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 intragroup 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