

Miscellaneous information

35 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 December 31 of the 12th year, he or she is only entitled to receive payment for vested phantom shares earned up to this time. Phantom shares allocated from vesting periods not yet completed are then forfeited.

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

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

	Tranche 2008	Tranche 2009	Tranche 2010	Tranche 2011	Total
Inventory on Jan. 1, 2019 (units)	130,010	85,625	60,279	116,272	392,186
SARs expired in 2019 (units)	-1,775	-840	-629	-1,325	-4,569
Paid out in 2019 (units)	-	-	-	-22,571	-22,571
Inventory on Dec. 31, 2019 (units)	128,235	84,785	59,650	92,376	365,046
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
Expenses recognised in 2018 (€'000)	-	-	-	12	12
Income recognised in 2018 (€'000)	-245	-58	-260	-83	-646
	-245	-58	-260	-72	-634
Provision as of Dec. 31, 2018 (€'000)	1,311	502	726	1,088	3,628
Provision as of Dec. 31, 2019 (€'000)	1,834	752	1,012	1,101	4,699

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 ("2017 Participation Programme"). Its objectives are 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 2019. 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 2018 participation programme (taking into account income tax effects where applicable). This number is calculated by dividing the "2018 bonus amount" by the average closing price of the MLP share. The "2018 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 2019. An average of 539,947 shares (previous year: 377,876) were issued in the last financial year. An expense of € 3,126 thsd (previous year: € 2,500 thsd) was recognised for the 2019 bonus amount in the consolidated financial statements with a reserve-increasing effect.

36 Contingent assets and liabilities, as well as other liabilities

As it is composed of companies from different business segments, MLP is exposed to a variety of legal risks. These include, in particular, risks in the fields of warranty, taxes and litigation. The outcome of currently pending or future legal actions cannot be forecast with any degree of certainty and it follows that 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 € 3,799 thsd in contingent liabilities on account of sureties and warranties (face value of the obligation) (previous year: € 4,719 thsd) and irrevocable credit commitments (contingent liabilities) of € 54,631 thsd (previous year: € 54,667 thsd). In terms of sureties and warranties, any utilisation remains unlikely as in the past. The irrevocable credit commitments are generally utilised.

IT technology outsourcing essentially relates to a long-term outsourcing contract with EntServ Deutschland GmbH, Böblingen. Due to the project development activities of the DI Group, land-purchase obligations contracted under a condition precedent are being disclosed for the first time.

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	37,397	32,127	-	69,524
Licence contracts	18,408	15,595	71	34,074
Land-purchase contracts	14,765	-	-	14,765
Other obligation	5,866	3,385	152	9,403
Purchase commitment	3,969	-	-	3,969
Total	80,405	51,107	223	131,735

As of December 31, 2018, other financial commitments were as follows:

All figures in €'000	Up to 1 year	1-5 years	>5 years	Total
Outsourcing IT technology	38,608	67,383	-	105,991
Licence contracts	16,519	15,130	6	31,665
Purchase commitment	6,421	-	-	6,421
Other obligation	3,980	3,853	35	7,868
Total	65,528	86,366	41	151,935

Lease contracts concluded in the financial year 2019 which were not recorded in the leasing liability as of December 31, 2019, as the lease only commences in the following year, will lead to future outflows of cash and cash equivalents of € 200 thsd.

37 Additional information on financial instruments

Classifications and fair values

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

All figures in €'000	Dec. 31, 2019						No financial instruments according to IFRS 9
	Carrying amount	Fair value					
		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 assets (structured bonds)	10,095	-	-	10,095	-	10,095	
Financial assets (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 investments (fixed and time deposits)	54,997	54,997	-	-	-	54,997	
Financial investments (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

All figures in €'000

Dec. 31, 2018

	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)	13,080	184	2,972	9,925	-	13,080	5,799
Financial assets (structured bonds)	9,925	-	-	9,925	-	9,925	
Financial assets (investment fund shares)	2,972	-	2,972	-	-	2,972	
Investments	184	184	-	-	-	184	5,799
Financial assets measured at amortised cost (AC)	2,110,293	808,709	41,271	628,524	645,399	2,123,903	35,206
Receivables from banking business – clients	761,027	131,028	-	-	645,399	776,427	
Receivables from banking business – banks	694,210	108,843	-	583,536	-	692,380	
Financial investments (fixed and time deposits)	49,998	49,998	-	-	-	49,998	
Financial investments (loans)	9,997	9,997	-	-	-	9,997	
Financial assets (bonds)	86,219	-	41,271	44,988	-	86,259	
Other receivables and assets	122,917	122,917	-	-	-	122,917	35,206
Cash and cash equivalents	385,926	385,926	-	-	-	385,926	
Financial liabilities measured at amortised cost	1,861,006	1,755,682	-	102,115	-	1,857,797	25,279
Liabilities due to banking business – clients	1,638,892	1,614,863	-	24,032	-	1,638,895	
Liabilities due to banking business – banks	81,625	330	-	78,083	-	78,413	
Other liabilities	140,489	140,489	-	-	-	140,489	25,279
Sureties and warranties*	4,719	4,719				4,719	
Irrevocable credit commitments*	54,667	54,667				54,667	

* 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 € 3,649 thsd (previous year: € 4,569 thsd). These financial guarantees are measured on the basis of the impairment provisions defined in IFRS 9. Impairments of € 119 thsd (previous year: € 26 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 equity were 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	2019	2018
Financial assets measured at amortised cost	15,122	18,612
Financial assets measured at fair value	2,227	542
Liabilities measured at amortised cost	-2,259	-666

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 € 16,708 thsd (previous year: € 17,485 thsd) and interest expenses of € 2,259 thsd (previous year: € 666 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.

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

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

Total cash flow (principal and interest) in €'000 as of Dec. 31, 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

Total cash flow (principal and interest) in €'000 as of Dec. 31, 2018	Due on demand	Up to 1 year	1 to 5 years	More than 5 years	Total
Financial liabilities	1,607,200	143,396	37,724	64,275	1,852,595
Liabilities due to banking business – clients	1,606,870	24,043	-	-	1,630,913
Liabilities due to banking business – banks	330	-964	14,933	64,275	78,574
Other liabilities	-	120,318	22,790	-	143,108
Financial guarantees and credit commitments	59,386				59,386
Sureties and warranties	4,719	-	-	-	4,719
Irrevocable credit commitments	54,667	-	-	-	54,667
Total	1,666,586	143,396	37,724	64,275	1,911,981

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

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

40 Related parties

Executive Board	Mandates in other statutory Supervisory Boards of companies based in Germany	Memberships in comparable domestic and foreign control bodies of commercial enterprises
Dr. Uwe Schroeder-Wildberg, Heidelberg Chairman Responsible for Strategy, 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, Risk Management	• DOMCURA AG, Kiel • DI Deutschland.Immobilien AG, Hannover (since 9/2019)	–
Manfred Bauer, Leimen Responsible for Product Purchasing and Product Management, Services	• DOMCURA AG, Kiel (Chairman) • DI Deutschland.Immobilien AG, Hannover (since 9/2019)	• 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 Lebensversicherung AG, Hannover •MLP Banking AG, Wiesloch (Chairman) •MLP Finanzberatung SE, Wiesloch (Chairman)	–
Dr. Claus-Michael Dill, Murnau Vice Chairman 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	•XL Catlin Re Switzerland AG, Zurich, Switzerland (Chairman of the Governing Board) (until 3/2019) •XL Europe Re SE, Dublin, Ireland (Non-Executive Director) (until 3/2019) •XL Insurance Co. SE, London, UK (Non-Executive Director) (until 3/2019) •CONVEX Group Ltd., Hamilton, Bermuda (Independent Non-Executive Director) (since 4/2019) •CONVEX Re Ltd., Hamilton, Bermuda (Independent Non-Executive Director) (since 4/2019) •CONVEX Insurance UK Ltd, London, UK (Independent Non-Executive Director) (since 4/2019)
Tina Müller, Düsseldorf Chief Executive Officer (CEO) at Douglas GmbH, Düsseldorf	–	–
Matthias Lautenschläger, Heidelberg Managing Partner at USC Heidelberg Spielbetrieb GmbH, Heidelberg Managing Partner at LEC Capital GmbH, Heidelberg (since 5/2019)	• wob AG, Viernheim (since 7/2019)	–
Burkhard Schlingermann, Düsseldorf Employees' representative Employees of MLP Finanzberatung SE, Wiesloch Works council member at MLP SE and MLP Finanzberatung SE, Wiesloch	• MLP Finanzberatung SE, Wiesloch (employees' representative, Vice Chairman)	–
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 € 5,310 thsd (previous year: € 989 thsd). The legal transactions were completed under standard market or employee conditions.

As of December 31, 2019, members of the Executive Bodies had current account credit lines and surety loans totalling € 572 thsd (previous year: € 573 thsd). Surety loans are charged an interest rate of 1.0 % (previous year: 1.0 %) and the current account debits 6.25 % to 8.5 % (previous year: 6.25 % to 8.50 %).

The total compensation for members of the Executive Board active on the reporting date is € 3,298 thsd (previous year: € 3,102 thsd), € 1,356 thsd thereof (previous year: € 1,347 thsd) is attributable to the fixed portion of compensation and € 1,942 thsd (previous year: € 1,755 thsd) is attributable to the variable portion of compensation. In the financial year, expenses of € 300 thsd (previous year: € 290 thsd) were accrued for occupational pension provision. As of December 31, 2019, pension provisions of € 20,334 thsd were in place for former members of the Executive Board (previous year: € 17,095 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 2019 (previous year: € 500 thsd). In addition, € 17 thsd (previous year: € 20 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 → "[Corporate governance](#)" chapter. The compensation report is part of the 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 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

Related companies 2018

All figures in €'000	Receivables	Liabilities	Income	Expenses
MLP Consult GmbH, Wiesloch	-	2,054	8	-
MLP Hyp GmbH, Wiesloch (associate)	273	4	11,985	120
Uniwunder GmbH, Dresden	235	500	199	3,824
FERI (Switzerland) AG (formerly Michel & Cortesi Assetmanagement AG), Zurich	707	78	62	292
FPE Private Equity Beteiligungs-Treuhand GmbH, Munich	2	-	72	-
FPE Private Equity Koordinations GmbH, Munich	-	-	48	-
FERI Private Equity GmbH & Co. KG, Munich	-	-	-	6
FERI Private Equity Nr. 2 GmbH & Co. KG, Munich	-	-	-	5
DIEASS GmbH, Kiel	-	17	14	17
innoAssekuranz GmbH (Portus Assekuranz Vermittlungsgesellschaft mbH), Kiel	-	29	21	29
Walther GmbH Versicherungsmakler, Hamburg	-	212	359	242
Total	1,216	2,894	12,767	4,535

41 Number of employees

The average number of staff employed increased from 1,722 in 2018 to 1,783 in 2019.

	2019			2018		
		of which executive employees	of which marginal part-time employees		of which executive employees	of which marginal part-time employees
Financial Consulting	1,071	28	26	1,055	29	25
Banking	187	6	3	179	6	3
FERI	236	8	42	223	7	34
DOMCURA	274	9	18	260	9	15
Holding and Others	16	1	-	6	1	-
Total	1,783	52	90	1,722	52	77

An average of 81 people (previous year: 85) underwent vocational training in the financial year.

42 Auditor's fees

The total fees for services performed by the auditing firm KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main in the financial year 2019 (including expenses, but excluding statutory value added tax) are as follows:

All figures in €'000	2019	2018
Audit services	734	790
Other audit-related services	186	191
Other services	14	39
Total	934	1,020

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.

43 Disclosures on equity/capital control

A primary objective of equity control is to ensure that the legal solvency regulations for banking and financial services businesses, which prescribe a minimum capital adequacy, are fulfilled and that the 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 January 1, 2014, as well as Article 7 and Article 11 et seq. of EU Directive No. 575/2013 of the European Parliament and Council from June 26, 2013 regarding the supervisory requirements of financial institutions and investment firms, are performed on a consolidated basis (Group). Since January 1, 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, FERREAL AG, Bad Homburg v. d. Höhe, 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) Making transfers to the statutory reserve 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: 9.875 %).

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, the following serve to reduce Tier 1 capital: intangible assets, treasury stock, goodwill.

As in the previous year, MLP has fulfilled all legal requirements relating to the minimum core capital backing during the financial year 2019. The relationship between core capital requirement and core capital as of the balance sheet date is illustrated below.

All figures in €'000	2019	2018
Tier 1 common capital	289,606	288,857
Tier 1 additional capital	-	-
Tier 2 capital	-	-
Eligible own funds	289,606	288,857
Capital adequacy requirements for counterparty default risks	89,487	77,582
Capital adequacy requirements for operational risk	31,147	40,087
Equity ratio (at least 10.5 %) (at least 8 % + 2.5 % (previous year 1.875 %) capital conservation buffer)	19.21	19.64
Tier 1 common capital ratio (at least 4.5 %)	19.21	19.64

44 Events after the balance sheet date

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

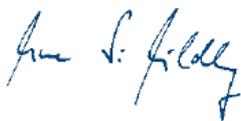
45 Release of consolidated financial statements

The Executive Board prepared the consolidated financial statements on March 5, 2020 and will present them to the Supervisory Board on March 18, 2020 for publication.

Wiesloch, March 5, 2020

MLP SE

Executive Board



Dr. Uwe Schroeder-Wildberg



Manfred Bauer



Reinhard Loose

