33	-6,071
of which usage	–	–	-2,452	–	-2,452
of which reversal	-616	-1,273	-1,697	-33	-3,620
As of 31 Dec. 2019	**1,800**	**3,233**	**2,638**	**3**	**7,674**

Loan loss provisions increased from € 7,674 thsd to € 9,481 thsd in the financial year. The loan loss provision on existing business increased by € 2,543 thsd as a result of deteriorations in terms of credit ratings, as well as transfers to Stage 3 (previous year: € 2,002 thsd). Some € 2,400 thsd of these funds were allocated due to the effects of the coronavirus pandemic. In addition there are allocations in Stage 2 of € 1,971 thsd (previous year: € 2,037 thsd) which are mainly due to deteriorations of creditworthiness resulting in a transfer from Stage 1 to Stage 2. These are offset by Stage 2 reversals of € 1,553 thsd (previous year: € 1,273 thsd) and Stage 3 reversals of € 1,217 thsd (previous year: € 4,149 thsd) as a result of credit enhancements.

Taking into account direct write-offs of € 184 thsd (previous year: € 523 thsd) as well as income recovered from written off receivables € 241 thsd (previous year: € 254 thsd), allocations of € 5,180 thsd (previous year: € 4,721 thsd) and reversals of € 3,103 (previous year: € 3,620 thsd) recognised in income resulted in a net loan loss provision of € 2,020 thsd in the reporting year (previous year: € 1,370 thsd).

Qualitative and quantitative information on contributions from anticipated losses 2020

All figures in €'000	Max. default risk without taking into account collateral or other credit enhancement factors as of 31 Dec. 2020	Financial instruments of Stage 3 and POCI	
		of which max. default risk of Stage 3/POCI	of which risk reduction by collateral
Receivables from clients in the banking business (AC)	880,649	7,998	925
Receivables from banks in the banking business (AC)	751,466	–	–
Financial assets (AC)	171,799	–	–
Other receivables (AC)	159,632	952	–
Contingent liabilities	5,356	–	–
Irrevocable credit commitments	67,662	–	–
Total	**2,036,564**	**8,950**	**925**

Qualitative and quantitative information on contributions from anticipated losses 2019

All figures in €'000	Max. default risk without taking into account collateral or other credit enhancement factors as of 31 Dec. 2019	Financial instruments of Stage 3 and POCI	
		of which max. default risk of Stage 3/POCI	of which risk reduction by collateral
Receivables from clients in the banking business (AC)	872,175	8,363	355
Receivables from banks in the banking business (AC)	728,085	–	–
Financial assets (AC)	155,210	–	–
Other receivables (AC)	95,397	4,006	–
Contingent liabilities	3,799	172	–
Irrevocable credit commitments	54,631	–	–
Total	**1,909,296**	**12,541**	**355**

As of the balance sheet date, the maximum default risk corresponds to the carrying amount after impairment of each of the categories of financial assets listed above. Credit impaired or defaulted receivables from clients in the banking business disclosed in Stage 3 as of 31 December 2020 of € 7,998 thsd (previous year: € 8,363 thsd) are secured by land charges of € 925 thsd (previous year: € 355 thsd). The maximum default risk of contingent liabilities and irrevocable credit commitments corresponds to the face value of € 73,018 thsd (previous year: € 58,430 thsd).

The Group holds forwarded loans of € 106,089 thsd (previous year: € 97,970 thsd) in the form of collateral for liabilities due to refinancing banks.

Due to defaults of debtors, ownership of financial and non-financial assets of € 47 thsd (previous year: € 237 thsd) serving as collateral for originated loans and receivables, was acquired. The assets mainly concern receivables from claimed life insurance policies.

Information on the fair value of financial assets is provided in → Note (36).

24 Receivables from banks in the banking business

All figures in €'000	31 Dec. 2020	31 Dec. 2019
Due on demand	113,621	121,330
Other receivables	637,845	606,755
Total	**751,466**	**728,085**

All receivables from banks in the banking business are due from domestic credit institutions. As of 31 December 2020, receivables with a term of more than one year remaining to maturity are € 147,324 thsd (previous year: € 131,182 thsd). The receivables are not collateralised. At the closing date there are no receivables from banks which are overdue. As at the closing date, there are no receivables with a high risk of default which are assigned to Stage 2 (previous year: € 4,000 thsd). Receivables from banks of € 751,466 thsd (previous year: € 724,085 thsd) are disclosed in Stage 1 and an anticipated 12-month loss is determined. The anticipated losses on receivables from banks are € 195 thsd in the financial year (previous year: € 203 thsd). This results in a net income from loan loss provisions in the reporting year of € 8 thsd (previous year: net expense from loan loss provisions: € 32 thsd).

Further information on receivables from financial institutions in the banking business is disclosed in → Note 36.

25 Financial assets

All figures in €'000	31 Dec. 2020	31 Dec. 2019
By public-sector issuers	14,964	14,951
By other issuers	96,941	85,358
Debenture and other fixed income securities	**111,905**	**100,309**
Shares and certificates	359	342
Investment fund shares	6,725	5,056
Shares and other variable yield securities	**7,084**	**5,398**
Other investments (fixed and time deposits)	**69,949**	**64,996**
Investments in non-consolidated subsidiaries	**7,973**	**7,751**
Shares in associates (not at equity)	**660**	**–**
Investments	**51**	**131**
Total	**197,623**	**178,584**

As of 31 December 2020, MLP has portfolios amounting to € 88,945 thsd (previous year: € 83,800 thsd) that are due in more than twelve months.

As per the measurement categories for financial instruments defined in IFRS 9, the financial investment portfolio breaks down as follows:

All figures in €'000	31 Dec. 2020	31 Dec. 2019
AC	101,849	90,214
FVPL	10,056	10,095
Debenture and other fixed income securities	**111,905**	**100,309**
Fixed and time deposits (AC)	**69,949**	**64,996**
Shares and other variable yield securities (FVPL)	**7,084**	**5,398**
Investments in non-consolidated subsidiaries*	**7,973**	**7,751**
Shares in associates (not at equity)*	**660**	**–**
Investments (FVPL)	**51**	**131**
Total	**197,623**	**178,584**

*No financial instruments in the sense of IFRS 9

In the financial year 2020, shares and other variable yield securities of € 7,084 thsd (previous year: € 5,398 thsd) are measured at fair value through profit or loss. These are debt instruments that do not fulfil the cash flow criterion and therefore need to be measured at fair value through profit or loss. The figure includes investment funds of € 4,509 thsd, which are assigned to the "Hold and Sell" business model. This leads to valuation differences from exchange losses of € 247 thsd (previous year: € 485 thsd), which are recognised in the valuation result.

In addition, debentures and other fixed income securities of € 10,056 thsd (previous year: € 10,095 thsd) are measured at fair value through profit or loss in the financial year 2020. This leads to valuation differences from exchange losses of € 40 thsd (previous year: € 170 thsd), which are also recognised in the valuation result.

Debentures and other fixed income securities of € 101,849 thsd (previous year: € 90,214 thsd) are measured at amortised costs.

The anticipated 12-month loss on debentures and other fixed income securities measured at amortised costs is € 48 thsd in the financial year (previous year: € 40 thsd). As at the closing date, two debentures are in place with increased default risk in Stage 2 and a lifetime expected loss of € 33 thsd. These result in total loan loss provisions of € 41 thsd to be recognised in income (previous year: € 12 thsd).

The fair value changes to fixed income securities triggered by a change in creditworthiness are € 5 thsd (previous year: € 89 thsd).

Assets pledged as collateral

As at the closing date, the availability of liquidity facilities provided by Deutsche Bundesbank is collateralised by marketable securities of € 35,297 thsd (previous year: € 30,834 thsd) with a face value of € 38,450 thsd (previous year: € 32,700 thsd).

For further disclosures regarding financial assets, please refer to → Note 36.

26 Inventories

Inventories break down as follows:

All figures in €'000	2020	2019
Inventories – land	10,069	7,339
Inventories – buildings	7,621	2,948
Inventories – finished goods	126	246
Total	**17,817**	**10,533**

Due to the sale of residential units, € 3,076 thsd of inventories were accounted for as an expense in the item "Inventory changes" in the last financial year.

27 Other receivables and assets

All figures in €'000	31 Dec. 2020	31 Dec. 2019
Trade accounts receivable	92,997	81,903
Contractual assets	40,700	39,845
Refund receivables from recourse claims	20,161	19,842
Receivables from underwriting business	13,202	7,413
Receivables from MLP consultants	6,056	5,529
Advance payments	45	1
Other assets	31,230	18,355
Total, gross	**204,390**	**172,888**
Impairment	-4,637	-4,302
Total, net	**199,753**	**168,587**

As of 31 December 2020, receivables (net) with a term of more than one year remaining to maturity are € 41,782 thsd (previous year: € 38,230 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 branch office managers, as well as insurance companies.

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

The contractual assets in the context of unit-linked life insurance policies developed as follows:

All figures in €'000	2020	2019
As of 1 Jan.	**39,805**	**41,602**
Additions from new contracts	**7,279**	**8,239**
Payments received	-9,593	-9,996
Change of transaction price	–	–
Gross receivable as of 31 Dec.	37,491	39,845
Impairment pursuant to IFRS 9	**-37**	**-40**
As of 31 Dec.	**37,453**	**39,805**

The contractual assets relating to DI projects developed as follows:

All figures in €'000	2020
As of 1 Jan.	–
Effects from the first-time adoption	–
Additions from new contracts including contract initiation costs	3,307
Payments received	–
Amortisation of contract initiation costs	**-98**
Gross receivable as of 31 Dec.	**3,209**

Figure includes contract initiation costs of € 964 thsd.

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 have developed as follows in the financial year:

Development of impairments on other receivables and assets 2020

All figures in €'000	Stage 2	Stage 3	Total
As of 1 Jan. 2020	**1,846**	**2,456**	**4,302**
Allocation	416	153	569
Disposals	-164	-70	-234
of which usage	-10	-4	-14
of which reversal	-154	-66	-221
As of 31 Dec. 2020	**2,097**	**2,540**	**4,637**

Development of impairments on other receivables and assets 2019

All figures in €'000	Stage 2	Stage 3	Total
As of 1 Jan. 2019	**1,686**	**2,410**	**4,096**
Addition scope of consolidation*	499	23	523
Allocation	402	134	536
Disposals	-742	-111	-853
of which usage	-	-55	-55
of which reversal	-742	-56	-798
As of 31 Dec. 2019	**1,846**	**2,456**	**4,302**

* The change to the scope of consolidation affects value adjustments formed for the first time pursuant to IFRS 9 on financial assets of the newly acquired DI Group.

MLP uses the simplified approach described in IFRS 9.5.5.15 to determine the loan loss provisions on anticipated losses from other receivables. Based on this, 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 credit impairments, they are transferred to Stage 3.

MLP uses a loss rate approach to determine the losses anticipated throughout the entire term of the contract. Here, historical credit default rates are determined for defined portfolios with the same risk characteristics. The anticipated losses are estimated on the basis of historical losses.

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-offs of € 535 thsd (previous year: € 271 thsd), allocations of € 569 thsd (previous year: € 536 thsd) as well as reversal of € 221 thsd (previous year: € 798 thsd) recognised in income resulted in a net loan loss provision of € 817 thsd in the reporting year (previous year: € 9 thsd).

As of 31 December 2020, the total volume of receivables recognised in Stage 2 is € 152,092 thsd (previous year: € 130,174 thsd). An impairment loss of € 2,097 thsd was recognised for this (previous year: € 1,846 thsd).

As of 31 December 2020, the total volume of receivables recognised in Stage 3 is € 3,867 thsd (previous year: € 4,006 thsd). There are objective indications of an impairment or default status for these receivables. An impairment loss of € 2,540 thsd was recognised for this (previous year: € 2,456 thsd).

Additional disclosures on other receivables and assets can be found in → Note 36.

28 Cash and cash equivalents

All figures in €'000	31 Dec. 2020	31 Dec. 2019
Bank deposits and cash on hand	83,296	107,979
Deposits at Deutsche Bundesbank	775,746	402,800
Total	**859,041**	**510,778**

As was the case in previous years, cash and cash equivalents include deposits at the Deutsche Bundesbank. In the financial year 2020, holding funds with commercial banks were transferred to the Bundesbank. This resulted in an increase in cash and cash equivalents. Changes in cash and cash equivalents during the financial year are shown in the statement of cash flow. The impairment in line with IFRS 9 is € 10 thsd (previous year: € 12 thsd), the holdings are assigned to Stage 1.

29 Shareholders' equity

All figures in €'000	31 Dec. 2020	31 Dec. 2019
Share capital	**109,334**	**109,334**
Treasury stock	-9	0
Capital reserves	149,918	149,853
Retained earnings		
Statutory reserve	3,129	3,129
Other retained earnings and net profit	211,865	191,836
Revaluation reserve	-20,995	-17,547
Equity attributable to MLP SE shareholders	**453,243**	**436,605**
Non-controlling interest	**776**	**787**
Total shareholders' equity	**454,019**	**437,392**

Share capital

The share capital of MLP SE is made up of 109,326,186 (31 December 2019: 109,334,300). 566,000 own shares were acquired in the last financial year. These will be issued to MLP consultants and branch office managers within the scope of a share-based payment.

Authorised capital

A resolution passed by the Annual General Meeting on 14 June 2018 authorised the Executive Board, with the consent of the Supervisory Board, to increase the company's share capital by up to € 21,500,000 in exchange for cash or non-cash contributions on one or more occasions until 13 June 2023.

Acquisition of treasury stock

The Annual General Meeting on 29 June 2017 authorised the Executive Board to buy back own shares on one or more occasions with a pro rata amount of capital stock represented by such shares of up to € 10,933,468 until 28 June 2022. On 24 September 2019, the Executive Board at MLP SE approved a share buyback, which was carried out by MLP Finanzberatung SE. The shares were to be used for share-based payments under the 2019 participation programme. The buyback of shares for the 2020 participation programme starts in 2021. Please refer to → Note 34 for further details.

Capital reserves

The capital reserves include increases/decreases in capital stock in MLP SE from previous years. The capital reserves are subject to the restraints on disposal as per § 150 of the German Stock Corporation Act (AktG). The change in capital reserves in the financial year is the result of recording share-based payment in line with IFRS 2. For further details, please refer to → Note 34.

Other retained earnings and net profit

Other retained earnings comprise retained earnings of the MLP Group and a reserve for treasury shares of € 267 thsd (previous year: € 1 thsd).

Revaluation reserve

The provision includes losses from the revaluation of defined benefit obligations of € 29,816 thsd (previous year: € 24,842 thsd) and deferred taxes attributable to this of € 8,822 thsd (previous year: € 7,294 thsd).

Minority interests

Minority interests comprise equity interests subsidiaries of MLP SE.

Proposed appropriation of profit

The Executive Board and Supervisory Board of MLP SE will propose a dividend of € 25,147 thsd (previous year: € 22,960 thsd) for the financial year 2020 at the Annual General Meeting. This corresponds to € 0.23 (previous year: € 0.21) 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 € 20,574 thsd (previous year: € 23,469 thsd). Pension insurance policies are in place for all other pension obligations (defined benefit obligation of € 36,573 thsd; previous year: € 33,463 thsd).

The change in net liability from defined benefit plans is summarised in the following table:

All figures in €'000	Defined benefit obligation		Fair value of pension scheme assets		Net liability from defined benefit plans	
	2020	2019	2020	2019	2020	2019
As of 1 Jan.	**56,933**	**49,753**	**–26,234**	**–25,826**	**30,699**	**23,927**
Current service cost	330	272	–	–	330	272
Interest expenses (+)/ income (–)	625	933	–293	–491	331	442
Recognised in profit or loss	**954**	**1,205**	**–293**	**–491**	**661**	**714**
Actuarial gains (–)/ losses (+) from:						
financial assumptions	4,658	7,257	–	–	4,658	7,257
experience adjustments	–101	61	–	–	–101	61
Gains (–)/ losses (+) from pension scheme assets without amounts recognised as interest income	–	–	–620	–336	–620	–336
Gains (–)/ losses (+) from revaluations*	**4,557**	**7,318**	**–620**	**–336**	**3,937**	**6,982**
Contributions paid by the employer	–	–	50	–147	50	–147
Payments made	–1,565	–1,343	690	567	–875	–776
Other	**–1,565**	**–1,343**	**740**	**419**	**–826**	**–923**
As of 31 Dec.	**60,879**	**56,933**	**–26,407**	**–26,234**	**34,472**	**30,699**

*recognised in other comprehensive income

Net liabilities of € 2,029 thsd recognised in the balance sheet (previous year: € 1,941 thsd) are attributable to Executive Board members active at the end of the reporting period.

With regard to net pension provisions, payments of € 1,671 thsd are anticipated for 2021 (previous year: € 1,462 thsd). € 961 thsd thereof (previous year: € 872 thsd) is attributable to direct, anticipated company pension payments, while € 710 thsd (previous year: € 590 thsd) is attributable to anticipated reinsurance policy premiums.

Actuarial calculations incorporate the following assumptions:

	2020	2019
Assumed interest rate	0.65%	1.10%
Anticipated annual pension adjustment	1.7%/2.5%	1.7%/2.5%

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

On 31 December 2020, the weighted average term of defined benefit obligations was 18 years (previous year: 18 years).

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
	0.5%	-5,143
Assumed interest rate	-0.5%	5,871
	0.5%	4,957
Pension trend	-0.5%	-4,442
Mortality	80.0%	5,691

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 2020 they total € 11,748 thsd (previous year: € 11,158 thsd).

Other provisions are made up as follows:

All figures in €'000			31 Dec. 2020			31 Dec. 2019
	Current	Non-current	Total	Current	Non-current	Total
Cancellation risks	13,288	20,217	33,505	12,974	20,315	33,289
Bonus schemes	26,013	2,165	28,177	25,424	–	25,424
Litigation risks/ costs	3,390	397	3,787	1,207	53	1,260
Share-based payments	823	2,257	3,081	1,834	2,865	4,699
Claim settlement contributions/ commission reductions	1,517	–	1,517	950	–	950
Economic loss	700	–	700	488	–	488
Phased retirement	261	416	676	91	214	305
Provisions for expected credit losses	422	231	653	595	194	790
Anniversaries	235	409	644	184	399	583
Rent	121	34	155	97	84	181
Other	7,281	825	8,106	2,300	627	2,927
Total	**54,051**	**26,950**	**81,001**	**46,144**	**24,752**	**70,897**

Other provisions have changed as follows:

All figures in €'000	01. Jan 20	Utilisation	Reversal	Compounding/Discounting	Allocation	31 Dec. 2020
Cancellation risks	33,289	-12,884	-51	110	13,041	33,505
Bonus schemes	25,424	-25,271	-302	-	28,326	28,177
Litigation risks/ costs	1,260	-90	-63	-	2,679	3,787
Share-based payments	4,699	-2,140	-36	17	542	3,081
Claim settlement contributions/ commission reductions	950	-59	-153	-	779	1,517
Economic loss	488	-84	-121	-	417	700
Phased retirement	305	-123	-	8	486	676
Provisions for expected credit losses	790	-	-581	-	444	653
Anniversaries	583	-152	-1	2	212	644
Rent	181	-78	-	2	49	155
Other	2,927	-937	-91	-3	6,210	8,106
Total	**70,897**	**-41,817**	**-1,399**	**136**	**53,185**	**81,001**

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 bonus schemes are recognised for incentive agreements for MLP consultants and branch office managers.

Provisions for litigation risks/costs are formed for risks resulting from legal disputes.

Provisions for share-based payments are recognised for incentive agreements and for profit-sharing schemes for Executive Board members, employees, MLP consultants and branch office managers.

Due to contractual obligations towards insurance companies, provisions for claim settlement contributions/ commission reductions are to be recognised in accordance with the current estimate of the development of claims and premiums of in-force portfolios.

The provisions for economic loss due to liability risks are offset by claims for reimbursement from liability insurance policies with a value of € 573 thsd (previous year: € 435 thsd).

The provision for anticipated losses from the lending business is recognised as a result of the impairment regulations pursuant to IFRS 9. Please refer to → Note 35 for further information on the provision for anticipated losses from the lending business.

Other provisions are formed for obligations from IT services and incentive trips.

The provisions classed as short-term are likely to be utilised within the next financial year. Payments for long-term provisions are essentially likely to be incurred within the next 2 to 33 years.

Provisions for expected losses from the lending business developed as follows in the financial year:

All figures in €'000	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL – not impaired)	Stage 3 (lifetime ECL – impaired credits)	Total
As of 1 Jan. 2020	**265**	**260**	**265**	**790**
Transfer to Stage 1	11	–11	–	–
Transfer to Stage 2	–13	14	–	–
Transfer to Stage 3	–	–1	1	–
Allocation	148	255	18	420
of which newly acquired or issued financial assets	109	82	–	191
of which existing business	39	173	18	230
Disposals	–127	–175	–255	–557
of which usage/consumption	–	–	–	–
of which reversal	–127	–175	–255	–557
As of 31 Dec. 2020	**283**	**341**	**29**	**653**

All figures in €'000	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL – not impaired)	Stage 3 (lifetime ECL – impaired credits)	Total
As of 1 Jan. 2019	**294**	**239**	**310**	**842**
Transfer to Stage 1	13	–12	–1	–
Transfer to Stage 2	–12	14	–2	–
Transfer to Stage 3	–1	–1	1	–
Allocation	108	188	225	521
of which newly acquired or issued financial assets	68	97	–	165
of which existing business	40	92	225	357
Disposals	–137	–169	–268	–574
of which usage/consumption	–56	–61	–60	–177
of which reversal	–81	–108	–208	–397
As of 31 Dec. 2019	**265**	**260**	**265**	**790**

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			31 Dec. 2020			31 Dec. 2019
	Current	Non-current	Total	Current	Non-current	Total
Liabilities due to clients	2,265,389	6,529	2,271,919	1,888,676	6,166	1,894,843
Liabilities due to banks	3,913	103,557	107,471	2,901	95,507	98,409
Total	**2,269,303**	**110,086**	**2,379,389**	**1,891,578**	**101,674**	**1,993,251**

The change in liabilities due to banking business from € 1,993,251 thsd to € 2,379,389 thsd is essentially attributable to the increase in short-term client deposits in current accounts.

As of 31 December 2020, liabilities due to clients from savings deposits with an agreed notice period of three months amounted to € 22,357 thsd (previous year: € 19,758 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 36 and → 37.

32 Other liabilities

All figures in €'000			31 Dec. 2020			31 Dec. 2019
	Current	Non-current	Total	Current	Non-current	Total
Liabilities due to MLP consultants and branch office managers	49,352	17,695	67,047	48,485	19,273	67,758
Leasing liabilities	10,473	40,684	51,157	10,769	43,387	54,156
Trade accounts payable	33,760	–	33,760	28,173	–	28,173
Personnel-related liabilities	32,858	–	32,858	28,955	–	28,955
Liabilities due to underwriting business	28,056	–	28,056	24,882	–	24,882
Purchase price liabilities	–	19,063	19,063	–	18,279	18,279
Liabilities due to other taxes	9,243	–	9,243	9,072	–	9,072
Liabilities due to banks	3,244	5,007	8,251	31	1,500	1,531
Liabilities due to social security contributions	7	–	7	15	–	15
Other liabilities	13,771	2,510	16,281	15,190	2,558	17,748
Total	**180,763**	**84,959**	**265,722**	**165,571**	**84,997**	**250,568**

Liabilities due to MLP consultants and branch office managers 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. Since 1 January 2018, additional liabilities to MLP consultants and branch office managers resulting from future commission claims need to be recognised due to the introduction of IFRS 15. As of 31 December 2020 this figure was € 25,070 thsd (previous year: € 26,515 thsd), € 17,695 thsd of this amount was non-current (previous year: € 19,273 thsd).

Leasing liabilities of € 51,157 thsd (previous year: € 54,156 thsd) include liabilities for lease payments on real estate of € 49,184 thsd (previous year: € 52,624 thsd) and liabilities for lease payments on vehicles of € 1,973 thsd (previous year: € 1,532 thsd). The total outflow of cash and cash equivalents for leases was € 12,036 thsd in the financial year 2020 (previous year: € 11,584 thsd).

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

Purchase price liabilities include variable purchase price components resulting from the acquisition of the DI Group. Adjustments to the earnings targets of the DI Group were performed due to the coronavirus pandemic in the time period relevant for the purchase price. This leads to a reduction in the purchase price of € 1,479 thsd, which was recognised in the income statement.

Other liabilities comprise commissions withheld from MLP consultants due to cancellations amounting to € 2,359 thsd (previous year: € 2,291 thsd). Commissions withheld are charged with interest. Their term is mainly indefinite.

MLP has agreed-upon and non-utilised lines of credit amounting to € 160,029 thsd (previous year: € 168,961 thsd).

Further disclosures on other liabilities can be found in → Note 35 and → 36.

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 joint management report.

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

Cash flow from financing activities includes cash-relevant equity changes and loans used and paid back as well as the repayment portions of leasing liabilities.

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	31 Dec. 2020	31 Dec. 2019
Cash and cash equivalents	859,041	510,778
Liabilities to banks due on demand (excluding the banking business)	-3,244	-
Cash and cash equivalents	**855,797**	**510,778**

Receivables of MLP Banking AG due from banks are included in cash and cash equivalents, insofar as they are separable as own-account investing activities. Inseparable elements are not considered to be cash and cash equivalents and are therefore not included. All deposits at the Deutsche Bundesbank are disclosed under cash and cash equivalents.

Miscellaneous information

34 Share-based payments

Participation programme

In the financial year 2008, MLP launched a participation programme for branch office managers, MLP 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 branch office managers and MLP 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 31 Decemberof 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
Holdings as of 1 Jan. 2020 (units)	**128,235**	**84,785**	**59,650**	**92,376**	**365,046**
SARs expired in 2020 (units)	–	-845	-734	-1,849	-3,428
Paid out in 2020 (units)	-128,235	–	–	–	-128,235
Holdings as of 31 Dec. 2020 (units)	**0**	**83,940**	**58,916**	**90,527**	**233,383**
Expenses recognised in 2020 (€'000)	327	75	70	70	542
Income recognised in 2020 (€'000)	-26	-1	-4	-5	-36
	301	**73**	**66**	**66**	**506**
Expenses recognised in 2019 (€'000)	521	250	281	114	1,167
Income recognised in 2019 (€'000)	-10	-5	-4	-52	-70
	512	**245**	**277**	**62**	**1,096**
Provision as of 31 Dec. 2019 (€'000)	1,834	752	1,012	1,101	4,699
Provision as of 31 Dec. 2020 (€'000)	–	823	1,084	1,174	3,081

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 or 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.

The participation programme for MLP consultants and MLP branch office managers was launched in 2017. Its objective was to extend recognition of extraordinary and sustainable performance, as well as the performance and client focus of MLP consultants and MLP branch office managers, while also making a contribution to keeping high performers both motivated and loyal to the company. This programme was continued in 2020. Set against this background MLP consultants and MLP branch office managers are to be enabled to acquire shares in MLP SE within the scope of the participation programme and in line with its conditions without having to make any additional payments.

Assuming all eligibility requirements are met, those MLP consultants entitled to participate are each granted a number of bonus shares, determined pursuant to the provisions of the 2019 participation programme (taking into account income tax effects where applicable). This number is calculated by dividing the "2019 bonus amount" by the average closing price of the MLP share. The "2019 bonus amount" is calculated on the basis of the MLP consultant's annual commission, as well as various performance factors. The average closing price applicable for determining how many bonus shares to grant is based on the price of the MLP share in the month of February 2020. An average of 557,886 shares (previous year: 539,947) were issued in the last financial year. An expense of € 3,191 thsd (previous year: € 3,126 thsd) was recognised for the 2020 bonus amount in the consolidated financial statements with a reserve-increasing effect.

35 Contingent assets and liabilities, as well as other liabilities

As it is composed of companies operating in different lines of business, 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 expenses 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.

Reinsurance has been arranged for benefit obligations for branch office managers. 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 Banking 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.

On the balance sheet date, there are € 5,356 thsd in contingent liabilities on account of sureties and warranties (face value of the obligation) (previous year: € 3,799 thsd) and irrevocable credit commitments (contingent liabilities) of € 67,662 thsd (previous year: € 54,631 thsd). In terms of sureties and warranties, any utilisation remains unlikely as in the past. The irrevocable credit commitments are generally utilised. In addition to this, MLP has committed to taking over the properties in question itself if necessary as part of the real estate sales process. However, no significant outflow of cash and cash equivalents is anticipated in this regard.

As of the balance sheet date, other financial commitments were as follows:

All figures in €'000	Up to 1 year	1-5 years	>5 years	Total
Outsourcing IT technology	38,968	21,570	–	60,538
Project development for ongoing building projects	22,784	9,859	–	32,643
Licence contracts	15,690	3,183	–	18,873
Land purchases contracted under a condition precedent	12,181	–	–	12,181
Other obligations	5,019	2,439	132	7,590
Purchase commitment	6,948	–	–	6,948
Total	**101,590**	**37,051**	**132**	**138,773**

As of 31 December 2019, other financial commitments were as follows:

All figures in €'000	Up to 1 year	1-5 years	>5 years	Total
Outsourcing IT technology	37,397	32,127	–	69,524
Licence contracts	18,408	15,595	71	34,074
Land purchases contracted under a condition precedent	14,765	–	–	14,765
Other obligation	5,866	3,385	152	9,403
Purchase commitments	3,969	–	–	3,969
Total	**80,405**	**51,107**	**223**	**131,735**

Lease contracts concluded in the financial year 2020 which were not included in the leasing liability as of 31 December 2020, as the lease only commences in the following year, will lead to future outflows of cash and cash equivalents of € 209 thsd (previous year: € 200 thsd).

36 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							31 Dec. 2020
	Carrying amount					Fair value	No financial instruments according to IFRS 9
		Carrying amount corresponds to fair value	Stage 1	Stage 2	Stage 3	Total	
Financial assets at fair value through profit or loss (FVPL)	**17,191**	**1,816**	**5,320**	**10,056**	**–**	**17,191**	**8,633**
Financial assets (structured bonds)	10,056	–	–	10,056	–	10,056	
Financial assets (investment fund shares)	7,084	1,764	5,320	–	–	7,084	
Investments	51	51	–	–	–	51	
Investments in non-consolidated subsidiaries	–	–	–	–	–	–	7,973
Shares in associates (not at equity)	–	–	–	–	–	–	660
Financial assets measured at amortised cost (AC)	**2,822,587**	**1,316,016**	**54,889**	**684,939**	**815,715**	**2,871,559**	**40,121**
Receivables from banking business – clients	880,649	113,767	–	–	815,715	929,482	
Receivables from banking business – banks	751,466	113,626	–	637,336	–	750,962	
Financial assets (fixed and time deposits)	59,951	59,951	–	–	–	59,951	
Financial assets (loans)	9,998	9,998	–	–	–	9,998	
Financial assets (bonds)	101,849	–	54,889	47,603	–	102,493	
Other receivables and assets	159,632	159,632	–	–	–	159,632	40,121
Cash and cash equivalents	859,041	859,041	–	–	–	859,041	
Financial liabilities measured at amortised cost	**2,586,665**	**2,440,878**	**–**	**138,214**	**–**	**2,579,092**	**58,447**
Liabilities due to banking business – clients	2,271,919	2,232,221	–	29,306	–	2,261,527	
Liabilities due to banking business – banks	107,471	1,382	–	108,908	–	110,290	
Other liabilities	207,275	207,275	–	–	–	207,275	58,447
Sureties and warranties*	**5,356**	**5,356**				**5,356**	**5,356**
Irrevocable credit commitments*	**67,662**	**67,662**				**67,662**	**67,662**

* off balance sheet items. Figures before loan loss provisions.

All figures in €'000							31 Dec. 2019
	Carrying amount	Fair value					No financial instruments according to IFRS 9
		Carrying amount corresponds to fair value	Stage 1	Stage 2	Stage 3	Total	
Financial assets at fair value through profit or loss (FVPL)	**15,624**	**131**	**5,398**	**10,095**	**–**	**15,624**	**7,751**
Financial investments (shares and structured bonds)	10,095	–	–	10,095	–	10,095	
Financial investments (shares and investment fund shares)	5,398	–	5,398	–	–	5,398	
Investments	131	131	–	–	–	131	7,751
Financial assets measured at amortised cost (AC)	**2,404,730**	**974,901**	**43,935**	**652,310**	**773,625**	**2,444,772**	**30,105**
Receivables from banking business – clients	872,175	139,310	–	–	773,625	912,934	
Receivables from banking business – banks	728,085	121,335	–	605,159	–	726,493	
Financial assets (fixed and time deposits)	54,997	54,997	–	–	–	54,997	
Financial assets (loans)	9,999	9,999	–	–	–	9,999	
Financial assets (bonds)	90,214	–	43,935	47,152	–	91,087	
Other receivables and assets	138,482	138,482	–	–	–	138,482	30,105
Cash and cash equivalents	510,778	510,778	–	–	–	510,778	
Financial liabilities measured at amortised cost	**2,183,603**	**2,059,708**	**–**	**123,676**	**–**	**2,183,384**	**60,217**
Liabilities due to banking business – clients	1,894,843	1,868,918	–	25,884	–	1,894,802	
Liabilities due to banking business – banks	98,409	439	–	97,791	–	98,230	
Other liabilities	190,351	190,351	–	–	–	190,351	60,217
Sureties and warranties*	**3,799**	**3,799**				**3,799**	
Irrevocable credit commitments*	**54,631**	**54,631**				**54,631**	

* off balance sheet items. Figures before loan loss provisions

Cash and cash equivalents, receivables and liabilities due to banking business without agreed terms to maturity, trade 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 valued pursuant to IFRS 9 in the form of sureties and warranties of € 3,535 thsd (previous year: € 3,649 thsd). These financial guarantees are measured on the basis of the impairment provisions defined in IFRS 9. Impairments of € 125 thsd (previous year: € 119 thsd) resulting from this are disclosed under other provisions.

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.

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 •administration costs •expected return on equity	The estimated fair value would increase (decrease) if: • the credit and default risk were to fall (rise) • the admin costs were to fall (rise) • the expected return on equitywere to fall (rise).

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

All figures in €'000	2020	2019
Financial assets measured at amortised cost	12,378	15,122
Financial assets measured at fair value	1,870	2,227
Liabilities measured at amortised cost	-3,304	-2,259

Net gains or net losses comprise gains and losses on fair value measurement through profit or 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 or loss, interest income of € 15,149 thsd (previous year: € 16,708 thsd) and interest expenses of € 3,304 thsd (previous year: € 2,259 thsd) were incurred.

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.

37 Financial risk management

With the exception of the disclosures in line with IFRS 7.35-39 (b) (with the exception of 7.35B (c)), 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 34.

In the 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 joint management report.

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

Total cash flow (principal and interest) in €'000 as of 31 Dec. 2020	Due on demand	Up to 1 year	1 to 5 years	More than 5 years	Total
Financial liabilities	**2,236,685**	**142,821**	**107,379**	**98,032**	**2,584,917**
Liabilities due to banking business – clients	2,232,701	18,959	5,058	5,105	2,261,824
Liabilities due to banking business – banks	3,984	-6,216	29,611	80,091	107,471
Other liabilities	-	119,151	43,374	-	162,525
Leasing liabilities	-	10,928	29,336	12,835	53,098
Financial guarantees and credit commitments	**73,018**				**73,018**
Sureties and warranties	5,356	-	-	-	5,356
Irrevocable credit commitments	67,662	-	-	-	67,662
Total	**2,309,703**	**142,821**	**107,379**	**98,032**	**2,657,935**

Total cash flow (principal and interest) in €'000 as of 31 Dec. 2019	Due on demand	Up to 1 year	1 to 5 years	More than 5 years	Total
Financial liabilities	**1,859,416**	**158,784**	**90,439**	**97,007**	**2,205,647**
Liabilities due to banking business – clients	1,858,977	25,940	–	–	1,884,917
Liabilities due to banking business – banks	439	-1,823	19,018	82,393	100,026
Other liabilities	–	123,330	40,532	–	163,862
Leasing liabilities	–	11,337	30,890	14,614	56,841
Financial guarantees and credit commitments	**58,430**				**58,430**
Sureties and warranties	3,799	–	–	–	3,799
Irrevocable credit commitments	54,631	–	–	–	54,631
Total	**1,917,846**	**158,784**	**90,439**	**97,007**	**2,264,077**

38 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-se.de and in the corporate governance report of this Annual Report.

39 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 and CEO Responsible for Strategy, Private Clients as well as Corporate and Institutional Clients, Digitalisation, Marketing, Communication, Investor Relations & Sustainability	• FERI AG, Bad Homburg v.d.H. (Chairman)	–
Reinhard Loose, Berlin Responsible for Compliance, Controlling, Internal Audit, IT, Human Resources, Accounting, Legal Affairs, Risk Management	• DOMCURA AG, Kiel • DI Deutschland.Immobilien AG, Hannover	–
Manfred Bauer, Leimen Responsible for Product Purchasing and Product Management, Services	• DOMCURA AG, Kiel (Chairman) • DI Deutschland.Immobilien AG, Hannover	• 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 of General Reinsurance AG, Cologne	• VHV Vereinigte Hannoversche Versicherung a. G., Hannover (Chairman) • VHV Holding AG, Hannover (Chairman) • VHV Allgemeine Versicherung AG, Hannover • Hannoversche Direktversicherung AG, Hannover (until 30 June 2020) • MLP Banking AG, Wiesloch (Chairman) • MLP Finanzberatung SE, Wiesloch (Chairman)	-
Dr Claus-Michael Dill, Murnau Formerly Chairman of the Executive Board at AXA Konzern AG, Cologne	• HUK-COBURG Holding AG, Coburg • HUK-COBURG Haftpflicht-Unterstützungs-Kasse kraftfahrender Beamter Deutschlands a.G., Coburg • HUK-COBURG-Allgemeine Versicherung AG, Coburg • HUK-COBURG Lebensversicherung AG, Coburg • HUK-COBURG Krankenversicherung AG, Coburg	• CONVEX Group Ltd., Hamilton, Bermuda (Independent Non-Executive Director) • CONVEX Re Ltd., Hamilton, Bermuda (Independent Non-Executive Director) • CONVEX Insurance UK Ltd, London, UK (Independent Non-Executive Director)
Tina Müller, Düsseldorf Chairwoman of the Management Board, CEO, at Douglas GmbH, Düsseldorf	–	–
Matthias Lautenschläger, Heidelberg Managing Partner at USC Heidelberg Spielbetrieb GmbH, Heidelberg Managing Partner at LEC Capital GmbH, Heidelberg	• wob AG, Viernheim	–
Burkhard Schlingermann, Düsseldorf Employees' representative (until 31 December 2020) Employee of MLP Finanzberatung SE, Wiesloch Works Council member at MLP SE and MLP Finanzberatung SE, Wiesloch	• MLP Finanzberatung SE, Wiesloch (employees' representative, Deputy Chairperson) (until 31 Dec. 2020)	–
Monika Stumpf, Schriesheim Employees' representative (since 1 January 2021) Employee of MLP Finanzberatung SE, Wiesloch Deputy Chairperson of the Works Council at MLP SE and MLP Finanzberatung SE, Wiesloch	• MLP Finanzberatung SE, Wiesloch (employees' representative) (since 1 Jan. 2021)	–
Alexander Beer, Karlsruhe Employees' representative Employee of MLP Banking AG, Wiesloch	–	–

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 are deposits received of € 6,243 thsd (previous year: € 5,310 thsd). The legal transactions were completed under standard market or employee conditions.

As of 31 December 2020, members of the Executive Bodies had current account credit lines and surety loans totalling € 582 thsd (previous year: € 572 thsd). Surety loans are charged an interest rate of 1.0% (previous year: 1.0%) and the current account debits 6.25% to 8.50% (previous year: 6.25% to 8.50%).

The total compensation for members of the Executive Board active on the reporting date is € 3,510 thsd (previous year: € 3,298 thsd). In the financial year, expenses of € 300 thsd (previous year: € 300 thsd) were accrued for occupational pension provision. As of 31 December 2020, pension provisions of € 20,290 thsd were in place for former members of the Executive Board (previous year: € 20,334 thsd).

Variable portions of compensation comprise long-term compensation components.

The members of the Supervisory Board received non-performance-related compensation of € 500 thsd for their activities in 2020 (previous year: € 500 thsd). In addition, € 15 thsd (previous year: € 17 thsd) was paid as compensation for expenses and training measures.

For the detailed structure of the pay system and the compensation of the Executive Board and Supervisory Board, please refer to the compensation report in the joint management report.

Related companies

Alongside the consolidated subsidiaries, MLP SE 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. Payments to related companies for services performed essentially concern 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 2020

All figures in €'000	Receivables	Liabilities	Income	Expenses
MLP Assekuranzmakler Holding GmbH, Wiesloch	–	–	3	-
MLP Hyp GmbH, Wiesloch (associate)	2,769	4	17,236	346
Uniwunder GmbH, Dresden	–	548	104	4,971
FERI (Switzerland) AG, Zurich	10	213	114	789
FPE Private Equity Beteiligungs-Treuhand GmbH, Munich	1	–	61	2
FPE Private Equity Koordinations GmbH, Munich	–	–	40	-
FERI Private Equity GmbH & Co. KG, Munich	–	–	–	6
FERI Private Equity Nr. 2 GmbH & Co. KG, Munich	–	–	–	5
DIEASS GmbH, Kiel	–	14	11	14
innoAssekuranz GmbH, Kiel	–	54	578	-
DIFA Research GmbH, Berlin	–	716	1	-
WD Wohnungsverwaltung Deutschland GmbH, Hannover	138	–	41	-
Projekt Deutschland.Immobilien Tengen GmbH, Saarbrücken	1	–	1	-
Convivo Wohnparks Deutschland.Immobilien Wittmund GmbH & Co. KG, Hannover	30	1	3,153	-
Projekte Deutschland.Immobilien Bad Goegging GmbH, Neustadt a.d. Donau	3,374	–	284	-
30. Projekte Deutschland.Immobilien GmbH, Hannover	1,835	0	143	-
Total	**8,158**	**1,550**	**21,771**	**6,133**

Related companies 2019

All figures in €'000	Receivables	Liabilities	Income	Expenses
MLP Consult GmbH, Wiesloch	–	2,046	8	–
MLP Hyp GmbH, Wiesloch (associate)	2,022	14	15,238	204
Uniwunder GmbH, Dresden	–	429	–	4,889
FERI (Switzerland) AG, Zurich	–	203	57	591
FPE Private Equity Beteiligungs-Treuhand GmbH, Munich	–	–	81	–
FPE Private Equity Koordinations GmbH, Munich	–	–	44	–
FERI Private Equity GmbH & Co. KG, Munich	–	–	–	6
FERI Private Equity Nr. 2 GmbH & Co. KG, Munich	–	–	–	5
DIEASS GmbH, Kiel	–	14	11	14
innoAssekuranz GmbH, Kiel	–	253	641	554
DIFA Research GmbH, Berlin	–	1,035	7	–
Projekte 2 Deutschland.Immobilien GmbH, Hannover (associate)	–	159	–	–
WD Wohnungsverwaltung Deutschland GmbH, Hannover	82	–	37	–
WiD Wohnungen in Deutschland GmbH & Co. KG, Mainz	36	–	–	–
Projekt Deutschland.Immobilien Tengen GmbH, Saarbrücken	140	–	–	–
Convivo Wohnparks Deutschland.Immobilien Wittmund GmbH & Co. KG, Hannover	1,228	–	140	–
Projekte Deutschland.Immobilien Bad Goegging GmbH, Neustadt a.d. Donau	677	–	26	–
30. Projekte Deutschland.Immobilien GmbH, Hannover	1,677	–	64	–
Total	**5,861**	**4,153**	**16,353**	**6,264**

40 Auditor's fees

The total fees for services performed by the auditing firm KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main in the financial year 2020 (including expenses, but excluding statutory value added tax) are as follows:

All figures in €'000	2020	2019
Audit services	655	734
Other audit-related services	182	186
Other services	14	14
Total	**851**	**934**

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 SE and its subsidiaries.

41 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 quantitative and qualitative equity base is strengthened. At MLP, the examinations performed for the purpose of complying with the Capital Requirements Regulation (CRR), which came into force on 1 January 2014, as well as Article 7 and Article 11 et seq. of EU Directive No. 575/2013 of the European Parliament and Council from 26 June 2013 regarding the supervisory requirements of financial institutions and investment firms, are performed on a consolidated basis (Group). Since 1 January 2017, we have been drafting an independent IFRS consolidation on the supervisory scope of consolidation. The disclosures are based on the legal foundations in place and valid on the reporting date.

As per Article 11 of the CRR, the relevant Group includes MLP SE, Wiesloch, MLP Banking AG, Wiesloch, FERI AG, Bad Homburg v. d. Höhe, FERI Trust GmbH, Bad Homburg v. d. Höhe and FERI Trust (Luxembourg) S. A., Luxembourg.

As the deposit-taking bank, MLP Banking AG, Wiesloch, is the controlling company in the MLP Financial Holding Group as per Article 11 of the Capital Requirements Regulation (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) retention of a portion of the earnings to strengthen Tier 1 common 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 10.50% eligible own funds (equity ratio) (previous year: 10.50%).

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).

As in the previous year, the backing of risk assets with eligible own funds for Tier 1 common capital generally requires a minimum ratio of 4.5% throughout.

As per Article 25 et seq. of the CRR, the Group's Tier 1 common capital includes the following equity items of IFRS capital: share capital, capital reserves, statutory reserve and retained earnings. Among other factors, intangible assets and good will reduce Tier 1 common capital.

As in the previous year, MLP has fulfilled all legal requirements relating to the minimum core capital backing during the financial year 2020. The relationship between core capital requirement and core capital as of the balance sheet date is illustrated below.

All figures in €'000	2020	2019
Tier 1 common capital	**301,223**	**289,606**
Tier 1 additional capital	–	–
Tier 2 capital	–	–
Eligible own funds	**301,223**	**289,606**
Capital adequacy requirements for counterparty default risks	**89,568**	**89,487**
Capital adequacy requirements for operational risk	**23,477**	**31,147**
Equity ratio (at least 10.5%) (at least 8 % + 2.5% capital conservation buffer)	**21.32**	**19.21**
Tier 1 common capital ratio (at least 4.5%)	**21.32**	**19.21**

42 Number of employees

The average number of staff employed increased from 1,783 in 2019 to 1,850 in 2020.

	2020			2019		
		of which executive employees	of which marginal part-time employees		of which executive employees	of which marginal part-time employees
Financial Consulting	1,097	32	25	1,071	28	26
Banking	193	6	2	187	6	3
FERI	221	9	29	236	8	42
DOMCURA	293	9	20	274	9	18
Holding and Others	46	1	4	16	1	–
Total	**1,850**	**57**	**80**	**1,783**	**52**	**90**

An average of 91 people (previous year: 81) underwent vocational training in the financial year.

43 Events after the balance sheet date

On 8 February 2021, MLP Assekuranzmakler Holding GmbH (formerly: MLP Consult GmbH) signed the acquisition agreement for 100% of the shares in RVM Versicherungsmakler GmbH & Co. KG., including its key subsidiaries ("RVM"). With effect from 12 February 2021, MLP Finanzberatung SE granted MLP Assekuranzmakler Holding GmbH a loan in the mid-double-digit million range in order to complete this acquisition. MLP Finanzberatung SE will use external financing to cover around half of the loan amount granted.

With its well-established business model, the industrial insurance broker RVM has a strong focus on small and medium-sized enterprises and supports more than 2,500 companies in this segment. The acquisition constitutes the essential basis for developing the commercial and industrial insurance market segment. The objective with the acquisition of RVM is to lay the foundations for the systematic expansion of the new industrial insurance broker segment. The acquisition is scheduled to be completed in the second quarter of 2021 with economic effect from 1 January 2021, subject to approval from the competition authorities.

The total purchase price that MLP is to pay to the two shareholders is in the mid-double-digit million range. This includes a mechanism via which a portion of the purchase price is linked to the quality of business development displayed up to the end of 2022. MLP will finance around half of the purchase price from cash funds.

MLP does not have any further information requiring disclosure in accordance with IFRS 3.59.

There were no appreciable events after the balance sheet date affecting the net assets, financial position or results of operations of the Group.

44 Release of consolidated financial statements

The Executive Board prepared the consolidated financial statements on 4 March 2021 and will present them to the Supervisory Board on 18 March 2021 for publication.

Wiesloch, 4 March 2021

MLP SE

Executive Board

Dr Uwe Schroeder-Wildberg   Manfred Bauer   Reinhard Loose