interact

ANNUAL REPORT 2021

MLP

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MLP KEY FIGURES

MLP key figures – multi-year overview

All figures in € million	2021	2020	2019	2018	2017	2016	2015
Continuing operations							
Total revenue	934.5	767.3	708.8	666.0	628.2	610.4	554.3
Revenue	907.3	745.5	689.6	642.1	608.7	590.6	535.7
Other revenue	27.2	21.8	19.2	23.8	19.4	19.8	18.7
Earnings before interest and taxes (EBIT)	96.8	59.4	47.1	46.4	37.6	19.7	30.7
EBIT margin (in %) [3]	10.4%	7.7%	6.6%	7.0%	6.0%	3.2%	5.5%
MLP Group							
Net profit (total)	62.8	43.2	36.9	34.5	27.8	14.7	19.8
Earnings per share (diluted/undiluted) (in €)	0.57	0.40	0.34	0.32	0.25	0.13	0.18
Dividend per share in €	0.30 [1]	0.23	0.21	0.20	0.20	0.08	0.12
Cash flow from operating activities	546.3	408.1	191.6	141.2	115.5	144.7	58.8
Capital expenditure	72.2	9.3	22.3	26.6	7.3	18.4	12.8
Total shareholders' equity	496.2	454.0	437.3	424.8	404.9	383.6	385.8
Equity ratio (in %)	13.4%	14.0%	15.6%	17.5%	18.7%	19.7%	22.0%
Balance sheet total	3,693.4	3,235.0	2,799.5	2,421.0	2,169.5	1,944.1	1,752.7
Clients [2]							
Private clients (Family) [4]	562,300	554,900	549,580	541,150	529,100	517,400	510,200
Corporate and institutional clients [4]	24,800	22,500	21,847	20,892	19,800	19,200	18,200
Consultants [2]	2,083	2,086	1,981	1,928	1,909	1,940	1,943
Branch offices [2]	129	129	130	131	145	146	156
University teams	106	102	93	77	58	-	-
Employees	2,058	1,850	1,783	1,722	1,686	1,768	1,802
Brokered new business [2]							
Old-age provision (premium sum in € billion)	4.6 [5]	3.8 [5]	4.2 [5]	3.9 [5]	3.4	3.7	3.5
Loans and mortgages	2,651.5	2,357.5	1,958.5	1,806.0	1,728.4	1,709.7	1,798.0
Assets under management (in € billion)	56.6	42.7	39.2	34.5	33.9	31.5	29.0
Non-life insurance (premium volume)	554.6	430.8	405.5	385.6	360.1	350.2	-
Real estate (brokered volume)	524.0	403.8	294.0	256.0	198.9	151.4	137.5

1 Subject to the consent of the Annual General Meeting on June 2, 2022
2 Continuing operations
3 EBIT in relation to total revenue
4 Client counting method adjusted in Q1 2016
5 Calculation basis adjusted since 2019 (former calculation values: 2021: 4.0; 2020: 3.5; 2019: 3.9; 2018: 3.6)

THE EXECUTIVE BOARD

Dr. Uwe Schroeder-Wildberg

Chairman and CEO
of MLP SE

Strategy,
Communication,
Policy/Investor Relations,
Marketing,
Sales,
Sustainability

Appointed until December 31, 2027

Manfred Bauer

Member of the Executive Board
of MLP SE

Product Management

Appointed until April 30, 2025

Reinhard Loose

Member of the Executive Board
of MLP SE

Compliance,
Controlling,
Purchasing,
IT,
Group Accounting,
Risk Management,
Internal Audit,
Legal,
Human Resources

Appointed until January 31, 2024

LETTER TO OUR SHAREHOLDERS

Dear Shareholders,

I would normally start by providing information on MLP and the development of our business. However, an important geopolitical event has occurred. Putin's ongoing invasion of the Ukraine is like a shadow over everything we are dealing with right now, and will probably continue to do so in the coming months. The citizens of the Ukraine are obviously the hardest hit by this awful act of aggression. However, since the onset of the invasion against their country, they have displayed amazing bravery in fighting for their freedom and independence. This has really touched me on a personal level. I am proud to say that in the Federal Republic of Germany we are 100% behind them. Together with large parts of the international community, we are doing everything we can to halt this war of aggression by the Russian President by imposing far-reaching economic sanctions. As we all know, this can and will also impact our economy. Yet we will find ways and means of dealing with this. What we are experiencing right now is truly a turning point in history. It was very important to me personally to start this letter with these words.

Taking a look at our business figures shows that 2021 was an extremely successful year for MLP – both in terms of our earnings and further development of the Group. The topic currently on many people's lips is something we already established at MLP several years ago and have been consistently refining ever since: the transformation of our company. Or to be more precise, our successful transformation from a private client consultancy service, which takes care of everything in and around insurance cover and provision, to a comprehensive Group that rests on multiple strong pillars and acts as the dialogue partner, supporting private, institutional and corporate clients in all financial matters. As such, today's MLP can scarcely be compared with the MLP of more than ten years ago.

However, the nucleus of MLP obviously still remains: our alignment with our clients and their requirements. Indeed, it was with this inner compass that we set off on our ambitious corporate journey. Today, we can say that our efforts have paid off, as our foundations are now more than solid and we are seeking to further expand our diversified business in the Group. Not only do the individual fields mutually strengthen one another, they also reduce the impact on MLP of fluctuations in our markets. Thanks to this unique position, we cannot really be compared with any other company. The most important thing for us is that this further refined position delivers benefits – above all for our clients and partners, yet obviously also our employees, our consultants, the capital market and of course you, our dear shareholders. However, we also understand that now is not the time to rest on our laurels. In fact, we must use the positive momentum at MLP to consistently expedite our further development. Our goal is to expand on the competitive edge we have secured in many areas and take what makes us who we are today into the future. It is fair to say that the skill we have demonstrated in successfully managing a transformation secures us a real and important competitive advantage in today’s world.

The past financial year represents another particularly successful intermediate step in this regard. Alongside our annual forecast, we also published an ambitious mid-term plan for the year 2022 at the start of 2020. Back then, our announcement that we would take the MLP Group to a significantly higher earnings level was also considered an ambitious plan for a successful future by some capital market observers. Two financial years have now passed – and I am happy to say that we are right on track. And possibly even ahead of schedule. In fact, we have made such progress with the structural further development of the Group that we are also well prepared to face the greater uncertainties and risks in our markets.

The key developments over the past financial year impressively underline this. Total revenue increased by 22 % to € 934.5 million. This is the eighth year of growth in succession and also represents a new all-time high.

In the last financial year, MLP was able to generate growth across all fields of consulting. Having enjoyed twelve years of growth in succession, wealth management is again the largest consulting field on an annual basis. This is the result of a highly positive performance in MLP's private client business and also at FERI. Alongside excellent operational development among both private and institutional clients, significantly higher performance fees also made a key contribution to this.

MLP has been expanding its real estate brokerage activities since 2014. For the fourth year in a row, this field delivered the greatest percentage growth, with revenue up 59 % to around € 62.8 million. This allowed us to continue and further expedite the significant growth already recorded in previous quarters in this consulting field.

We also enjoyed strong development in the old-age provision field of consulting. Following the declines recorded throughout 2020 due to the effects of the coronavirus pandemic, revenue rose by 13 % over the same period in the previous year. This too is the result of intensive client support. The growth recorded for the year comes from both private and occupational pension provision, and we generally welcome our sustainable return to growth in this field.

At € 96.8 million, MLP recorded an unexpectedly strong increase in EBIT over the previous year. This can be attributed to our growth in all fields of consulting and in particular the highly successful development recorded in wealth management. Group net profit rose to € 62.8 million in the last financial year.

The positive business development in the MLP Group, our strong economic basis and our confidence in the future are also expressed in the dividend proposed by the Executive Board: the dividend payout is set at 30 cents per share. This represents yet another significant increase. At 52 % of Group net profit, the payout ratio is within the announced corridor.

In addition, our share price enjoyed gains of almost 60 % in the last financial year. The capital market has thereby not only honoured our good development over the course of the last year, but is also increasingly recognising our growth prospects for the year. Despite global stock exchanges suffering major temporary setbacks, we have now also shown that we can continue to generate value for you, our dear shareholders – not only through our dividend but also our share price performance.

The capital market has also taken note of the fact that MLP already complies with many sustainability rules and concepts that are set to become even more important in future. This also has a strong and positive impact on our share. The fact that we have gone a step further and drafted a Sustainability Policy for the Group is also important here. This creates a common framework for sustainability in the MLP Group, with our individual Group companies committing to clearly defined sustainability goals. By taking this step, we are once again confirming just how serious we are about expediting the topic of sustainability throughout the entire MLP Group both substantially and at great pace.

I mentioned at the start that we are right on track with the further development of MLP. Our mid-term earnings planning for the year 2022 has now become a forecast. MLP is anticipating EBIT of between € 75 and 85 million. This figure also takes into account the current events in Europe, which are already having a noticeable effect on the capital markets.

In the meantime, we have also presented our plans for 2025, which represents the next growth phase for the MLP Group. Starting from our forecast for 2022, we are planning to increase EBIT to between € 100 and 110 million by the end of 2025 with revenue of more than € 1.1 billion. This will take the MLP Group to the next level in terms of revenue and earnings.

In adopting this approach, we essentially have three central strategic success factors. These are: firstly, a further increase in our assets under management; secondly, our sustainable growth across all consulting fields; and thirdly, continued expansion of our real estate business. Although intentionally not included here, acquisitions will help us achieve this, above all in the Industrial Broker segment. We will provide targeted support for our growth to the next level of earnings with an ongoing system of cost management, which will deliver further efficiency gains.

Over the last few years, we have consistently aligned the MLP Group to deliver further and, above all, structural growth. On a secure and solid footing and with great determination, we are now continuing along our successful path towards the new level of earnings in 2025.

We would be delighted to have you join us on our journey. I would once again like to offer you all sincere thanks on behalf of the entire Executive Board for the trust you have shown in us this year.

Yours,

Dr. Uwe Schroeder-Wildberg

THE SUPERVISORY BOARD

Dr. Lütke Bornefeld
Chairman

Elected until 2023

Dr. Claus-Michael Dill
Vice Chairman

Elected until 2023

Alexander Beer
Employees' Representative

Elected until 2023

Matthias Lautenschläger
Elected until 2023

Tina Müller
Elected until 2023

Monika Stumpf
Employees' Representative

Elected until 2023

REPORT BY THE SUPERVISORY BOARD

In the financial year 2021, the Supervisory Board reviewed the development of the company in depth and performed its supervisory duties to the full. It regularly advised and monitored the Executive Board in running the business of the company.

During the course of the last financial year, the Supervisory Board paid particular attention to the economic development, financial situation, prospects and further strategy of the company, and advised the Executive Board on these topics. Its work in the financial year 2021 focused in particular on supporting the Executive Board in the strategic development of the company and of the MLP Group, implementing further measures to increase efficiency and both assessing and monitoring the opportunity and risk position of the company and the Group. As was already the case in 2020, the supervisory actions and consultations of the Supervisory Board for the Executive Board were further intensified during the COVID-19 pandemic to address the crisis. In this situation brought about by the pandemic, the Supervisory Board also approved the decision taken by the Executive Board to hold the 2021 Annual General Meeting as a Virtual Annual General Meeting. In terms of business development and operating results, both the company and the MLP Group were less impacted by the effects of the coronavirus crisis than other sectors during the financial year 2021.

In the financial year 2021, the Supervisory Board advised the Executive Board particularly intensively on potential M&A transactions. In particular, the Supervisory Board supported and consulted with the Executive Board in connection with the preparation of acquiring RVM Versicherungsmakler GmbH & Co. KG ("RVM"), including its subsidiaries. In the view of the Supervisory Board, the acquisition of RVM lays the foundation for systematic expansion of a new industrial broker segment and allows for a significant broadening of the offering for corporate and institutional clients, as well as B2B services. The Supervisory Board therefore approved the transaction at the beginning of February 2021.

The Supervisory and Executive Boards met regularly in the reporting year for discussions and joint consultations regarding business development, strategy and key events within the company. The Supervisory Board was directly involved in all decisions of fundamental importance to the company. The Executive Board regularly provided the Supervisory Board with written and oral reports in a timely and comprehensive manner on all relevant issues related to corporate planning, strategic development, the business situation and the position and overall development of the Group as a whole, including the risk situation, risk management, risk-bearing ability and compliance. The Supervisory Board was able to confirm the correctness of the corporate governance by the Executive Board. In 2021, the Executive Board also reported to and advised the Supervisory Board on the content and anticipated effects of legislative or regulatory proposals at national German or EU level.

No personnel changes to the company's Supervisory Board and Executive Board were made during the last financial year. With effect from the end of the financial year 2020, the employee representative, Mr. Burkhard Schlingermann, stood down from his position for reasons of age. As of January 1, 2021, he was succeeded by Mrs. Monika Stumpf, who had already been elected alongside him as a replacement candidate in 2018 in the course of the Supervisory Board elections for employee representatives.

The Supervisory Board at MLP SE held five regular meetings and one extraordinary meeting in the financial year 2021. All members of the Supervisory Board took part in all of the face-to-face meetings, either in person or remotely via video link. The Executive Board will generally also inform the Supervisory Board of particularly important or urgent projects outside of the regular meetings. Where necessary, resolutions can also take the form of circular resolutions.

In addition to this, three meetings of the Audit Committee were also held in this year. All committee members took part in each of these meetings. The Personnel Committee convened twice in the last financial year. All committee members took part in this meeting. No meetings of the Nomination Committee were held in the last financial year, as no new elections for members of the Supervisory Board were scheduled.

The following table offers an overview, detailing which members of the Supervisory Board took part in the meetings of the Supervisory Board or its Committees in 2021:

	Participation*	in %
Supervisory Board Meeting MLP SE		
Dr. Peter Lütke-Bornefeld	6/6	100
Dr. Claus-Michael Dill	6/6	100
Tina Müller	6/6	100
Matthias Lautenschläger	6/6	100
Monika Stumpf	6/6	100
Alexander Beer	6/6	100
Personnel Committee MLP SE		
Dr. Peter Lütke-Bornefeld	2/2	100
Matthias Lautenschläger	2/2	100
Monika Stumpf (as of March 19, 2021)	1/1	100
Tina Müller	2/2	100
Audit Committee MLP SE		
Dr. Claus-Michael Dill	3/3	100
Dr. Peter Lütke-Bornefeld	3/3	100
Matthias Lautenschläger	3/3	100
Alexander Beer	3/3	100

*Including participation via telephone

Furthermore, the Chairman of the Supervisory Board met with the Chairman of the Executive Board on a regular basis to discuss various issues, in particular the business situation, special business transactions, regulatory changes and the overall situation of the Group, yet also the effects of the coronavirus pandemic. The Chairman of the Supervisory Board regularly informed the other members about the content of these meetings.

Supervisory Board meetings and important resolutions

An extraordinary meeting of the company's Supervisory Board, held on February 8, 2021, was used to discuss in detail the intentions of the Executive Board to fully acquire the RVM Group. This focused in particular on the opportunities and risks, as well as the future strategy associated with the intended takeover. During this meeting, the company's Supervisory Board then approved the acquisition of the RVM Group, as well as the acquisition financing required for this. Following preparations in the meeting of the Audit Committee, the Supervisory Board meeting on March 18, 2021 focused on the audit and approval of the financial statements and the consolidated financial statements as of December 31, 2020. The auditors participated in the meeting and gave detailed reports on the course and outcome of their audit of the financial statements and the consolidated financial statements. Following in-depth discussion, the Supervisory Board approved the financial statements, the consolidated financial statements as of December 31, 2020 and the separate non-financial report. In addition to this, the Supervisory Board also reviewed the appropriateness of the Executive Board compensation – as required in accordance with the German Corporate Governance Code (GCGC) – as well as the variable compensation components of the Executive Board for the financial year 2020 and approved these. The proposed resolutions for the company's Annual General Meeting, which was held as a virtual event, represented another item on the agenda. In this meeting, the Supervisory Board also passed a resolution that it should propose to the Annual General Meeting, supported by a corresponding recommendation of the Audit Committee, that BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, be appointed as auditor of both the financial statements and the consolidated financial statements for the financial year 2021. The recommendation from the Audit Committee of the Supervisory Board was preceded by a selection procedure conducted in accordance with Art. 16 of EU Directive No. 537/2014 (EU Audit Regulation). The Audit Committee of the Supervisory Board subsequently recommended BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, and PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, to the Supervisory Board, stating its reasons, and expressing a justified preference for BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg.

The regular Supervisory Board meeting on May 11, 2021 focused primarily on discussing the results and business development from the first quarter of 2021. In addition to this, the Supervisory Board also approved the annual financial statements that had been revised by the Executive Board, as well as the joint management report of MLP SE for the financial year 2020 in this meeting.

The results of the second quarter, the business development in the first half of the year, reporting on the internal audit and risk controlling (including report on the notion of materiality, risk strategy and risk-bearing capacity concept) were all on the agenda of the regular Supervisory Board meeting on August 11, 2021.

The November meeting primarily focused on the business results of the third quarter and the first nine months of the financial year 2020. However, another focus of this Supervisory Board meeting was on evaluating the leadership and performance of the members of the Executive Board. These topics were discussed in a closed session without the members of the Executive Board. Alongside this, compliance with the provisions of the German Corporate Governance Code (GCGC) in the MLP Group, the resolution on the Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG) was a key topic on the meeting's agenda. Extensive reporting was provided on the corporate governance process, and the current Declaration of Compliance was approved.

In the meeting on December 21, 2021 the Supervisory Board addressed in detail and approved the strategy and budget of both the Group and the company for the financial year 2022.

Supervisory Board committees

The Supervisory Board was regularly informed of the work carried out by its committees in 2021.

In the financial year 2021, the members of the Audit Committee included Dr. Claus-Michael Dill, who is also Chairman of the Audit Committee, Dr. Peter Lütke-Bornefeld, Mr. Matthias Lautenschläger and Mr. Alexander Beer. The Audit Committee held three regular meetings in the financial year 2021. Representatives of the audit firm also took part in some of the meetings, providing the committee with detailed reports. In the presence of the auditors, the Chairman of the Executive Board and the Chief Financial Officer, the Audit Committee discussed the financial statements of MLP SE and the MLP Group as well as the proposed appropriation of earnings. Furthermore, the relationship to the auditor, proposals for selecting the auditor, auditor fees, audit assignment and monitoring of the auditor's independence were the subject of extensive discussions. The Audit Committee received regular reports on the work of the Internal Audit and of the Compliance and Risk Management department and was informed on legal and regulatory risks and risks to reputation. In a meeting held on May 11, 2021, the Audit Committee of the Supervisory Board discussed the annual financial statements that had been revised by the Executive Board, as well as the joint management report of MLP SE for the financial year 2020 and then proposed that the Supervisory Board approve these. In addition, the Audit Committee prepared the invitation to tender for the audits, as well as further audit services in the MLP Group as of the financial years 2021. Following intensive discussions, the Audit Committee submitted a proposal for appointment of the auditor for the financial year 2021 at the 2021 Annual General Meeting. Both MLP SE and MLP Banking AG – as public interest entities of the MLP Group – carried out the selection procedure in accordance with Art. 16 (3) of Regulation (EU) No. 537/2014.

In the financial year 2021, the Personnel Committee comprised the following members: Dr. Peter Lütke-Bornefeld, who is also Chairman of the Personnel Committee, Ms. Tina Müller, Mr. Matthias Lautenschläger and, from March 19 2021, Ms. Monika Stumpf. The Personnel Committee came together for two regular meetings in the reporting period and focused in particular on reviewing the appropriateness of Executive Board compensation, as well as determining the bonus pool for the MLP Group.

As was the case in the financial year 2021, the members of the Nomination Committee are Dr. Peter Lütke-Bornefeld, who is also Chairman of the Nomination Committee, as well as Ms. Tina Müller, Dr. Claus-Michael Dill and Mr. Matthias Lautenschläger. The Nomination Committee did not hold any meetings in the financial year 2021, as no resolutions regarding reappointment of members to the Supervisory Board were passed at the Annual General Meeting held on June 24, 2021.

Corporate governance

During the financial year the Supervisory Board also addressed the application of the corporate governance principles.

In the past year, the Supervisory Board dedicated its meeting on November 10, 2021 to in-depth discussions on the completely revised draft of the German Corporate Governance Code requirements from February 16, 2019.

The meeting held on November 10, 2021 was used to discuss the recommendations of the GCGC and the Declaration of Compliance. The Supervisory Board consulted with the Executive Board regarding the requirements of the GCGC and the deviations that are to be disclosed as per the Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG). The objective here was to determine which requirements the Executive Board and Supervisory Board have satisfied or will satisfy in future to secure compliance with the recommendations in the form presented in the Declaration of Compliance. In November, the Supervisory Board and Executive Board issued a Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG) for the financial year and made it permanently available to the shareholders via its website.

The Supervisory Board also reviewed the efficiency of its own actions using an evaluation form that was made available to the members of the Supervisory Board in good time prior to the meeting. The Supervisory Board also reviewed procedures in the Supervisory Board, the information flow between the Committees and the Supervisory Board, and the timeliness and sufficient content of reporting by the Executive Board to the Supervisory Board. Measures aimed at increasing efficiency were discussed and established.

The Supervisory Board also regularly addresses potential conflicts of interest among the members of the Supervisory Board. To this end, the members of the Supervisory Board are surveyed at least once a year to determine whether any such conflicts existed or still exist. Based on our understanding, and in accordance with the legislator, a conflict of interest exists if there is reason to suspect that any member of the Supervisory Board is taking decisions not solely in the interests of the company, but also potentially seeking to pursue personal or third party interests. Following the review by the Supervisory Board there were no conflicts of interest in this sense in the last financial year. A summary of further corporate governance aspects at MLP, including presentation of the Declaration of Compliance from November 10, 2021, can be found in the declaration on governance issued by the Executive Board and Supervisory Board. All relevant information is also available on our homepage at www.mlp-se.com.

The members of the Supervisory Board independently participated in training measures to aid them in fulfilling their responsibilities – as required by the Corporate Governance Code. In this endeavour, they are adequately supported by the company. Members of the Supervisory Board also attended further training on November 10, 2021 in order to maintain the necessary professional expertise. During this training, the options for further development and refinement of the pay system for the members of the Executive Board were presented by an external coach.

Audit of the annual financial statements and consolidated financial statements for 2021

The financial statements and the joint management report of MLP SE as of December 31, 2021 have been compiled by the Executive Board pursuant to the German Commercial Code (HGB). The consolidated financial statements and the joint management report as of December 31, 2021 have been compiled pursuant of § 315a of the German Commercial Code (HGB) in line with international financial reporting standards (IFRS) as applied in the EU. As of December 31, 2021, BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg audited the financial statements and the joint management report of MLP SE in accordance with the principles of commercial law, as well as the Group financial statements and the joint management report in accordance with the principles of IFRS, issuing an unqualified auditor's opinion in each case. The auditor performed the audit in compliance with the basic principles of sound auditing practices determined by the Institut der Wirtschaftsprüfer (German Institute of Auditors).

The financial statements, together with the joint management report, the auditor's reports and the Executive Board's proposal for use of the unappropriated profit were made available to all Supervisory Board members in good time. The Audit Committee of the Supervisory Board reviewed these documents in detail, reported to the Supervisory Board on its audit and explained its audit opinion. The auditor also reported on the key results of the audit and on the fact that there are no significant weaknesses in the internal monitoring system, the risk management system nor with regard to the compliance. The Audit Committee also reviewed the risk management system, the accounting processes and the effectiveness of the internal monitoring systems, risk management and auditing systems, as well as the relationship to the auditor, the proposals for selection of the auditor, auditor fees, the audit assignment and monitoring of the auditor's independence, as well as the additional services performed by the auditor. The Supervisory Board also checked and discussed the documentation and reports in detail. Within this scope, the Supervisory Board also addressed the key audit matters described in the audit opinion, including the audit procedures undertaken by the auditor on the basis of the auditor's report.

At the Supervisory Board meeting on 23 March 2022, the audit reports were discussed in detail by the Supervisory Board. The Chairman of the Audit Committee provided information on the auditor's report, in particular on the scope, focal points and main results of the audit, and also dealt in particular with the key audit matters and the audit procedures performed. These key audit matters, which were defined by the auditor and audited by the auditor, included the "Impairment of shares in affiliated companies" and in relation to the individual financial statements of MLP SE and the "Impairment of goodwill", the "Realisation of commission income" and the "Consolidation project companies".. At this meeting, the Executive Board also explained the financial statements of MLP SE and of the MLP Group, the risk management system, the accounting processes and the effectiveness of the internal monitoring, risk management system, audit system and of the compliance, as well as giving detailed reports on the scope, focuses and costs of the audit. The Supervisory Board concurred with the outcome of the auditor's audit and, on the basis of the final outcome of the Audit Committee's audit and its own audit, found no grounds for raising an objection. Accordingly, at its meeting on March 23, 2022, the Supervisory Board approved the annual financial statements and the joint management report MLP SE, as well as the consolidated financial statements and the joint management report in accordance with IFRS prepared by the Executive Board. The annual financial statements are therefore adopted. Alongside this, the Executive Board is also required to submit a report on a non-financial declaration or a non-financial Group declaration as per § 289b, § 315b of the German Commercial Code (HGB). The Supervisory Board reviewed the non-financial report – prepared by a meeting of the Audit Committee - and did not find any objections.

After performing its own reviews, the Supervisory Board agreed with the Executive Board's proposal to pay out a dividend of € 0.30 per share for the financial year 2021. Aspects such as the equity and liquidity situation, the current situation due to coronavirus, future regulatory requirements and the company's budget, as well as shareholders' interest in an appropriate dividend were included and weighed up against one another in its considerations.

The Supervisory Board would like to thank the Executive Board, the Management of the respective Group companies, as well as all employees and consultants of the MLP Group for their exemplary personal commitment and achievements in the financial year 2021.

Wiesloch, March 2022

The Supervisory Board

Dr. Peter Lütke-Bornefeld

Chairman

INVESTOR RELATIONS

The MLP share

The MLP share enjoyed highly positive price development in 2021. With a friendly start to the year, our share succeeded in setting the tone early on and already recorded significant price gains in the first quarter. This was reinforced at the start of the year with publication of the business figures for 2020, which were significantly better than anticipated and led to the announcement of a dividend increase. Positive analysts' opinions also served to underpin this upward trend. Having declined to € 5.40 in December 2020, the share already succeeded in passing the € 7.00 mark in March. Bolstered by good business figures in the first quarter, in May the share price climbed to its highest level for more than ten years, recording a provisional annual high at € 7.63. However, this then led to profit-taking, which resulted in the share dipping below the € 7.00 mark at the start of July. Recurring concerns regarding the COVID-19 pandemic also served to reinforce the negative trend, albeit only for a short time. In summer, impressive Q2 operating results attracted more investors to the share, which subsequently reached a 13-year high of € 8.22 on August 18. Thanks to unexpectedly strong increases in earnings in the third quarter and the upwards revision of the forecast for 2021, the share price then once again recorded a pronounced gain and reached another record high of € 8.90 on November 9. Closing the year at a price of € 8.57, the price performance of our share was 58.1 % in the 2021 stock market year. Market capitalisation was € 937.0 million at the end of the year.

You can find further information on the MLP share in the "MLP Share" section of our Investor Relations page at www.mlp-se.com.

Annual General Meeting held as a completely virtual event

MLP SE held its Annual General Meeting for the financial year 2021 on June 24, 2021. The event was held entirely online for the second time. In taking this step, the financial services provider reacted to the ongoing coronavirus pandemic and made use of the option provided by the legislator to hold purely virtual annual general meetings. Shareholders of MLP SE were able to follow the entire Annual General Meeting live via a shareholder portal. In the runup to the Annual General Meeting, they were also given the opportunity to post video messages on the password-protected shareholder portal. All questions submitted within the deadline were addressed in full by the Executive Board.

ISS sustainability rating

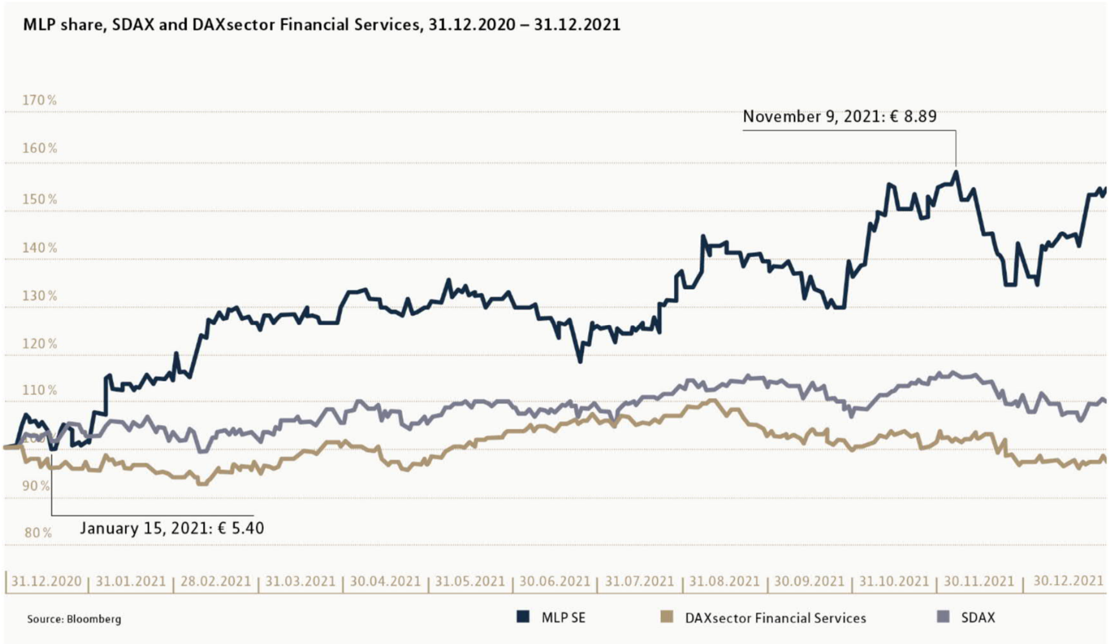
MLP SE continues to enjoy Prime Status in the sustainability rating of the Institutional Shareholder Services Inc. (ISS) and therefore ranks among the first decile in the comparison group. Sustainability ratings are becoming increasingly important for investors. They provide orientation regarding the quality of a company's sustainable actions and increasingly also influence the investment universe of professional investors. Thanks to "Prime Status", the MLP share is now also recommended for portfolios that focus on sustainability.

Share buyback

As announced during the 2017 Annual General Meeting, MLP established another tranche of the share-based participation programme at the start of the financial year 2021 for MLP office managers and MLP consultants with the aim of strengthening the collaborative component in the MLP business model. In the period from January 4 up until May 31, 2021, a total of 543,236 shares were bought back at an average share price of € 6.2588. 531,138 shares were then issued to the beneficiaries, meaning that MLP SE still held 20,589 shares in its own portfolio as of December 31, 2021.

Analysts' coverage underlines further share price potential

The MLP share was observed and rated by 5 analyst firms as at December 31. These include Hauck Aufhäuser Lampe, Kepler Cheuvreux, Bankhaus Metzler, Pareto Securites and Independent Research. Commerzbank ceased all research activities in the last financial year, which obviously also included the MLP share. However, the MLP share was being recommended as a sound purchase by all analysts (5/5) at the end of the year, which underlines the share price potential. The average upside target of the share is set at a fair value of € 10.08, whereby the estimates lie between € 9.50 and € 11.00.



Dividend

MLP will continue its consistent dividend policy for the financial year 2021. As announced, the dividend proposed by the Executive Board for the financial year 2021 will once again target a distribution rate of between 50 % and 70 %. In concrete terms, the Executive Board and Supervisory Board will propose a dividend of € 0.30 per share at the Annual General Meeting on June 2, 2022. This corresponds to a distribution rate of 52 % of operating net profit.

Key figures compared to previous year (2017-2021)

		2021	2020	2019	2018	2017
Shares in circulation at the end of the year	in units	109,334,686	109,334,686	109,334,686	109,334,686	109,334,686
Share price at the beginning of the year	in €	5.40	5.61	4,35	5.59	4.11
Share price at the end of the year	in €	8.57	5.40	5,60	4.40	5.63
Share price high	in €	8.89	5.98	5,69	6.06	6.47
Share price low	in €	5.40	3.73	3,86	4.11	4.11
Market capitalisation at the end of the year	in € million	937.0	590.4	612,3	481.1	615.6
Average daily turnover of shares	in units	50,962	58,920	46.854	98,410	171,210
Dividend per share	in €	0.30*	0.23	0.21	0.20	0.20
Total dividend	in € million	32.8*	25.1	23.0	21.9	21.9
Return on dividend	in %	3.5*	4.3	3.8	4.5	3.6
Earnings per share	in €	0.57	0.40	0,34	0.32	0.25
Diluted earnings per share	in €	0.57	0.40	0,34	0.32	0.25

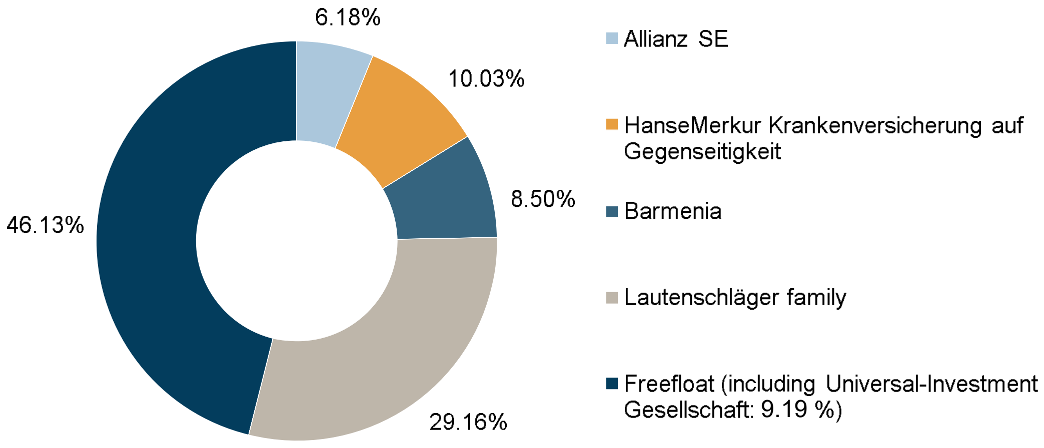
*Subject to the consent of the Annual General Meeting on June 2, 2022

Changes to the shareholder structure

Talanx AG reduced its stake from 4.98 % to 2.86 % in the first half of 2021 (announcement from March 10, 2021). HanseMerkur Krankenversicherung auf Gegenseitigkeit increased its stake from 5.10 % to 10.03 % (announcement from April 20, 2021). The share of voting rights held by other shareholders remained virtually unchanged on the reporting date. The Lautenschläger family remains the largest single MLP shareholder with a total share of the voting rights of 29.16 %. The free float as of December 31, 2021 is therefore 46.13 % as per the definition of the German stock exchange.

The following chart provides an overview of the major shareholders of MLP (> 5 %).

Shareholder structure as of December 31, 2021



You can find further information, in particular on the attribution of voting rights, on our homepage at https://mlp-se.com/investors/mlp-share/shareholder-structure/

Investor relations activities

The goal of our investor relations activities is to establish a continuous and open dialogue with our shareholders, potential investors and the capital market. We want to build stronger confidence and trust among investors and support the market in assessing the value potential of our company. To this end, we provide continuous, timely and transparent information on relevant events and incorporate feedback received from capital market players. We engage in active exchange with both private and institutional investors at regular capital market events, such as roadshows, capital market conferences and our Annual General Meeting. Alongside direct contact, financial reporting is a key basis for our communication. The Annual Report plays a particularly important part here, as it provides comprehensive and transparent information on all aspects of the company.

Investor relations services

We also provide a special investor relations newsletter service, whereby anyone interested can sign up to receive e-mails on important events. Anyone interested can also keep up-to-date with news from the company and the sector via twitter (https://twitter.com/MLP_SE). You can find the online investor relations presence at: https://mlp-se.com/investors. Please feel free to contact us if you prefer to talk to someone in person.

Key figures

In the following table, we provide you with an overview of a selection of important key figures.

Key figures for business valuation and statement of financial position analysis

		2021	2020
Equity ratio	in %	13.4	14.0
Return on equity	in %	13.8	9.9
Cora capital ratio	in %	17.9	21.3
Net liquidity	in € million	209.0	197.0
Market capitalisation at the end of the year	in € million	937.0	590.4
Total revenue	in € million	934.5	767.3
EBIT	in € million	96.8	59.4

JOINT MANAGEMENT REPORT

In addition to the MLP Group, the following joint management report also encompasses MLP SE.

The values disclosed in the following have been rounded to one decimal place. As a result, differences to reported total amounts may arise when adding up the individual values. Previous year's figures are given in brackets.

FUNDAMENTAL PRINCIPLES OF THE GROUP

Business model

The MLP Group – The partner for all financial matters

Broad range of services

The MLP Group and its brands Deutschland.Immobilien, DOMCURA, FERI, MLP, RVM and TPC is the financial services provider for private, corporate and institutional clients. Special added value is created by networking the various perspectives and areas of expertise – enabling clients to reach better financial decisions. To this end, the MLP Group competently combines personal and digital offers. Several of the brands also offer selected products, services and technology for other financial services providers.

- Deutschland.Immobilien – The real estate platform for financial consultants and clients
- DOMCURA – The underwriting agency for financial consultants and consultant platforms
- FERI – Investment management for institutional clients and high net worth individuals
- MLP – Financial consulting for discerning clients
- RVM – The insurance broker for SMEs
- TPC – Occupational provision management for companies

Client requirements in focus

Since it was founded in 1971, MLP has consistently striven to establish long-term relationships with its clients. This requires profound understanding of their individual requirements. An intensive transfer of knowledge and expertise takes place within the MLP Group. The specialists support one another in the areas of research and concept development, as well as in client consulting. This valuable and targeted interaction generates additional value for clients, as well as for the company and its shareholders. Economic success also forms the basis for accepting social responsibility.

The starting point for consulting in all areas are the ideas and needs of our clients. Building on this, we then present them with suitable options in a comprehensible way so that they can make the right financial decisions themselves. For the implementation we examine the offers of relevant product providers in the market. Our products are selected and rated on the basis of scientifically substantiated market and product analyses.

Transparent partner and product selection process

MLP places great emphasis on the use of objective and transparent criteria and the independence of our product partners when selecting partners and products. An analysis and quality check of the providers in the market, as well as their respective products, are performed on the basis of client requirements. The product selection process is continually improved and optimised.

Further training of key importance

Qualifications and further training of our employees and self-employed client consultants play an important part in our company's ability to ensure sustainably high-quality consulting services. We consider the qualifications and further training offered at the MLP Corporate University, the company's accredited in-house training facility, to be a benchmark in the financial consulting sector. You can find more detailed information on this in the chapter entitled "Employees and self-employed client consultants".

Our goal with the MLP School for Financial Education (SoFE), which we founded in 2021, is to make an important contribution to financial education in Germany. The external opening is set to take place at the start 2022. The courses to be offered by the SoFE will focus on financial education and management. They are aimed at business persons, physicians, companies/employers and experts from the financial sector.

Legal corporate structure and executive bodies

Within the MLP Group, MLP SE, as the parent company of the Group, assumes the central management tasks. The seven subsidiaries DEUTSCHLAND.Immobilien AG, DOMCURA AG, FERI AG, MLP Finanzberatung SE, MLP Banking AG, RVM GmbH and nordias GmbH are arranged below this. The business divisions each carry end-to-end accountability for results.

DEUTSCHLAND.Immobilien – The real estate platform for financial consultants and clients

The majority stake in the DI DEUTSCHLAND.Immobilien AG (DEUTSCHLAND.Immobilien), which was acquired in 2019, has significantly extended both the expertise and the portfolio in the real estate sector. DEUTSCHLAND.Immobilien is an independent real estate platform for all classes of investment property that has many years of experience in the sale of such properties. The company also operates as a property developer in the field of senior citizen housing. The primary focus here is on the acquisition of project packages, existing buildings and sites, as well as subsequent development, planning, implementation and sale of the projects. This leads to an additive portfolio expansion in this asset class, while at the same extending the added value chain.

Alongside direct brokering of real estate to clients, sales via external sales partners also play a key role at DEUTSCHLAND.Immobilien. Sales partners can use the real estate portal of DEUTSCHLAND.Immobilien to process all steps, from collecting information, through producing estimates and making reservations right through to the actual sale and commission calculation. The partner network of DEUTSCHLAND.Immobilien includes agents and real estate brokers, ranging from individual consultants, mid-sized and large sales companies, right through to banks.

DOMCURA – The underwriting agency for financial consultants and consultant platforms

As the underwriting agency, DOMCURA AG offers comprehensive non-life insurance coverage concepts for private and freelance clients and has established business relations with all relevant insurance companies/risk carriers in the German market. In this market, it is the largest underwriting agency for private non-life insurance and extends the added value chain of the MLP Group with its business model. DOMCURA offers special expertise in the development and administration of residential building concepts. Its products are currently used by more than 5,000 insurance brokers and insurance sales agents.

FERI – Investment management for institutional clients and high net worth individuals

As an investment house for institutional investors, high net-worth families and foundations, the FERI Group (FERI) offers services in the main business fields of investment management, investment consulting and investment research. In the Investment Management business field, FERI Trust GmbH offers a broad spectrum of asset management and wealth management services in all asset classes. These services range from the development and implementation of individual investment strategies, right through to quantitative risk spreading and control. Investment consulting involves long-term advisory services to institutional investors and the provision of family office services to high net-worth families. Investment Research draws up economic forecasts and individual asset allocation analyses, which provide an important basis for the investment strategies.

FERI Cognitive Finance Institute, which was founded in 2016, acts as a strategic research centre and creative think tank within the FERI Group with a clear focus on innovative analyses and method development for long-term aspects of economic and capital market research. In the reporting period, FERI strengthened and extended its activities in the area of sustainable investments. The FERI SDG Office has been coordinating all sustainability activities for some years and will promote the development of special service concepts and investment solutions. The FERI SDG Office employs a focused approach, paying particular attention to the UN's 17 Sustainable Development Goals (SDGs).

The key business areas of investment research, investment management and investment consulting for institutional investors, family estates and foundations are anchored at FERI Trust GmbH, Bad Homburg v.d.H. From its Zurich location, FERI (Switzerland) AG offers wealth management services and consulting for both private and institutional clients. It also acts as the innovation hub for developing and implementing novel investment approaches for private and institutional investors. FERI Trust (Luxembourg) S.A. acts as the capital management company for mutual funds and alternative investment funds. In addition to this, it coordinates the entire fund structuring and fund floating process as the fund administrator.

MLP Banking AG

MLP Banking AG offers its clients banking services with a combination of face-to-face consulting and online services. Its target groups are both private and corporate clients, to whom it offers account and credit card products, loans and mortgages, as well as wealth management solutions. MLP Banking AG assumes the following role within MLP:

- Part of end-to-end financial consulting services provided by MLP consultants
- Provider of accounts/credit cards, deposit models and financing solutions
- Holder of special expertise in the fields of wealth management and financing, particularly for the target group of physicians
- Liability umbrella for MLP consultants and the central service provider for regulatory issues, loans, payment transactions, as well as liquidity and risk management in the Group

As a financial institution, MLP Banking AG holds a banking licence, is supervised by the Federal Financial Supervisory Authority (BaFin) and represents the controlling company of the Financial Holding Group in terms of the supervisory regulations.

MLP Finanzberatung SE

MLP Finanzberatung SE is a leading German financial services provider that operates as a broker. As such, it is independent of product interests and can focus fully on clients and their needs. In doing so, MLP Finanzberatung combines external products and selected services of the Group, selecting the most suitable product options for clients from the broad scope of offers in the market. By adopting this approach, we enable our clients to reach better financial decisions.

The business activities of MLP Finanzberatung SE focus on advisory services for both private and corporate clients on financial questions, as well as brokerage of suitable products. These fields of consulting are closely intertwined and complement each other. They comprise the areas of old-age provision, health insurance, non-life insurance, real estate brokerage and brokerage of loans and mortgages.

MLP Finanzberatung SE includes ZSH GmbH Finanzdienstleistungen (ZSH), Heidelberg, which is registered as an insurance broker, and MLPdialog GmbH, Bad Segeberg. Another holding is MLP Hyp GmbH, Wiesloch, which we operate together with the mortgage lending broker Interhyp AG in Munich. MLP Finanzberatung SE also holds a 75.1 % stake in DEUTSCHLAND.Immobilien and its subsidiaries. In addition to this, MLP Finanzberatung SE holds a stake in Uniwunder GmbH. In 2019, MLP Finanzberatung SE also founded DIFA Research GmbH together with the German Institute for Specialist Healthcare Research (DIFA), itself part of the German Association of Medical Specialists (SpiFa). MLP Finanzberatung SE holds a 49.0 % stake in the company that performs economic analyses specifically for clients working in the medical profession.

RVM – The insurance broker for SMEs

RVM operates as the technical insurance broker for commercial and industrial clients. It now ranks among the largest technical insurance brokers in Germany. RVM offers its medium-sized clients exclusive insurance solutions. It also maintains an international presence via the worldwide unisonSteadfast AG broker network. This allows insurance concepts to be optimally matched to one another worldwide.

TPC – Occupational provision management for companies

As a specialist in occupational old-age provision management, the TPC division offers companies and associations occupational provision services within MLP Finanzberatung SE under the TPC brand, focussing on consultancy services that cover all issues relating to occupational pension provision and pay – from requirements analysis, through individual concept development and implementation, all the way to continuous review of existing company old-age provision systems. The key focus here is on providing consulting services to small and medium-sized companies from various sectors, as well as employer consulting services to tax advisers, auditors, solicitors, physicians and architects. On the TPC Portal, both employers and employees can find all relevant information on their occupational provision online, together with an option to request a personal consultation – also in the form of a video consultation if desired. Employees will also have dedicated access to their contracts via this portal.

Represented throughout Germany

The registered office of MLP SE as the holding company, as well as MLP Finanzberatung SE and MLP Banking AG is in Wiesloch, Germany, where all internal divisions are centralised at Group HQ. In addition to this, we are represented by our client consultants, branch offices and university teams in all German urban centres, including all important university locations. DOMCURA and nordias have their headquarters in Kiel. Alongside its HQ in Bad Homburg vor der Höhe, Germany, FERI maintains offices in Düsseldorf, Munich, Luxembourg, Vienna and Zurich. DEUTSCHLAND.Immobilien has its registered office in Hanover. RVM is based in Eningen.

Changes in corporate structure

On February 8, 2021, MLP Assekuranzmakler Holding GmbH (formerly: MLP Consult GmbH), today operating as RVM GmbH, signed the acquisition agreement for 100 % of the shares in RVM Versicherungsmakler GmbH & Co. KG., including its main subsidiaries ("RVM"). With its well-established business model, the industrial insurance broker RVM has a strong focus on small and medium-sized enterprises and supports more than 2,500 companies in this segment. The completed acquisition constitutes the essential basis for developing the commercial and industrial insurance market segment. The intention is to add other market members to RVM and thus establish a broker group that can operate at eye level with the top ten in Germany in the medium term. The RVM transaction was completed on schedule on April 1, 2021, with economic effect from January 1, 2021. In line with IFRS stipulations, changes in the earnings of these entities are reported in shareholders' equity up to the actual closing date. The income statement was therefore only affected as of April 1, 2021.

With the agreement dated May 12, 2021 MLP Assekuranzmakler Holding GmbH, today operating as RVM GmbH, acquired 100 % of the shares in Adolph Jahn GmbH & Co. KG, Ed. Sengstack & Sohn GmbH & Co. KG, Hans L. Grauerholz GmbH and Erich Schulz GmbH. This corporate alliance, referred to as the Jahn Hamester Group in the following, has a great deal of expertise in the field of transport insurance. The transaction was concluded in Q3 2021.

Change in segment reporting

In the second quarter of 2021, the new Industrial Broker segment was reported for the first time. The Industrial Broker segment currently combines under the holding company RVM GmbH the RVM Versicherungsmakler GmbH including its subsidiary RISConsult GmbH, Adolph Jahn GmbH & Co. KG and Ed. Sengstack & Sohn GmbH & Co. KG. Further details on this segment can be found in the segment reporting in the notes to the consolidated financial statements of MLP SE.

Factors affecting business development

Economic developments in Germany have a significant impact on the business model of the MLP Group, as the company generates a vast majority of its revenue in this country. Particularly important influencing factors in this regard are economic growth, developments on the employment market, salary levels and the general savings rate. They are described in further detail in the chapter entitled "Economic report – Overall economic climate".

The results of operations are influenced even more acutely by market conditions in the consultancy areas of old-age provision, wealth management, non-life insurance, health insurance, real estate as well as loans and mortgages, which we analyse in the corresponding chapters of the "Economic report and forecast". Another important factor is the regulatory environment, which is considered in more detail in the chapters "Economic report and forecast – regulation and competition".

Organisation and administration

The Executive Board at MLP SE comprises three members. The positions on the Board are held by Dr. Uwe Schroeder-Wildberg (Chief Executive Officer), Manfred Bauer (Products and Services) and Reinhard Loose (Finance).

The Supervisory Board of MLP SE, which is required to monitor the Executive Board under German law, comprises six members: Dr. Peter Lütke-Bornefeld (Chairman), Dr. Claus-Michael Dill, Matthias Lautenschläger and Tina Müller as representatives of the capital side, as well as Monika Stumpf and Alexander Beer as employees' representatives.

Control system

The MLP Group employs comprehensive planning and control systems. Starting from our strategy and the estimates regarding future external framework conditions, we draw up target values for key controlling figures in the strategic and operating planning process. Any deviations from our targets then become transparent within the scope of ongoing controlling processes. Based on these developments, we then derive actions for our corporate management. We also continually monitor developments in the market and the competitive environment.

Group-wide controlling

EBIT and revenue as central controlling parameters

The Executive Board at MLP SE assesses the development of the Group on the basis of established controlling parameters. As key indicators of the business development recorded by the MLP Group, earnings before interest and taxes (EBIT) and sales revenue of the Group represent the central controlling parameters and performance indicators. The controlling is carried out according to these indicators. Alongside this, the Executive Board also receives regular information on the macroeconomic, political and legislative factors that influence business performance.

We require profitable growth and sustainable development of earnings in order to achieve a sustainable increase in company value and expand our market position.

The Executive Committee (Execom) holds regular meetings in order to coordinate Group activities and ensure an efficient exchange of information relevant for controlling purposes. Alongside the members of the Executive Board at MLP SE, this Executive Committee also includes representatives from the Group's business units. The strategies and plans of the operating segments are also discussed in its meetings and coordinated with the overall strategy and plans of the Group.

The following overview clarifies which fields of consulting contribute to the development of revenue in the respective business segments.

Fields of consulting contribution to business segments

	Financial consulting	Banking	FERI	DOMCURA	Holding and Others	Industrial Broker
Old-age provision	x					
Wealth management	x	x	x			
Non-life Insurance	x			x		x
Health Insurance	x					
Loans and mortgages	x					
Real estate brokerage	x					
Project development					x	

The objective of our corporate management is for all consultants and employees to actively support MLP's strategic goals and pledge to meet our service commitment. Our established central, strategic control instrument is the so-called "ISA" (Integrated Strategic Agenda). On the basis of strategic challenges and success factors, strategic objectives are derived and operational targets formulated. At the end of the process, key performance indicators are used to evaluate whether the defined targets have been met. This way, the Group objectives are broken down across all Group companies and the key segments, thereby allowing each business unit to make its own contribution to meeting the defined targets. This ensures end-to-end incorporation of all organisational units and integration into the planning and management process. The ISA grants all business segments the opportunity to get actively involved in planning targets. This promotes motivation among everyone involved and increases planning quality throughout the organisation. At the end of the ISA process, the extent to which the targets have been met by the units will be recorded using our established planning and reporting processes. ISA provides the Executive Board with a high degree of transparency in the value-added process.

Risk management: Important management and control element

The Executive Board at MLP SE and at MLP Banking AG has specified a risk strategy that is consistent with the business strategy and the risks resulting from it. The risk strategy encompasses the objectives of risk management for key business activities, as well as the measures for achieving these objectives. To this end, risk management is permanently anchored in MLP's corporate management strategy. The members of the Executive Board, general managers of Group companies and departmental heads are responsible for detecting and classifying risks as quickly as possible. You can find further information on risk management in the chapter entitled "Risk report".

Key figures and early indicators used by corporate controlling

Alongside the important key performance indicators of EBIT and revenue, other KPIs include administration costs (defined as the sum of personnel expenses, other operating expenses, as well as depreciation and impairments), the cost income ratio (based on both revenue and costs), the return on equity, assets under management, the existing non-life insurance policy portfolio, as well as the number, respectively the turnover of consultants.

Research and development

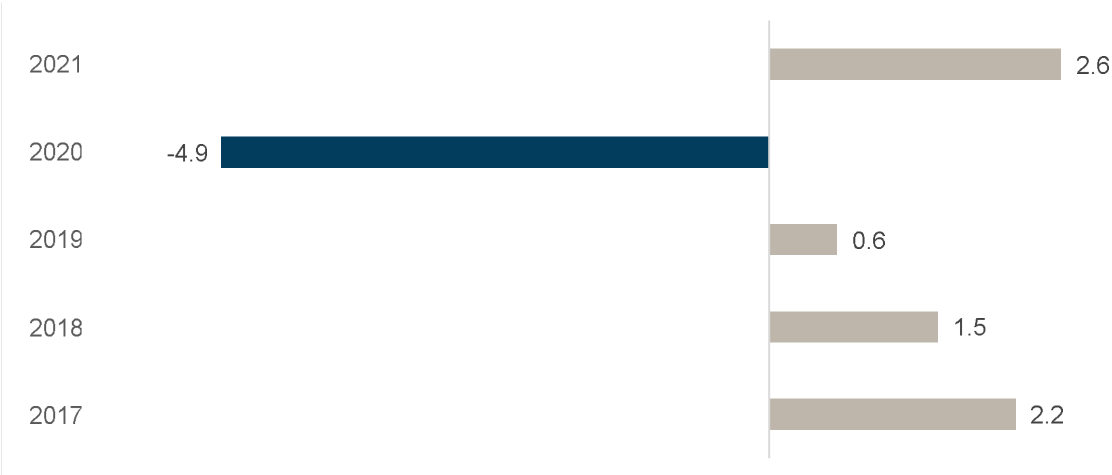
Since our consulting firm is a service provider, we are not engaged in any research or development in the classic sense. We also make other resources available, for example to develop our own software or refine acquired software. The FERI Cognitive Finance Institute also operates as a strategic research centre and creative think tank within the FERI Group, with a clear focus on long-term aspects of economic and capital market research, as well as asset protection. Alongside this, the DOMCURA Group has also been involved in the development of new products for years.

ECONOMIC REPORT

Overall economic climate

Overall economic situation

Economic performance in 2021 was once again shaped by the global coronavirus pandemic. In addition to this, global supply bottlenecks and a significantly increased inflation rate led to difficult overall economic conditions. Companies also displayed reservations in making investments due to the ongoing period of uncertainty. Yet despite all of these negative factors, the German economy was able to return to its growth path. According to FERI Investment Research, inflation-adjusted gross domestic product (GDP) rose by 2.6 % over the previous year.



Source: FERI Investment Research, change in gross domestic product, price-adjusted

Consumer confidence remains subdued

The fourth wave of the coronavirus pandemic and an increased inflation rate negatively impacted consumer confidence in Germany at the end of the year. Indeed, the Consumer Sentiment Index of the German Consumer Research Association (GfK) stood at –1.8 points in December 2021, although this was still above the previous year's level (December 2020: –6.8 points).

The general sentiment in the German economy deteriorated increasingly towards the end of the reporting year. While the ifo business climate index was still at a high of 101.7 points (June 2020: 85.8 points) in summer 2021, it subsequently fell to 96.6 points in November 2021. In December 2021, the index then declined further to 94.8 points (December 2020: 92.7 points). As well as the fourth wave of the coronavirus pandemic, companies were increasingly confronted with supply bottlenecks.

Employment market on the path to recovery

Despite the tense situation surrounding the coronavirus pandemic, the employment market displayed further recovery in the last financial year 2021. According to data published by Germany's Federal Employment Agency, the annual average number of registered jobseekers fell by 82,000 year-on-year to approximately 2.61 million persons in 2021. This corresponds to an unemployment rate of 5.7 % (2020: 5.9 %).

According to the latest data from Germany's Federal Employment Agency, the unemployment rate among university graduates in 2020 was 2.6 %. Although this was higher than in the previous year (2019: 2.1 %), it remains at a low level.

Increasing salaries and wages

According to data published by the "Tax Estimates" workgroup, gross wages and salaries increased by 3.6 % in the reporting year (2020: –1.6 %), while the disposable income of private households rose by 2.7 % (2020: 0.8 %) according to the 2021 Fiscal Report of the German government.

At 15.2 %, the savings rate in Germany was also significantly above the long-term average of 11.0 % in the last reporting year (2020: 16.5 %) and therefore continued to provide a good environment for wealth management.

Overall, the macroeconomic environment in 2021 presented a mixed picture for MLP.

Industry situation and competitive environment

Old-age provision

The ongoing zero-interest rate environment also left its mark in the old-age provision segment in the last financial year 2021 and is impacting the earnings structure of life insurers. Based on the estimates of ratings agency Assekurata, however, the industry has so far fared well throughout the coronavirus crisis. New business has proven relatively robust here, and there have not been many policy cancellations depsite the coronavirus. According to data published by the German Insurance Association (GDV e.V.), focus has shifted to short-term provision. Long-term provision measures have been put on hold in some cases.

Yet according to a YouGov survey, the majority of German citizens (68 %) state that the coronavirus pandemic has not affected their old-age provision plans. Indeed, only 13 % of those surveyed stated that they have scrutinised their provision plans and insurance policies more intensively as a result of the pandemic.

Young generation losing confidence in the statutory pension

Based on a survey conducted by INSA, young people in Germany have lost confidence in the inter-generation contract and the security offered by the statutory pension. According to this survey, one in five (21 %) German citizens under the age of 40 believes that they will no longer receive any statutory pension by the time they are of retirement age. Some 32 % of those surveyed believe it is unlikely they will receive state support.

Growth surge in unit-linked policies

The product landscape in the old-age provision business has undergone radical change as a result of the low interest rate environment. According to the German Insurance Association (GDV e.V.), the proportion of classic life insurance products with traditional interest guarantees has seen a pronounced decline in terms of total new business.

In contrast, unit-linked policies have become extremely popular in terms of new business based on estimates provided by Assekurata and were able to record further growth in the reporting year, not least due to the reduction in the maximum technical interest rate that came into force on January 1, 2022.

Occupational pension provision displaying signs of recovery

The environment due to the coronavirus pandemic has largely normalised in the occupational pension provision segment during the reporting year, also thanks to the greater acceptance of digital advisory services. According to estimates provided by the German Insurance Association (GDV), occupational pension provision contributed 19.1 % to the sector's net earnings in 2021 (2020: 18.2 %).

Overall market at the previous year's level

According to current figures provided by the German Insurance Association (GDV e.V.), gross premiums for life insurance policies remained at the previous year's level in 2021 at € 98.2 billion (€ 99.9 billion). Of this total, some € 63.1 billion can be attributed to regular premiums (€ 62.6 billion) and around € 35.1 billion to single premiums (€ 37.3 billion). A total of 310,500 (277,200) new Riester pension contracts were signed throughout 2021, while just under 118,900 (85,100) new basic pension agreements were recorded.

Wealth management

In the reporting period, the market environment in wealth management was influenced by the coronavirus pandemic and correspondingly volatile. Overall, however, it was characterised by rising stock markets, as well as persistently low interest rates. The effects of the coronavirus pandemic represented a significant factor of uncertainty worldwide during the reporting period.

Financial assets of private households grow more slowly

The financial assets of private households exceeded the € 7,000 billion mark for the first time in 2021. In the third quarter, it reached € 7,399 billion, although the growth of € 73 billion was noticeably weaker than in the previous quarters. Shares gained in popularity as an investment: according to the data, private households bought investment fund units for € 27 billion and shares for € 7.5 billion in the third quarter. Valuation gains on shares and investment fund units played a somewhat smaller role in the growth of financial assets in the third quarter than in the previous quarters.

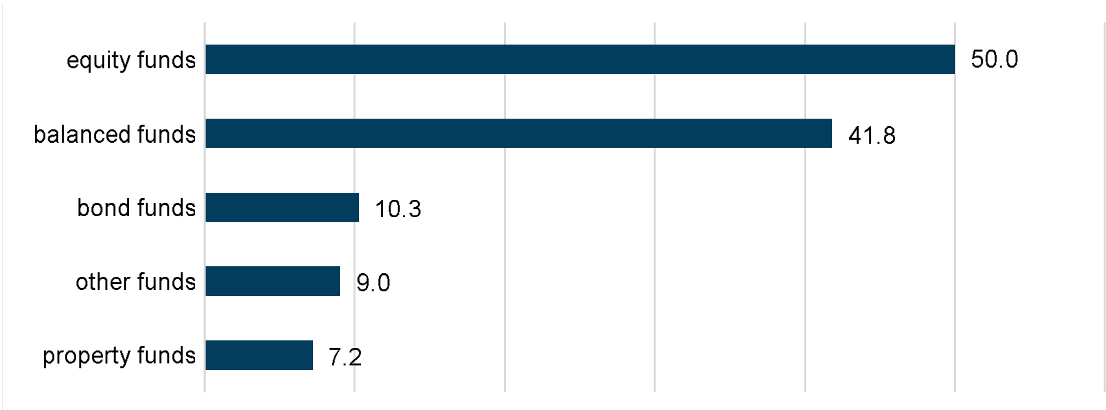
According to the Credit Suisse Global Wealth Report, 2.95 million US dollar millionaires lived in Germany in 2020, 633,000 more than in the previous year.

Mixed funds very popular

Based on information provided by the German Association of Investment and Asset Management (BVI e.V.), the assets managed by the German fund industry increased by € 482.2 billion in 2021 to a total of € 4,333.9 billion.

In terms of open mutual funds, mutual equity funds are the main sales driver with an influx of € 50.0 billion. Mutual equity funds were managing total assets of € 632.7 billion as at the end of 2021. With inflows of € 41.8 billion, mixed funds take second place in the sales list, managing a total of € 402.7 billion. Fixed income funds received € 10.3 billion in new investments.

Cash inflows and outflows in open mutual funds in Germany from January until December 2021 (in € billion)



Source: Bundesverband Investment und Asset Management e. V. (BVI), Date: December 31, 2021

Increased demand for sustainable investments

As per the Wealth Barometer 2021 of the German Savings Bank Association (DSGV), the topic of sustainability is now of appreciable importance for those looking to make investments, especially young investors. Accordingly, more than 40 % of those surveyed under the age of 40 have already looked into this. Data published by the German Association of Investment and Asset Management (BVI e.V.) reveals that sustainable funds are now managing a total of € 452 billion. Indeed, sustainable funds already account for 45 % of inflows into mutual funds (€ 38.8 billion). MLP has been continuously refining its portfolio of sustainable funds since 2012. Investments in these sustainable concepts represented a significant percentage of its total inflows into funds in 2021.

Institutional investors strengthen commitment to alternative investments

Alternative investments are more important than ever and play a key part in financing the sustainable and digital transformation. These are the findings of the Alternative Investor Survey 2021, which is conducted among institutional investors by the German Association of Alternative Investments (BAI). Accordingly, the most popular asset classes in the institutional portfolio are real estate equity and private equity at 77 % and 75 % respectively. In this context, alternative investment funds (AIFs) continue to be considered a proven and preferred access option for German institutional investors.

Non-life insurance

The coronavirus pandemic was also the dominant issue in the non-life insurance business in 2021. According to ratings agency Assekurata, restrictions to public life continued to put pressure on sales and led to subdued growth dynamics. At the same time, however, positive effects were observed on claims development throughout the motor vehicle, property and accident insurance sector. Similarly to 2020, the economic effects of the coronavirus lockdown primarily impacted industrial and commercial insurance policies, while significantly fewer negative effects were observed in the consumer business.

Most expensive year for natural hazards

Based on estimates of the German Insurance Association (GDV e.V.), 2021 was the year with the most natural disaster claims for at least half a century for German non-life insurers. The total insured storm damage to houses, home contents, company premises and motor vehicles is likely to hit around € 11.5 billion. The flood disaster that occurred in mid-July of the reporting year was the main cause of this.

Effects of the coronavirus on commercial insurance policies

The effects of the coronavirus pandemic in the commercial property and casualty business varied quite markedly for the brokers. More than 38 % of participants in a recent survey conducted by AssCompact stated that they have experienced restrictions in their business activities as a result of the coronavirus crisis. More than 30 % of those surveyed also stated that their clients were forced to reduce their insurance premiums. Some 22 % of brokers also reported insolvencies in their portfolio.

Premium dynamics remain subdued

Based on estimates of the German Insurance Association (GDV e.V.), the dynamics in terms of premiums in the property and casualty insurance segment also remain subdued overall in the second year of the coronavirus pandemic. For the year 2021, the German Insurance Association (GDV e.V.) is anticipating only a slight increase in gross premiums of 1.6 % (previous year: 2.2 %).

Legal protection insurance as a growth driver

Ratings agency Assekurata believes that the pandemic will continue to impact the claims situation in 2021. In light of the restricted mobility of policy holders, the positive claims trend in the motor vehicle, property insurance and accident insurance sectors is likely to continue. In addition to this, the survey conducted by Assekurata indicated that the branch of legal protection insurance is a key growth driver in the sector.

Health insurance

The sector has weathered the storm of the coronavirus pandemic quite well so far.

Private health insurance has grown significantly according to the latest figures from the Private Health Insurance Association (PKV). The total number of insurance policies rose by almost one million to 37.1 million.

In 2021, for the fourth year in a row, more people switched from statutory health insurance to private health insurance than vice versa. On balance, there was an increase of 22,500 insured persons in favour of private health insurance (balance 2020: +21,400).

According to the Association of Private Health Insurers, a total of 8.7 million persons held comprehensive health insurance in 2021.

Emergency tariff less popular during the coronavirus pandemic

According to data published by ratings agency Assekurata, only relatively few policy holders made the switch to the basic tariff in the course of the coronavirus pandemic. New contracts in the emergency tariff even declined by 14 % in 2020 over 2019. Assekurata states increased willingness on the part of policy holders to maintain their insurance cover, as well as generous premium deferment options offered by the insurers, as possible causes of this.

Private health insurance policy holders very satisfied with their benefits

Those with comprehensive private insurance are more satisfied than ever with the German healthcare system. According to the 2021 Continental Survey, some 93 % of those surveyed are satisfied or very satisfied with their benefits. The previous record level from last year was therefore surpassed by 10 percentage points. The trend is clear here, as the satisfaction of private health insurance policy holders has been rising steadily since 2005.

Supplementary insurance policies on the rise

To close coverage gaps in the statutory health insurance system, more and more patients are signing up for private supplementary insurance policies. As per information provided by the Association of Private Health Insurers, there were around 28.4 million private supplementary insurance policies in place in 2021 – around 3.4 % more than in the previous year.

When it comes to private provision, statutory health insurance policy holders focus primarily on dentures, orthodontics and dental prophylaxis. According to the Association of Private Health Insurers, the number of supplementary dental insurance policy holders increased by 539,200 or 3.3 % in 2020. In total, around 16.9 million German citizens have a private supplementary dental insurance policy in place. This is 38.9 % more than ten years ago.

Occupational health insurance as a growth driver

Occupational health insurance (bKV) recorded particularly strong growth in 2021: 17,500 companies in Germany offer their employees bKV paid in full by the employer. This corresponds to a growth of 34 % compared to 2020 (13,100 companies). The number of employees benefiting from a bVK even increased by 56 % from 1.02 million (2020) to 1.59 million persons in 2021. Budget tariffs, which offer a broad range of benefits, are enjoying growing popularity.

Real estate

The real estate market in Germany displayed positive development despite the coronavirus pandemic. The GEWOS Real Estate Industry Report assumes that sales revenues from residential properties rose by 7.5 % to around € 237.7 billion throughout Germany in 2021. The total of purchased properties across the four market segments of private homes, freehold apartments, multi-family dwellings and residential land is expected to increas by 1.4 % to around 743,600.

Real estate is becoming increasing popular as an investment option. This is the conclusion of a representative survey performed by YouGov on behalf of Commerz Real. According to this survey, some 57 % of the population consider real estate a prudent investment for private wealth creation, which is up on the figure of 51 % from the previous year.

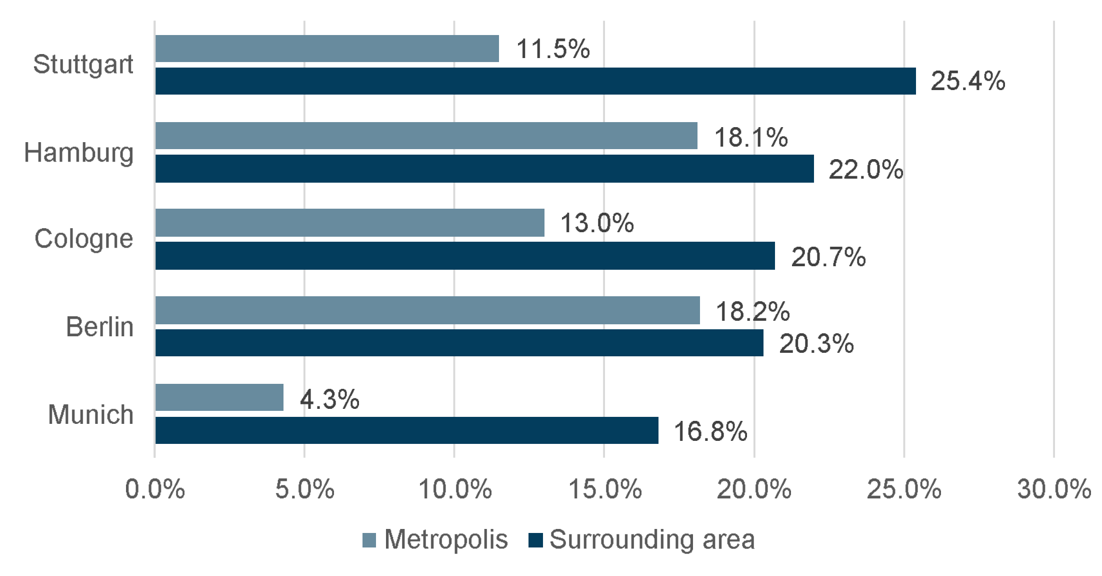
Price increases not affected by of the pandemic

Even the coronavirus pandemic was not able to stop the upwards trend in property prices, which has now been consistent for ten years. In 2021, the Real Estate Price Index of the Association of German Pfandbrief Banks (vdp) rose to 187.4 points (172.8 points), which is a new record. In comparison with the previous year, property prices increased by 8.4 % (8.7 %) overall, while the prices for residential properties rose by 10.7 % (11.4 %) in comparison with the same quarter in the previous year.

Good investment opportunities in the periphery

Even real estate on the outskirts of urban areas offers potential returns. With the exception of Düsseldorf, the prices in areas surrounding large cities actually increased more on average than in the cities themselves. These are the results of the "Living in Germany 2021" survey conducted by the Sparda banks.

Increases in the purchase price of an existing condominium from 2017 to 2021



Source: "Living in Germany 2020" survey of the Association of Sparda Banks (VSB e.V.)

No price bubble in the real estate market

According to the "Living in Germany 2021" survey carried out by the Institute of the German Economy Cologne and the Allensbach Institute, there is no price bubble in the real estate market. This is substantiated by the performance of the last 16 years, stable demand, price levels and the comparably low ownership rate.

Loans and mortgages

The interest rates for mortgage lending remain at a low level. The European Central Bank (ECB) kept the prime rate at 0.0 % in the reporting year. It also left the deposit rate for banks unchanged at –0.5 %. The interest rate for ten-year real estate loans rose slightly over the course of the year and hit the 1.0 % mark once again at the end of October 2021. The reasons behind the increase were rising inflation and greater returns from long-term loans and mortgage bonds, the development of which is taken into account when setting the construction interest rate.

Loan amounts for property financing continue to rise

Based on estimates provided by mortgage broker Interhyp, the coronavirus pandemic has increased the already high demand for real estate even further. Indeed, focus has also increasingly shifted to real estate as an investment, not least due to the recent rise in inflation. According to Interhyp, both property prices and mortgage amounts rose more in the coronavirus pandemic year 2020 than in the previous years. Based on data provided by Interhyp, the average property price in Germany (including incidental costs) is around € 490,000 (€ 446,000), which is nearly 10 % higher than in the previous year. The mortgage amounts for first time buyers also rose further to € 350,000 (€ 330,000).

Competition and regulation

The competitive situation in the German market for financial services did not change significantly for the MLP Group in 2021 compared to the previous year. The sector remains very heterogeneous and is characterised by consolidation trends. The providers include numerous financial service providers, single agents, banks, insurance companies and free finance brokers. However, the quality of consulting provided by these companies can vary quite markedly. In addition to this, there is competitive pressure in the entire sector as a result of digital business models of FinTechs and InsurTechs.

Over the last few years, legislators and regulators have been exerted major influence on the financial consulting market and therefore also on markets of the MLP Group (with legislation including the MiFID, IDD, Investor Protection Act, Financial Investment Broker Act and Life Insurance Reform Act (LVRG)). The legislator's goal in taking these steps is to protect consumer interests. Among other things, it sets out comprehensive further training, documentation, qualification and transparency obligations for brokers of financial products. These measures mean that the provision of consulting services takes longer, which in turn puts pressure on product margins. Regulations in the field of product development and selection (product governance), the introduction of product information sheets for packaged investment products, as well as further information, clarification and record-keeping obligations have repeatedly increased the complexity of the consultancy and brokerage business. Implementation of uniform and efficient consultancy, application and documentation processes now represents an important competitive factor in the sector.

Conditions for pan-European private pension product established

As part of an EU Directive, the EU has paved the way for a pan-European private pension product (PEPP). The main objective of the basic PEPP is to improve individual old-age provision through introduction of a European standard product that sits alongside national products. Another aim is to ensure cross-border portability of PEPPs within the EU. The standard product should be straightforward, transparent and cost-effective. Introduction of initial products is likely to take place in the current year at the earliest.

Life insurance commission cap not part of the coalition agreement

Discussions regarding a life insurance commission cap or the accompanying draft bill from the previous parliamentary term now seem to have almost disappeared from the political landscape altogether. Indeed, the topic is not even mentioned in the coalition agreement of the new German government. However, this does not mean that it will not crop up again on the political agenda at some point during the new parliamentary term.

Sustainable Finance Disclosure Regulation (SFDR) already partially in force

The Sustainable Finance Disclosure Regulation (SFDR) represents another regulatory aspect for MLP. Parts of this already came into force on March 10, 2021. The SFDR is based on the Paris Climate Agreement and the associated EU action plan, which defines the concrete sustainability goals for the financial sector. The aim here is for capital flows to be aligned more keenly with sustainable investments in future, to take into account environmental risks more comprehensively and to promote the transparency of financial products. The financial services sector should therefore support and also steer the transformation of the entire economy towards sustainability.

EU Money Laundering Directive transposed into national law

In 2020, transposition of the 5th EU Money Laundering Directive into national law, as well as the switchover of the so-called Transparency Register (to which legal entities and partnerships have had to report their economic beneficiaries since August 1, 2021 with certain transitional periods) led to further key regulatory requirements for MLP. The same applies to the EU Whistleblowing Directive, which was first transposed into national law in 2021.

Data protection intensified

As of May 2018, the regulations for processing personal data have been harmonised throughout the EU and the data protection requirements for both private companies and public sector institutions significantly extended with introduction of the General Data Protection Regulation (GDPR). This will continue to result in a wide range of new requirements for MLP, in particular stemming from the interpretations of the Federal Data Protection Commissioner or the State Data Protection Commissioners.

Special regulatory requirements in light of the coronavirus pandemic

Due to the special situation in the context of COVID-19 and following on from 2020, a large number of further regulatory requirements or recommended actions also had to be observed in 2021. The MLP Group has not made use of any government support measures or benefits at any time with regard to the effects of the coronavirus pandemic. At the same time, we do not see any significant effects on our credit portfolio at MLP Banking AG. However, we are obviously following developments very closely.

Challenging regulatory environment

The regulatory developments certainly represent a challenge overall. The effects of generally declining commission income per unit and increasing unit and administration costs – combined with increased price sensitivity among clients – can also negatively impact the profitability of MLP's business model. Irrespective of this, MLP considers itself to be very well positioned in relative comparison with other market members.

Business Performance

Diversification of revenue streams a key success factor

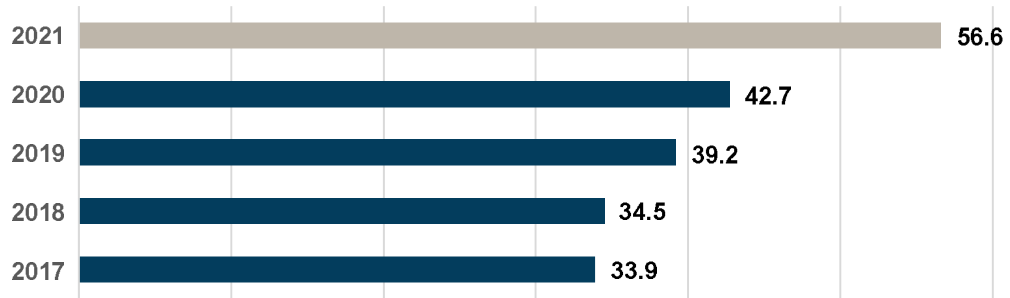
The performance delivered by the MLP Group in the last financial year was significantly more positive than we had anticipated at the start of the year and even surpassed the updated forecast we provided in August and October 2021. The very pleasing operational growth in all fields of consulting and the high performance fees in wealth management contributed to this. The overall positive development underlines the robustness that we have established in the last few years through significant diversification of our service offering and thereby also our revenue basis.

We were also able to successfully counter the effects of the coronavirus pandemic in the last financial year 2021. We had already rolled out our online consulting tool throughout the company at the start of 2020, so our independent consultants have been able to offer their clients comprehensive consulting services on a digital basis since this time. At the same time, we expedited further development of our client portal to create a "financial home" for MLP private clients. Services from the financial sector represent the core of the future offering. As a platform, this "financial home" is also set to facilitate integration of services from other industries that relate to finance. MLP will be digitally available on the internet around the clock as the dialogue partner for financial issues.

Assets under management climb to a new record level

The wealth management consulting field in particular once again confirmed its development into a key revenue pillar of the MLP Group in the last financial year 2021. FERI continued its successful course of the last few years in the reporting period and reinforced its position as a leading independent investment company. FERI recorded primary growth in all core lines of business for the eighth year in succession and reached a new all-time high with regard to performance fees. FERI was able to win new mandates and expand existing business relations among both private and institutional clients. The consulting and service portfolio was consistently expanded, above all in the areas of investment management, alternative assets and real assets (for example private equity and hedge funds). We also recorded highly positive development in the last financial year in the private client business at MLP Banking in the field of wealth management, where we were able to substantially increase both net cash inflows with well over € 1 billion and also assets under management. The total assets under management in the MLP Group were € 56.6 billion.

Development of assets under management (all figures in € billion)



Wealth management revenue and assets under management were therefore both above the previous year's level.

Following on from the negative impact of the coronavirus pandemic in 2020, which was really felt in the field of old-age provision and occupational pension provision in particular, revenue development in the last financial year 2021 was more positive than anticipated at the start of the year. Companies in particular displayed fewer reservations than in the previous year in terms of signing up to new concepts in the field of occupational pension provision. However, changed circumstances due to the effects of the coronavirus pandemic generally continued to make new client acquisition more difficult and thereby also hindered new business in the field of private old-age provision. Yet despite this, old-age provision revenue displayed more positive overall development than we had anticipated.

In terms of non-life insurance, positive development was recorded both at DOMCURA and in MLP's private client business. The premium volume under joint management rose by 25.9 % to € 554.6 million, in particular as a result of the mid-year acquisition of the RVM Group, which brought in a premium volume of € 92.3 million. Revenue therefore improved by 9.0 % and was, as anticipated, slightly above the previous year.

In the health insurance consulting field, we continued to encounter reservations throughout the market in terms of signing up for new comprehensive private insurance policies. Among other things, we attribute this to factors such as premium increases and the critical media coverage, which has been steadily increasing for years. Despite these difficult framework conditions, our revenue in the health insurance business was slightly above the previous year's level.

As anticipated, we were able to increase our real estate brokerage revenue significantly by 59.0 % in 2021 over the previous year. The main reasons for this positive development were the systematic expansion and ongoing diversification of our real estate portfolio. Alongside the listed buildings sector, we also significantly extended our portfolio of new buildings, as well as existing and concept-driven properties (microliving, nursing properties). This development was supported by our majority stake in DEUTSCHLAND.Immobilien.

We were once again able to significantly increase our revenue in the brokerage of loans and mortgages over the already high level recorded in the previous year – primarily as a result of the continued high demand associated with the low interest rate environment (+14.7 %).

Consultant acquisition and number of clients continue to display positive development

The young consulltant's area continued to enjoy very successful development. As of December 31, 2021 a total of 468 young consultants were working in this field of consulting, which represents an increase of 6.1 %. Overall, we recorded stable year-on-year development in terms of the number of freelance consultants working for MLP.

The number of clients in the MLP Group displayed further positive development in 2021, despite the social distancing associated with the coronavirus pandemic continuing to restrict new client acquisition somewhat. MLP was able to acquire a total of 21,100 gross new family clients in 2021 (18,400). Around 34 % (24 %) of these initiated new clients were acquired online. As of December 31, 2021, the MLP Group served a total of 562,300 (554,900) family clients and 24,800 (22,500) corporate and institutional clients.

Results of operations

Development of total revenue

Total revenue increased

Despite the tough market conditions already described, the MLP Group was able to increase its total revenue in the financial year 2021 by 21.8 % to € 934.5 million (€ 767.3 million) and reached another new all-time high since the sale of our own insurance subsidiaries. MLP benefited from the significant diversification of its revenue basis over the course of the last few years and recorded gains in all consulting fields. This continuous growth was primarily driven by the continuing increase in commission income, which rose by 22.5 % to € 894.6 million (€ 730.4 million). As a result of the ongoing low interest rate environment, revenue from the interest rate business remained below the previous year's figure at € 12.7 million (€ 15.2 million).

Wealth management once again records significant growth

The MLP Group was once again able to record significant gains in the wealth management consulting field, with revenue rising by 35.9 % to € 356.1 million (€ 262.1 million). The main contributor to this pronounced increase was a repeated massive rise in performance fees at FERI. Group-wide assets under management rose to a new record of level of € 56.6 billion (€ 42.7 billion). Gains were recorded at the subsidiary FERI and in MLP Banking's private client business.

Old-age provision recovered after corona influence

Following the decline in the previous year due to the effects of the coronavirus pandemic, it was possible to increase old-age provision revenue significantly once again in the last financial year to € 241.7 million (€ 214.6 million). This increase can be attributed to stronger new business, where the total premiums paid rose by 19.9 % from € 3,805.2 million to € 4,562.5 million and thereby also greatly surpassed the level recorded prior to the outbreak of the coronavirus crisis. New business in the field of occupational pension provision improved by 21.1 % to € 799.2 million (€ 659.7 million). MLP is continuing to play a pioneering role in the transition to new forms of guarantee in the old-age provision field. Pension insurance policies with classic guaranteed interest rates now represent just 3 % (3 %) of newly brokered contracts at MLP. The proportion of so-called new guarantees was 72 % (75 %), while purely unit-linked contracts represented 25 % (22 %).

Non-life insurance enjoys continued growth

Revenue in the non-life insurance consulting field increased again in the last financial year. It rose by 9.0 % to € 149.5 million (€ 137.2 million). The portfolio of non-life insurance policies enjoyed positive development. The premium volume recorded of the MLP Group rose to € 554.6 million (€ 440.4 million), largely due to the acquisition of the RVM Group.

Health insurance above previous year

At € 54.4 million (€ 50.6 million), revenue in the health insurance consulting field was slightly up on the previous year. MLP therefore enjoyed positive development, despite the reservations displayed by many citizens in terms of signing up for fully comprehensive private health insurance policies.

Real estate brokerage displaying significant growth

We were also able to record significant growth in the real estate brokerage business, which we have been expanding since 2014. Revenue increased by 59.0 % to € 62.8 million (€ 39.5 million) in this consulting field. Since the acquisition of a majority stake in DEUTSCHLAND.Immobilien on September 2, 2019, revenue from real estate project planning has been disclosed alongside the revenue from real estate brokerage. In the reporting period, this revenue was € 17.9 million (€ 2.6 million). An extremely dynamic fourth quarter made a particular contribution to the positive development recorded for the year. The real estate volume brokered by MLP increased significantly to € 524.0 million (€ 403.8 million).

Brokered financing volume sets new record

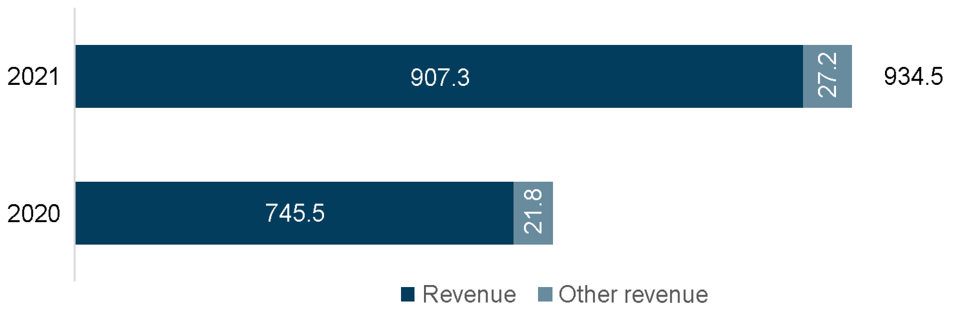
We also reached another new record level in the brokerage of loans and mortgages. Revenue here improved to € 25.0 million (€ 21.8 million). At € 2,651.5 million (€ 2,357.5 million), the brokered financing volume reached a new record level.

Earnings at MLP Hyp, which are disclosed as earnings from investments accounted for using the equity method as a joint venture with Interhyp, increased to € 4.3 million (€ 3.6 million). This item also comprises earnings of the project enterprises of the DI Group included at equity which was just under € 0.0 million (€ 0.1 million) in the reporting period. Total earnings from investments accounted for using the equity method were € 4.3 million (€ 3.7 million).

Analysis of total revenue

The total revenue generated by the MLP Group comprises sales revenue and other income. Revenue rose by 21.7 % to € 907.3 million in the reporting period (€ 745.5 million). Commission income, which rose from € 730.4 million to € 894.6 million, played a key part in this. This increase was supported by all consulting fields, but in particular by wealth management and real estate brokerage. Other income rose to € 27.2 million (€ 21.8 million). Interest income declined to € 12.7 million (€ 15.2 million) in the last financial year due to the ongoing period of low interest rates. Commission income improved markedly by 21.8 % to € 934.5 million (€ 767.3 million).

Development of total revenue



Wealth management with the greatest share of revenue

The wealth management consulting field made the greatest contribution in terms of commission income. In light of the successful further diversification of the revenue basis it was 39.8 % (35.9 %). Old-age provision contributed a share of 27.0 % (29.4 %). With an overall increase in commission income, non-life insurance accounted for 16.7 % (18.8 %). The following table provides a detailed overview.

Breakdown of revenue

All figures in € million	Share in %	2021	Share in %	2020	Change in %
Wealth management	39.8%	356.1	35.9%	262.1	35.9%
Old-age provision	27.0%	241.7	29.4%	214.6	12.6%
Non-life insurance	16.7%	149.5	18.8%	137.2	9.0%
Health insurance	6.1%	54.4	6.9%	50.6	7.5%
Real estate brokerage	7.0%	62.8	5.4%	39.5	59.0%
Loans and mortgages	2.8%	25.0	3.0%	21.8	14.7%
Other commission and fees	0.6%	5.2	0.6%	4.6	13.0%
Total commission income		894.6		730.4	22.5%
Interest income		12.7		15.2	-16.4%
Total		907.3		745.5	21.7%

Real estate development improved

Inventory changes increased to € 16.9 million (€ 7.3 million) in the reporting period. These result from real estate development and represent the change in asset values generated in the current phase of the projects within the reporting period. This item will increase in future as the respective projects progress and then decline again with the gradual sale of project units.

Analysis of expenses

Net commission income above the previous year

Commission expenses primarily comprise performance-linked commission payments to our MLP consultants. They represent the largest item under expenses. This item also includes non-life insurance commissions paid in the DOMCURA segment and, since April 1, 2021, also the commissions paid in the RVM Group, which are recorded in the industrial broker segment. The variable expenses result from the compensation of brokerage services in the non-life insurance business. Added to these are the commissions paid for wealth management in the FERI segment, which in particular result from the activities in the field of fund administration. In this business segment they are primarily accrued due to compensation of the depository bank and fund sales. Commission expenses are also accrued in the Holding and Others segment. These are essentially the result of expenses from real estate development at DEUTSCHLAND.Immobilien. Against a backdrop of increased commission income, commissions paid were also above the previous year at € 482.5 million (€ 397.0 million). Net commission income, defined as the difference between commissions received and commissions paid, thereby rose to € 412.6 million (€ 333.3 million).

Interest expenses fell to € 0.3 million (€ 0.4 million) due to the ongoing low interest rate environment. Net interest was € 12.4 million (€ 14.7 million) in total.

Gross profit (defined as total revenue less commission expenses and interest expenses, plus inventory changes) improved to € 468.6 million (€ 377.2 million).

Administration costs up

Administration costs of the MLP Group (defined as the sum of personnel expenses, depreciation/amortisation and impairment, as well as other expenses) increased to € 377.7 million in the reporting year (€ 318.5 million). It is important to take into account the fact that the RVM Group and the Jahn Hamester Group was only incorporated in the income statement in the second quarter of the financial year 2021.

The item Remeasurement gains or losses/Loan loss provisions improved in the reporting period from € –3.0 million to € 1.6 million, mainly due to positive effects from fair value measurements in the FERI segment. The higher figure for the previous year can essentially be attributed to losses associated with the fair value measurement of financial investments in the Banking segment, which were accrued in the context of the market turbulence caused by the coronavirus pandemic and were essentially recorded in the first quarter of 2020.

Personnel expenses increased to € 180.5 million (€ 148.0 million). This was influenced by various factors, including the mentioned acquisition, the further strengthening of our young consulltant's area, which we have been expanding since 2017 through intensified recruiting efforts aimed at young consultants, a slightly higher overall number of employees, higher performance-linked compensation components, as well as general salary rises. Among other things, these include € 156.7 million (€ 127.2 million) for salaries and wages, € 20.3 million (€ 17.1 million) for social security contributions and employer-based old-age provision allowances of € 3.4 million (€ 3.7 million). In addition to this, MLP staff that worked at least 19.5 hours per week received a coronavirus bonus of € 500. Trainees and students received a special one-off payment of € 200.

Depreciation/amortisation and impairments increased slightly to € 30.4 million (€ 27.7 million). At the same time, consultancy expenses increased due to our M&A activities in the first half of 2021, as did EDP expenses. This increase is, in particular, reflected in other operating expenses, which rose to € 166.8 million (€ 142.8 million).

Breakdown of expenses

All figures in € million	2021	in % of total expenses	2020	in % of total expenses	Change in %
Inventory changes	16.9	-2.0%	7.3	-1.0%	131.5%
Commission expenses	-482.5	57.2%	-397.0	56.0%	21.5%
Interest expenses	-0.3	0.0%	-0.4	0.1%	-25.0%
Personnel expenses	-180.5	21.4%	-148.0	20.9%	22.0%
Depreciation and impairment	-30.4	3.6%	-27.7	3.9%	9.7%
Other expenses	-166.8	19.8%	-142.8	20.2%	16.8%
Total	**-843.6**	**100.0%**	**-708.7**	**100.0%**	**19.0%**

Earnings trend

EBIT forecast greatly surpassed

Despite ongoing investments such as in further strengthening our young consulltant's area, and thereby also in securing future revenue and earnings potential alongside further implementing the digitalisation strategy, we significantly surpassed both our original forecast and our updated forecast from October 2021. This can largely be attributed to significantly better performance in the wealth management business and the generally positive operating development with an EBIT of € 96.8 million (€ 59.4 million).

Set against the background of a drop in other interest and similar income, as well as an increase in other interest and similar expenses, the finance cost declined to € –3.6 million in the last financial year (€ –3.0 million).

Group net profit increased by 45.4 % overall to € 62.8 million (€ 43.2 million). This was essentially due to a significant increase in commission income in wealth management.

The following table provides an overview of the earnings structure, as well as the development of earnings and margins:

Structure and changes in earnings in the Group

all figures in € million	2021	2020	Change in %
Total revenue	934.5	767.3	21.8%
Gross profit [1]	468.6	377.2	24.2%
Gross profit margin (in %)	50.1%	49.2%	–
EBIT	96.8	59.4	63.0%
EBIT margin (in %)	10.4%	7.7%	–
Finance cost	-3.6	-3.0	20.0%
EBT	93.3	56.3	65.7%
EBT margin (in %)	10.0%	7.3%	–
Income taxes	-30.4	-13.1	132.1%
Net profit	62.8	43.2	45.4%
Net margin (in %)	6.7%	5.6%	–

[1] Definition: Gross profit is the result of total revenue less commission expenses, interest expenses and any inventory changes.

Appropriation of profits

Pronounced increase in earnings per share

Group earnings per share recorded a significant improvement in the past year 2021. At € 0.57, they are 42.5 % above the previous year's figure (€ 0.40). Our dividend policy is to pay 50 % to 70 % of Group net profit to our shareholders in the form of dividends. MLP SE paid out a dividend of € 0.23 per share for the financial year 2020. The total dividend paid was therefore € 25.1 million.

We have announced that we will be continuing our dividend policy for the financial year 2021. We are keen to share the highly positive Group earnings performance with our shareholders. On this basis, the Executive Board and Supervisory Board will propose a dividend of € 0.30 per share at the Annual General Meeting on June 2, 2022. This corresponds to a distribution rate of around 52 % of operating net profit.

Group net profit

All figures in € million	2021	2020	Change in %
Continuing operations	62.8	43.2	45.4%
GROUP	**62.8**	**43.2**	**45.4%**
Earnings per share in € (basic)	0.57	0.40	42.5%
Earnings per share in € (diluted)	0.57	0.40	42.5%
Number of shares in millions (basic)	109.2	109.2	0.0%
Number of shares in millions (diluted)	109.3	109.3	0.0%

Financial position

Aims of financial management

The financial management of the MLP Group is performed by the central Treasury department in cooperation with the Controlling and Risk Management departments. Our primary objective here is to secure the liquidity of the Group at all times, control the risks involved using the various financial instruments and optimise Group-wide cash management. To this end, we employ a system of rolling liquidity planning with a time frame of 15 to 18 months.

No liabilities or receivables in foreign currencies

There were no significant liabilities or receivables in foreign currencies during the reporting period, as we generate almost 100 % of total income in the eurozone. It is therefore not necessary for us to hedge net items in foreign currencies by means of hedging instruments. You can find details on the financial risks in the notes to the consolidated financial statements in the "Financial risk management" chapter.

Financing analysis

Equity ratio at 13.4 %

The Group's equity capital backing and liquidity remain good. As of the balance sheet date, shareholders' equity amounted to € 496.2 million and was therefore above the previous year's level (€ 454.0 million). The Group net profit of € 62.8 million (€ 43.2 million) for the financial year 2021 had a significant effect on this. However, this was counteracted by the dividend payment of € 25.1 million for the financial year 2020 (€ 23.0 million). Due to the higher balance sheet total, the equity ratio declined from 14.0 % in the previous year to 13.4 %. The regulatory equity ratio was 17.9 % (18.5 %) on the balance sheet date. Even with today's group structure, MLP still expects increased capital requirements for the next few years in order to meet the revised definition of equity and stricter requirements of Basel IV.

At present, we are not using any borrowed funds in the form of securities, promissory note bond issues or loans to finance the Group in the long term. Our non-current assets are financed by our shareholders' equity and non-current liabilities. Current liabilities due to clients and banks in the banking business represent further refinancing funds that are generally available to us in the long term. Total liabilities due to clients and financial institutions from the banking business of € 2,645.4 million (€ 2,379.4 million) essentially comprise client deposits. These liabilities are offset on the assets side of the balance sheet by € 1,439.7 million (€ 1,632.1 million) in receivables from clients and financial institutions in the banking business.

Since provisions only account for 3.7 % (3.6 %) of the balance sheet total, they have no significant financing function for the Group. Other liabilities increased to € 370.3 million (€ 265.7 million) on the balance sheet date. Due to our typically strong year-end business, they increase markedly up to the balance sheet date December 31 and then decline again in the subsequent quarters. Current liabilities declined to € 244.1 million (€ 180.8 million). These are essentially liabilities from operating activities. Current liabilities are offset on the assets side by cash and cash equivalents of € 1,377.8 million (€ 859.0 million), which are attributable to higher deposits at the Deutsche Bundesbank, and financial investments of € 195.2 million (€ 197.6 million), as well as other current assets of € 221.2 million (€ 158.0 million).

Liquidity analysis

Cash flow from operating activities increased to € 546.4 million, compared with € 408.1 million in the same period of the previous year. Here, significant cash flows result from the deposit business with our clients and from the investment of these funds.

Cash flow from investing activities changed from € –28.3 million to € –45.4 million.

Condensed statement of cash flow

all figures in € million	2021	2020
Cash and cash equivalents at beginning of period	**855.8**	**510.8**
Cash flow from operating activities	546.4	408.1
Cash flow from investing activities	-45.4	-28.3
Cash flow from financing activities	14.0	-31.5
Changes in cash and cash equivalents due to changes in the scope of consolidation	3.7	0.0
Change in cash and cash equivalents due to exchange rate fluctuations	0.1	0.0
Daily due liabilities to credit institutions (excluding banking business)	-3.9	-3.2
Change in cash and cash equivalents	**515.0**	**348.3**
Cash and cash equivalents at end of period	**1,374.0**	**855.8**

As of the balance sheet data, December 31, 2021, the MLP Group has access to cash holdings of around 1,431 million. These are made up of cash and cash equivalents, the credit held by MLP SE at MLP Banking AG and the medium-term time deposits. A good level of liquid funds therefore remains available. Thus, there are sufficient cash reserves available to the MLP Group. Alongside cash holdings, free lines of credit are also in place.

Capital expenditure analysis

MLP generally finances capital expenditures from operating cash flow. The total investment volume in intangible assets and property, plant and equipment was € 10.2 million (€ 9.3 million) in the last financial year 2021.

Capital expenditure

All figures in € million	2021	2020	2019	2018	2017
Intangible assets	**5.2**	**5.8**	**3.9**	**4.4**	**3.4**
Goodwill	—	—	—	—	—
Software (developed in house)	0.2	—	0.2	0.2	0.2
Software (purchased)	1.7	1.9	1.5	0.9	1.0
Other intangible assets	0.0	0.0	0.0	—	—
Payments on account and assets under construction	3.2	3.9	2.2	3.3	2.1
Property, plant and equipment	**4.9**	**3.5**	**5.4**	**22.2**	**3.9**
Land, leasehold rights and buildings	0.7	0.4	0.9	16.2	0.3
Other fixtures, fittings and office equipment	3.7	2.9	3.8	3.4	2.6
Payments on account and assets under construction	0.5	0.2	0.7	2.6	1.0
Acquisitions of companies purchase price shares already paid*	**62.1**	**—**	**13.0**	**—**	**—**
Total capital expenditures	**72.2**	**9.3**	**22.3**	**26.6**	**7.3**

*RVM Group, Hamester/Jahn Group, Limmat Wealth AG

At € 3.5 million, the vast majority of investments were made in the Financial Consulting segment. The main focus of these investments were in operating & office equipment and IT systems to support sales. These contribute to the continuous improvement of consulting support and client service. Alongside these capitalisable investments, we also use other intensive resources for these projects which are recognised as expenses in the income statement. The investment volume in the FERI segment was € 2.6 million. The investment volume in the Banking segment was € 0.6 million. Software and IT were the primary focuses of investment here. Investments in the DOMCURA segment totalled € 2.7 million. Operating and office equipment, as well as acquired software represented one focus for investment here.

Capital expenditures by segment

All figures in € million	2021	Total capital expenditures 2020	Change in %
Financial consulting	3.5	3.4	2.9%
Banking	0.6	0.3	100.0%
FERI	2.6	2.6	0.0%
DOMCURA	2.7	2.5	8.0%
Industrial Broker	0.2	–	–
Holding and Others	0.4	0.6	-33.3%
Total	**10.1**	**9.4**	**7.4%**

Net assets

Further increase in balance sheet total

The balance sheet total of the MLP Group increased to € 3,693.4 million (€ 2,799.6 million) as of December 31, 2021, which can be attributed to further increases in client deposits.

Intangible assets – essentially including the client base, brand and goodwill – increased to € 226.8 million (€ 178.9 million) as of the balance sheet date. Property, plant and equipment of € 128.1 million (€ 125.1 million) were slightly above the previous year's level.

At € 961.4 million (€ 880.6 million), receivables from clients in the banking business were above the previous year's level. Set against the background of increased investment in time deposits, receivables from banks in the banking business declined to € 478.3 million (€ 751.5 million). Around 66 % of receivables from banks and clients have a remaining term of less than one year.

The "Inventories" item essentially represents the assets of the project enterprises in the field of real estate. This item increased significantly to € 34.6 million as of December 31 (€ 17.8 million).

Financial assets increased slightly to € 195.2 million (€ 197.6 million). At € 12.1 million (€ 9.7 million), tax refund claims were significantly above the previous year's level. The increase is essentially the result of recognising accounts receivable for 2020 at MLP Finanzberatung SE.

Other receivables and assets increased to € 261.9 million (€ 199.8 million). This item essentially comprises commission receivables from insurers resulting from the brokerage of insurance products. Due to the typically strong year-end business, these increase considerably at the end of the year and then decline again during the course of the following financial year.

Cash and cash equivalents rose markedly to € 1,377.8 million (€ 859.0 million). This increase can be attributed to a greater deposit volume at the German Bundesbank. Among other factors, the dividend payment to our shareholders had the opposite effect. You can find detailed information on the change in cash and cash equivalents in the chapter entitled "Financial position".

Increase in return on equity

The equity capital backing of the MLP Group remains good. Shareholders' equity increased to € 496.2 million (€ 454.0 million) as of December 31, 2021. Minority interests have been disclosed in the balance sheet since 2019 due to the acquisition of a majority holding in the DI Group. These were € 1.0 million on the reporting date and thereby slightly above the previous year's level (€ 0.8 million). Due to the higher balance sheet total, the equity ratio was 13.4 % (14.0 %). Based on Group net profit of € 62.8 million (€ 43.2 million) we therefore achieved a return on equity of 13.8 % (9.5 %).

Provisions of € 137.0 million (€ 115.8 million) were slightly above the previous year's level. The increase can essentially be attributed to a rise in pension provisions, as well as provisions for obligations resulting from IT services and litigation risks.

The deposits of our clients which are recorded under "Liabilities due to clients in the banking business" increased to € 2,516.1 million (€ 2,271.9 million) at the end of the reporting period. This increase is primarily attributable to short-term deposits held in bank accounts and instant access savings accounts. Liabilities due to banks in the banking business rose to € 129.3 million (€ 107.5 million). This increase can mainly be attributed to a higher volume of promotional loans being passed on to our clients. This item includes the refinancing funds from funding institutions.

Tax liabilities rose to € 33.1 million (€ 10.9 million). At € 370.3 million (€ 265.7 million), other liabilities were also higher than in the previous year. This item further comprises increased liabilities from the underwriting business of DOMCURA, purchase price liabilities and current liabilities due to our consultants and branch office managers in connection with open commission claims (please refer to the section entitled "Financial position").

Comparison of actual and forecast business performance

In the previous year's joint management report, we were still anticipating challenging market conditions for the financial year 2021. In terms of the revenue development recorded by the individual business areas, we were anticipating the old-age provision field of consulting to remain largely unchanged at the start of the year. Following the first nine months of the year, however, we revised this expectation to a slight increase. With a 12.6 % increase in revenue over the previous year, we actually surpassed our own expectations. Having recorded an increase of 19.9 %, the development of new business was also more positive than we had anticipated at the start of the year.

Thanks to highly positive development throughout the financial year 2021, wealth management revenue was above both our original expectation of achieving stable to slightly rising revenue and our updated expectation from November, in which we forecast a slight increase in revenue. Revenue from health insurance was slightly above the previous year's level and therefore also slightly better than anticipated. Despite recording an increase of 9.0 %, non-life insurance was not able to quite match our expectations of a sharp increase in revenue at the end of the financial year 2021. Having recorded a significant gain, revenue from property brokerage developed as planned throughout the year. Thanks to a sharp rise in revenue (expectation: stable revenue), loans and mortgages also performed better than we had anticipated at the start of 2021.

Administration costs, which continue to include expenses for investments in the future - in particular for recruiting young consultants as part of our efforts to strengthen the young consulltant's area - were forecast to remain largely unchanged. At the end of the financial year 2021, however, the increase was more pronounced than we had anticipated. The first consolidation of RVM, as well as consulting costs (above all in the area of M&A transactions) in particular contributed to this.

Overall, Group EBIT displayed significantly better performance than we had anticipated, in particular thanks to the strong performance in the wealth management business. With EBIT of € 96.8 million, we are significantly above our forecast corridor of € 55.0 million to € 61.0 million.

In terms of the number of consultants or consultant turnover, we generally anticipate a turnover rate of around 10 %. With actual consultant turnover of 9.6 % in the reporting year, we are therefore within our expected range.

Segment Report

The MLP Group comprised the following segments in 2021:

- Financial Consulting
- Banking
- FERI
- DOMCURA
- Industrial Broker
- Holding and Others

The Financial Consulting segment includes revenue generated in the fields of consulting of old-age provision, health and non-life insurance, loans & mortgages and real estate brokerage. This figure also includes revenue from real estate brokerage in the DI Group. All banking services for both private and corporate clients, from wealth management, accounts and cards, through to the interest rate business, are brought together in the Banking segment. The FERI segment primarily generates revenue from the wealth management field of consulting, while the DOMCURA segment generates most of its revenue from the brokerage of non-life insurance policies.

Alongside MLP SE, the Holding and Others segment includes the project enterprises of the DI Group. Expenses from real estate development are disclosed under "Commission expenses. The "Inventory changes" item also results from real estate development and represents the changes in assets generated in the current phase of the projects within the reporting period. This item will increase as the respective projects progress and then decline again with the gradual sale of project units.

With the acquisition of RVM, MLP has laid the crucial foundation for developing the commercial and industrial insurance market. The acquisition of RVM forms the basis for a systematic expansion of the new Industrial Broker segment. The companies of RVM Group and Jahn Hamester Group are currently allocated to this segment. Similarly to the DOMCURA segment, the majority of revenue and earnings in this segment are essentially generated in the first quarter of each year. This is due to the seasonality of this business. The subsequent quarters up to the end of the year are then generally concluded with negative earnings. Due to the provisions of IFRS, the earnings of the RVM Group as well as Jahn Hamester Group are to be disclosed under shareholders' equity until the transaction has been finalised. As such, the expenses accrued are essentially disclosed in the income statement of the MLP Group.

The MLP Group is extending its segment reporting as of January 1, 2022 with the new DEUTSCHLAND.Immobilien segment. Until now, the earnings contribution of the DI Group, which was acquired in 2019, has been disclosed and reported in two different segments. While real estate brokerage has to date been incorporated in the Financial Consulting segment due to having similar characteristics and business activities, the earnings contribution from real estate projects has been reported in the Holding & Others segment.

As a result of its increasing share of revenue and profitable implementation of further real estate projects currently in planning, the business model of the DI Group is becoming increasingly important for the MLP Group. The DI Group is therefore set to be monitored and controlled independently as of January 1, 2022. All revenue from real estate brokerage and real estate projects of the DI Group will then be reported in the new DEUTSCHLAND.Immobilien segment. In return, these earnings contributions will be removed from the Financial Advice and Holding & Others segments.

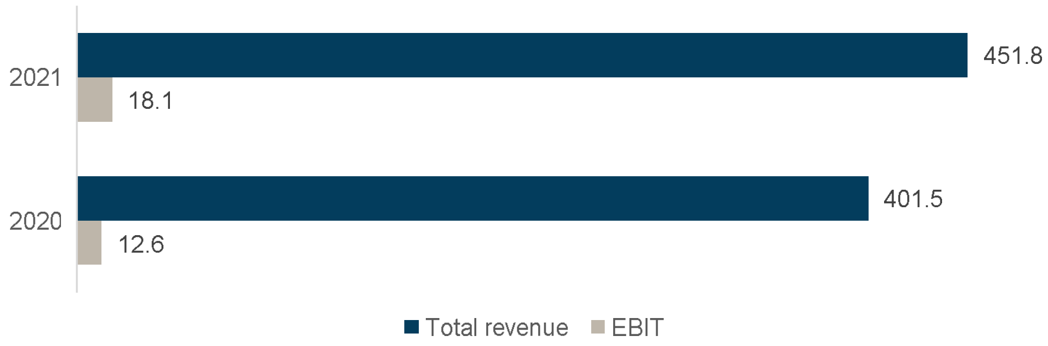
Financial Consulting segment

Total revenue in the Financial Consulting segment rose to € 451.8 million in the reporting period (€ 401.5 million). This figure is essentially made up of commission income. The development of the consulting fields of old-age provision, health insurance, non-life insurance, loans and mortgages, real estate brokerage included in this segment, as well as other commission and fees corresponded to that the Group. Sales revenue in the Financial Consulting segment increased to € 422.6 million (€ 377.4 million). Other income was € 29.2 million (€ 24.1 million).

Set against the background of increased commission income, commission expenses also rose to € 220.5 million (€ 193.8 million). Personnel expenses climbed to € 84.4 million (€ 72.8 million). Depreciation/amortisation and impairments were € 20.1 million (€ 20.2 million). Other expenses rose to € 112.8 million (€ 105.3 million). This increase can essentially be attributed to increased expenses for EDP consulting services, as well as greater allocations to provisions.

Earnings before interest and taxes (EBIT) were € 18.1 million in the reporting year (€ 12.6 million). With a finance cost of € –2.0 million (€ –3.0 million), earnings before tax (EBT) were € 16.1 million (€ 9.7 million).

Total revenue and EBIT in the Financial Consulting segment (all figures in € million)



Banking segment

Revenue in the Banking segment is primarily generated from the wealth management field of consulting. Interest income represents another revenue source.

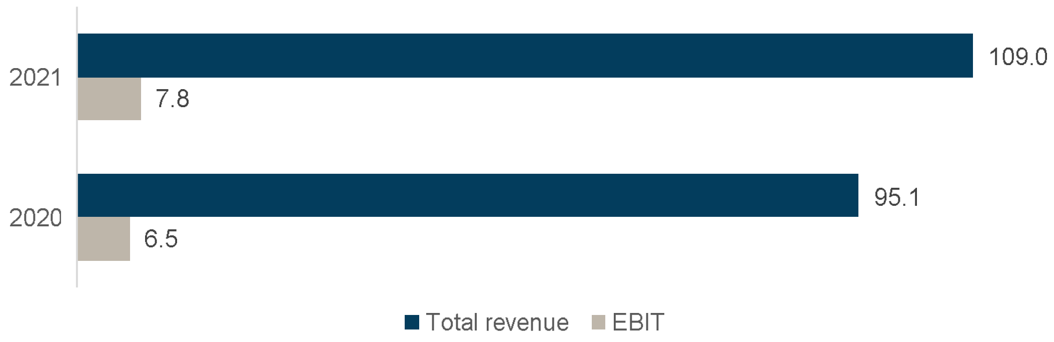
Total revenue in this segment in the reporting period was € 109.0 million (€ 95.1 million). Sales revenue increased to € 105.1 million (€ 87.6 million). At € 15.2 million, interest income was below the previous year (€ 16.6 million). This was due to the ongoing period of low interest rates. Other revenue amounted to € 4.0 million (€ 7.5 million). The previous year's higher figure was due to a positive effect from VAT refunds.

Commission expenses increased to € 47.4 million (€ 36.9 million) as a result of a rise in revenue to € 84.7 million (€ 80.1 million). In light of continuingly low interest rates, interest expenses of € 0.1 million (€ 0.3 million) were generated.

Personnel expenses amounted to € 14.0 million (€ 12.5 million). At € 0.4 million, depreciation/amortisation and impairment remained at the previous year's level (€ 0.4 million). Other expenses were € 38.3 million (€ 36.4 million).

Earnings before interest and taxes (EBIT) were € 7.8 million (€ 7.5 million). The finance cost decreased to € 0.0 million (€ 1.0 million). This was in particular due to interest on reimbursements relating to VAT refunds from previous years. Accordingly, earnings before tax (EBT) rose to € 7.8 million (€ 7.5 million).

Total revenue and EBIT in the Banking segment (all figures in € million)



FERI segment

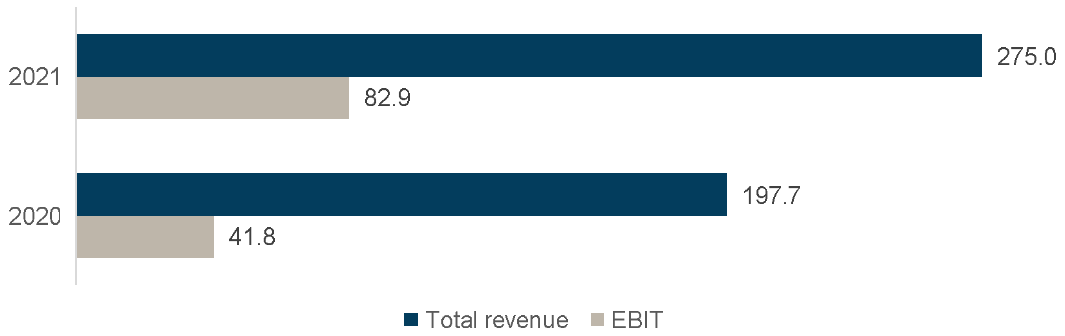
The FERI segment represents the activities of the FERI Group. Revenue is primarily generated in this segment from the wealth management field of consulting.

In the last financial year 2021, total revenue increased by 39.0 % to € 275.0 million (€ 197.7 million), marking a new record high. The high level of performance fees generated in the wealth management business made a particular contribution to this. Sales revenue rose to € 269.9 million (€ 194.2 million). Other revenue amounted to € 5.3 million (€ 3.5 million).

As a result of higher revenue, commission expenses also rose to € 137.2 million (€ 107.1 million). Personnel expenses increased to € 43.3 million (€ 37.1 million). Depreciation/amortisation and impairment totalled € 2.7 million (€ 2.3 million) and therefore remained virtually unchanged. Other expenses were € 12.2 million (€ 9.2 million).

As a result of higher revenue, EBIT rose significantly to € 82.9 million (€ 41.8 million). The EBIT margin was 30.1 % (14.0 %). The finance cost was € –0.0 million (€ –0.6 million). EBT therefore reached a new all-time high of € 82.9 million (€ 41.2 million).

Total revenue and EBIT in the FERI segment (all figures in € million)



DOMCURA segment

Revenue in the DOMCURA segment is primarily generated in the non-life insurance field of consulting. DOMCURA's business model is characterised by a high degree of seasonality during the year. Accordingly, DOMCURA records high revenue and comparably high earnings in the first quarter of each year. This is then typically followed by a loss from Q2 to Q4.

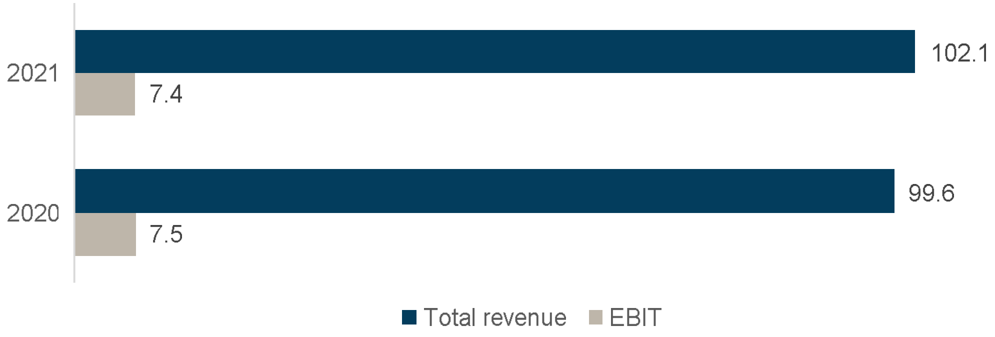
DOMCURA generated revenue of € 100.2 million (€ 97.9 million) in the reporting year. Other income was € 1.9 million (€ 1.7 million). Accordingly, total revenue was € 102.1 million (€ 99.6 million).

Commission expenses increased to € 64.1 million (€ 63.4 million), largely as a result of higher sales revenue. These are essentially accrued as variable compensation for brokerage services.

Administration costs were € 30.6 million (€ 28.8 million). € 18.7 million (€ 17.9 million) thereof were attributable to personnel expenses. Depreciation/amortisation and impairments increased to € 2.6 million (€ 2.4 million). Other expenses rose to € 9.3 million (€ 8.5 million).

EBIT decreased slightly to € 7.4 million (€ 7.5 million). With a finance cost of € –0.2 million (€ –0.2 million), EBT was € 7.2 million (€ 7.3 million).

Total revenue and EBIT in the DOMCURA segment (all figures in € million)



Industrial Broker segment

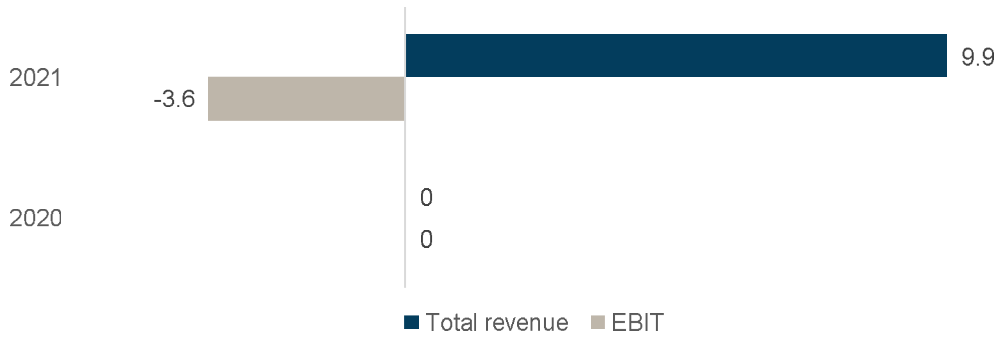
The Industrial Broker segment primarily generates revenue from the brokering of insurance policies for industrial and commercial clients. Revenue from this segment flows into the non-life insurance sales revenue. Business performance in the Industrial Broker segment is characterised by a high degree of seasonality during the year. Accordingly, the segment records comparably high earnings in the first quarter of each year along with high sales revenues. This is then typically followed by a loss from Q2 to Q4.

The Industrial Broker segment is currently home to RVM Versicherungsmakler GmbH including its subsidiary RISConsult GmbH, under the holding RVM GmbH (RVM). As these companies were acquired during the year and are being consolidated for the first time in the second quarter of 2021, no figures from previous years are available. In line with IFRS, the earnings already generated by RVM in the first quarter were therefore also disclosed under shareholders' equity and not included in the income statement as of December 31, 2021.

Total revenue in the Industrial Broker segment was € 9.9 million. Sales revenue was € 9.4 million, while other revenue was € 0.6 million. Commission expenses were € 0.3 million. Administration expenses totalled € 13.3 million. At € 9.4 million, personnel expenses represent the largest item here. Depreciation/amortisation and impairment were € 1.7 million, while other expenses were € 2.3 million.

EBIT stood at € –3.7 million. At a finance cost of € –0.5 million, EBT was € –4.2 million.

Total revenue and EBIT in the Industrial Broker segment (all figures in € million)



Holding and Others segment

Total revenue in the Holding and Others segment in the reporting period was € 37.8 million (€ 18.3 million). The revenue included in this figure was € 21.5 million (€ 4.5 million), which essentially reflects the real estate development business contributed by the DI Group. Following € 13.8 million in the previous year, other revenue was € 16.3 million.

Commission expenses rose to € 34.6 million (€ 10.1 million), reflecting the significant rise in sales revenue. Inventory changes stood at € 16.2 million (€ 7.3 million).

Personnel expenses amounted to € 10.8 million (€ 7.7 million). Depreciation/amortisation and impairment amounted to € 3.1 million (€ 2.4 million). Other expenses rose to € 19.7 million (€ 11.7 million), which can also be attributed to the increase in the real estate development business.

EBIT reached € –13.8 million (€ –6.5 million). Finance cost declined to € –2.7 million (€ –2.1 million). At € –16.5 million (€ –8.6 million), EBIT was below the previous year's level.

Employees and self-employed client consultants

As MLP is a knowledge-based service provider, qualified and motivated employees and self-employed client consultants represent the most important foundation for sustainable company success. Continuous development and optimisation of HR work for employees, as well as recruiting and training new consultants were therefore also key focuses in 2021.

Low staff turnover rate

The number of employees in the MLP Group increased slightly in the last financial year. In the reporting year 2021, a total of 2,058 employees worked for MLP. This increase is essentially the result of the inclusion of staff from the acquisition of the RVM Group, as well as new recruitments and personnel returning to work following parental leave. In 2021, the staff turnover rate within the Group rose slightly. However, at 7.3 % it still remains at a low level (2020: 6.7 %). The average age of the employees is currently 43.56.

The following table shows the development of average employee numbers in the individual segments over the last few years:

Development of the average number of employees by segment (excluding MLP consultants)

Segment	2021	2020	2019	2018	2017
Financial Services [1)]	—	—	—	—	1,198
Financial Consulting [2) 3) 5)]	1,132	1,097	1,071	1,055	1,047
Banking [2) 5)]	201	193	187	179	163
FERI [6)]	235	221	236	223	224
DOMCURA	304	293	274	260	254
Holding and Others [4)]	55	46	16	6	6
Industrial Brokerage [7)]	132	—	—	—	—
Total	2,058	1,850	1,783	1,722	1,686

Date: December 31, 2021

1) This segment existed until September 30, 2017

2) The average values stated for 2017 refer solely to the fourth quarter of 2017

3) Incl. TPC (merger with Finanzberatung SE in 2020), ZSH, DI Sales, DI Web, DI IT and MLPdialog

4) Since 2019 including DI AG and DI Projekte

5) Separate disclosure - 2017 values included in financial services

6) Since October 2021 incl. FERI CH

7) Since April 1, 2021: RVM and RISConsult, since December 1, 2021 incl. Jahn & Sengstack GmbH

Development opportunities and the "Women in Management" programme

MLP offers development opportunities for employees at all levels. One example is the long-established "Top Talents" programme for junior staff. The objective of this programme is to systematically identify talented junior staff from within the company and then provide these with targeted and sustainable development opportunities for future complex specialist and management duties within the MLP Group. Participation in our modular management programme has been compulsory for all new managers since 2018. Up and coming managers are trained in relevant areas and receive guidance and support in their new role. In order to achieve a more balanced gender ratio at management level, MLP introduced the "Women in Management" programme in 2021, which is accompanied by various packages of measures. For example, new leadership principles were drawn up and networking events held in the reporting year.

Works agreements

In the reporting year, the works agreement regarding working time accounts was concluded as a useful extension to our personnel policy which is geared to the various stages of life. We hope that this will also contribute to increasing the attractiveness of our company as an employer. Furthermore, particularly during the coronavirus pandemic, it became clear that MLP is already well positioned in terms of the existing works agreements. In particular the "working times" and "mobile working" works agreements provide both the company and its employees with the necessary scope and flexibility to successfully overcome the challenges associated with the coronavirus pandemic.

Digitalisation of personnel work successfully continued

The ongoing digitalisation of personnel work remained a focus of activity in 2021. Work on the digital personnel file was further expedited, while important preparatory work to secure greater automation through establishment of workflows was also performed. Furthermore, a new, modern applicant management system for the administration and reporting of applicant data was successfully implemented in 2021. In addition to this, agile work methods continued to be applied at the company and then also programmatically incorporated into personnel work in the form of training sessions and seminars. This is further strengthened by the company-wide project "New working environments", within which the Personnel department is implementing the subproject "Empowerment".

The ongoing digitalisation of personnel work at MLP really proved its value, in particular in light of the special circumstances surrounding work during the coronavirus pandemic. Alongside processes and activities that have already been digitalised, this also applies in particular to the work organisation and technical equipment of the HR department - including the EDP skills of the corresponding employees which, despite already starting at a very high level, were given another significant boost in the course of the crisis response.

"PAY SYSTEM FOR THE EXECUTIVE BOARD AT MLP SE" IN ACCORDANCE WITH THE REQUIREMENTS OF § 87a OF THE GERMAN STOCK CORPORATION ACT (AKTG)

The following remuneration system was submitted to the Annual General Meeting of MLP SE on June 24, 2021 for approval

Introduction

The present pay system is based on the stipulations of § 87a of the German Stock Corporation Act (AktG), which was incorporated into the German Stock Corporation Act on January 1, 2020, as well as on the recommendations of the government commission "German Corporate Governance Code" in the version dated December 1, 2019 (GCGC 2019). It applies to all Executive Board service contracts at MLP SE to be newly concluded or extended as of January 1, 2021. Executive Board service contracts concluded before January 1, 2021 remain unaffected by these stipulations and therefore deviate in parts from the MLP SE pay system described below.

Stipulation of a maximum compensation for members of the Executive Board (§ 87a (1) Sentence 2 No. 1 of the German Stock Corporation Act (AktG) and stipulation of the target total compensation (Principle 1 GCGC 2019)

The Executive Board service contracts contain the stipulation of a maximum compensation. The maximum compensation of the Chief Executive Officer is set at € 2,700 thsd, while the maximum compensation for the other members of the Executive Board is set at € 1,800 thsd.

The overall target compensation is stipulated by the Supervisory Board for each financial year in the first quarter of the respective financial year on the basis of budget planning.

Contribution of compensation to promoting the business strategy and long-term development of the company (§ 87a (1) Sentence 2 No. 2 of the German Stock Corporation Act (AktG))

The key strategic objective is to bring about profitable and sustainable growth. The sustainable development of the company should be the primary focus and, where necessary, take priority over short-term success. One of the most important prerequisites for ensuring this prioritisation is continuity in the composition of the Executive Board. Executive Board compensation appropriate to the size, sector, and economic situation of the company ensures profits and, in particular, long-term retention of suitable executive personalities.

The Executive Board compensation is generally made up of fixed and variable portions. The level of the fixed portions of compensation is calculated in such a way that there is no significant dependency on the variable portions of compensation. The target and basis of assessment for the variable portion of compensation must be set in a way that encourages the seizing of opportunities but prevents taking disproportionate risks. Furthermore, the predominant portion of the variable compensation is to be set up over several years.

Fixed and variable portions of compensation and their respective relative proportion of compensation (§ 87a (1) Sentence 2 No. 3 of the German Stock Corporation Act (AktG))

The fixed compensation generally consists of the following components:

- Monthly base salary
- Company car, also for private use
- Contribution to occupational pension scheme

The variable compensation comprises the following components:

- Variable compensation linked to EBIT (immediate payment)
- Variable compensation linked to EBIT (deferred payment)

Further fringe benefits in line with standard market practices can be granted within the limits of the agreed maximum compensation.

The variable compensation should amount to 100 % of and no more than 200 % of the fixed compensation. The portion of long-term variable compensation (deferred payment) should exceed the portion of short-term variable compensation (immediate payment). In order to calculate these components, the variable compensation is taken into consideration in the target amount.

The company is subject not only to Stock Corporation Act regulations but also to the special compensation law regulations of the German Banking Act (KWG) and the Ordinance on the Supervisory Requirements for Institutions' Pay Systems (InstitutsVergV). Accordingly, the maximum variable compensation is limited to 200 % of the fixed compensation.

Financial and nonfinancial performance criteria for granting variable portions of compensation (§ 87a (1) Sentence 2 No. 4 of the German Stock Corporation Act (AktG))

Group EBIT is used as a measure to calculate the variable compensation. The key figure is therefore earnings before tax (EBT) that would result without deduction of profit-sharing payments. If continuing operations and discontinued operations were to be recognised in the financial year, the total of the EBITs of operations to be continued and discontinued is applicable. Costs and income that are directly related to the discontinuation or sale of business segments are not included.

Explanation of how these criteria contribute to attaining the goals pursuant to § 87a (1) Sentence 2 No. 2 of the German Stock Corporation Act (AktG)

Profitability essentially results from the correlation of revenue and expenses. It is reflected in EBIT. EBIT as the basis of assessment for the variable compensation of the members of the Executive Board is therefore considered a suitable measure for supporting the key strategic objective. As such, the variable compensation is based on the EBIT achieved by the company. This also ensures the desired holistic thinking within the collegial body of the Executive Board.

Description of the methods used to determine fulfilment of the performance criteria

EBIT is determined in the process of drawing up the financial statements and is certified by the auditors. The certified financial statements are used as the basis for calculating the variable compensation of the members of the Executive Board and thus establish fulfilment of the performance criteria.

Deferred periods for the payment of portions of compensation (§ 87a (1) Sentence 2 No. 5 of the German Stock Corporation Act (AktG))

The variable portions of compensation which are granted as immediate payment are paid out within the first half of the year following the end of the financial year for which the payment is granted.

The variable portions of compensation which are granted as deferred payment are paid out at the earliest three years and no later than four years after the end of the financial year for which the payment is granted.

Possibilities for the company to claim back variable portions of compensation (§ 87a (1) Sentence 2 No. 6 of the German Stock Corporation Act (AktG))

The service contracts contain a regulation for claiming back variable portions of compensation that have already been paid out (claw-back clause) in the event of serious infringements of legal duties or the rules of procedures for the Executive Board.

The Executive Board service contracts also contain adjustment options whereby the Supervisory Board can adjust the variable compensation upwards or downwards at its discretion for one financial year to take into account the individual performance of the members of the Executive Board or extraordinary developments in the sense of § 87 (1) Sentence 3 of the German Stock Corporation Act (AktG).

Share-based compensation (§ 87a (1) Sentence 2 No. 7 of the German Stock Corporation Act (AktG))

The variable compensation is generally granted as a monetary benefit; there is no plan to grant share-based variable compensation.

Pay-related legal transactions (§ 87a (1) Sentence 2 No. 8 of the German Stock Corporation Act (AktG))

Terms and prerequisites for their termination, including the respective notice periods

The Executive Board contracts usually have a term of three years in the case of initial appointments; extensions are made with a maximum term of five years.

There are no plans for ordinary termination of any of the Executive Board service contracts.

The Supervisory Board can only terminate an Executive Board service contract for an important reason. These important reasons include, in particular, any member of the Executive Board significantly violating any of the provisions of the respective Executive Board service contract, the provisions included in the rules of procedure for the Executive Board or the provisions of the company's articles of association, as well as any other breaches of duty that make continuation of the contract with the company appear unreasonable.

In the event of a reduction in compensation, the respective member of the Executive Board can terminate the Executive Board service contract at the end of the subsequent quarter with a notice period of six weeks pursuant to § 87 (2) Sentence 4 of the German Stock Corporation Act (AktG)

Change-of-control clauses are agreed with members of the Executive Board, granting the right to termination for good cause in the event that

- shares with voting rights in the company change as per §§ 33 et seq. of the German Securities Trading Act and the person acquiring the shares thereby exceeds the threshold of 50 % of the shares with voting rights, unless the person acquiring the shares already held more than a 10 % stake in the company at the time signing the respective Executive Board service contract;

- the company is reorganised in line with the provisions of the German Reorganisation of Companies Act (UmwG). This does not apply if the company changes its corporate form, spin-offs in line with § 123 (3) of the German Reorganisation of Companies Act or for mergers in accordance with the provisions of the Transformation Act (UmwG), in which the company is the incorporating legal entity.

Granting of severance settlements

If one of the members of the Executive Board resigns on the basis of the conditions of the change-of-control clause, he/she shall receive compensation of no more than two annual salaries, on the condition that the termination takes place more than two years before the end of contract. After that, a pro-rata-temporis regulation applies.

Main features of the retirement salary and early retirement schemes

The occupational pension scheme is granted in the form of an employer-financed, contribution-related performance commitment by relief fund.

Explanation of how the compensation and employment conditions of the employees were taken into account when determining the pay system, including an explanation of which group of employees was considered (§ 87a (1) Sentence 2, No. 9 of the German Stock Corporation Act (AktG))

The target and maximum compensation as well as the concrete distribution between fixed and variable portions of compensation are defined by the Supervisory Board. Any necessary adjustments are made upon extension of the contracts. Compensation in the sector, business performance, and the special features of MLP's business model are given appropriate consideration. This involves a vertical and a horizontal comparison, as does a review of the adequacy of the Executive Board compensation. For the horizontal comparison, the peer group consists of companies that are comparable to MLP in terms of the criteria "Size", "Sector", "Country", "Recruiting Fit" and "Governing Regulations and Compliance". Comparability in four of the five criteria mentioned is sufficient for inclusion in the peer group.

The following is understood by these criteria:

- Size:
  Companies of a comparable size in terms of earnings, number of employees, market capitalisation
- Sector:
  Direct competitors and companies in other sectors with comparable key characteristics (financial sales organisations, banks, insurance providers, other financial services providers)
- Country:
  German companies with a comparable reputation, comparable economic, financial, and strategic situation, and comparable complexity in the corporate structure
- Recruiting Fit:
  Companies with which the company competes for qualified executive staff
- Governing regulations and compliance:
  Companies that move in a similar regulatory environment (finance and insurance sector with special requirements for compensation)

The vertical comparison also takes into account the development of compensation for the individual employee groups over time. This includes a comparison both with the average compensation of the senior management level within the MLP Group and with the average compensation of the remaining staff. In each case, the previous year and the previous five-year period are considered.

Description of the procedure for determining/implementing and reviewing the pay system, including the role of any committees and the measures for preventing and handling conflicts of interest (§ 87a (1) Sentence 2 No. 10 of the German Stock Corporation Act (AktG))

By law, the Supervisory Board is responsible for determining, implementing and checking both the actual compensation and the pay system employed for the members of the Executive Board. The Supervisory Board has assigned responsibility for preparation of the respective Supervisory Board decisions to its Personnel Committee. The Supervisory Board and/or the Supervisory Board's Personnel Committee can bring in external consultants as and when necessary. When commissioning external compensation consultants, attention is paid to ensure their independence.

The pay system must comply with the relevant legal provisions for the compensation of the members of the Executive Board, in particular the special provisions of the Ordinance on the Supervisory Requirements for Institutions' Pay Systems (InstitutsVergV). Compliance with the provisions is reviewed annually and as needed according to § 12 of the Ordinance on the Supervisory Requirements for Institutions' Pay Systems (InstitutsVergV) with the involvement of the relevant controlling units. The result of the check is presented to the Supervisory Board, which then assesses it. Where necessary, changes are made to the pay system in accordance with responsibilities.

Since the legislation stipulates that the Supervisory Board bears responsibility for determining, implementing and checking the system for compensation of the members of the Executive Board, any risk of conflicts of interest can therefore be ruled out from the outset. However, should any such conflicts of interest ever occur in future, these will be addressed using the standard rules in place and applicable to the Supervisory Board at MLP SE. Accordingly, depending on the nature of the conflict of interest, the member of the Supervisory Board in question will be required to abstain from voting and, if necessary, also from any negotiations on the respective item on the agenda. Should a permanent and non-resolvable conflict of interest occur, the member of the Supervisory Board in question will resign from office.

COMPENSATION REPORT PURSUANT TO SECTION 162 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

Fundamentals of the pay system

The compensation for the Executive Board at MLP SE should include both fixed and variable components.

The fixed component comprises a basic salary, a company car that can also be used privately and occupational pension provision. The variable component is granted in the form of an EBIT-based profit-sharing payment.

The ratio between fixed and variable compensation should be set in such a way that the respective member of the Executive Board is not significantly dependent on the variable compensation component, but that this component still offers an effective incentive.

The key strategic objective is to bring about profitable growth. The key indicator and control variable is EBIT of the MLP Group which, as operating profit, is essentially the result of revenue and expenses. A variable compensation based on the EBIT of the MLP Group performance is therefore a suitable measure for supporting this strategy. By splitting the variable compensation into an immediate payment and a deferred payment, variable compensation has a multi-year basis for assessment. This ensures that focus is not only on short-term success, but also the MLP Group's long-term performance.

Since the profit-sharing payment is exclusively EBIT-based, it is fundamentally independent of the individual performance of the respective member of the Executive Board. However, the Supervisory Board still has the contractual option to adjust the variable compensation both upwards and downwards at its discretion on the basis of the individual performance of a member of the Executive Board, as well as in light of any general market influences on the respective operating results that cannot be attributed to the members of the Executive Board within a contractually stipulated framework.

The existing Executive Board service contracts do not yet contain any regulations regarding claiming back variable portions of compensation that have already been paid out in addition to those required under the provisions of law. However, a corresponding regulation is to be agreed in future for new Executive Board employment contracts to be concluded or extended in accordance with the remuneration system for the Executive Board of MLP SE resolved by the Annual General Meeting on June 24, 2021.

When specifying compensation for the Executive Board or a member of the Executive Board, the Supervisory Board takes into account the ratio relative to average compensation of the upper management level within the MLP Group, as well as the ratio relative to average compensation among the remaining workforce. This applies both to the average compensation within a year and to the development of compensation over multiple years. Attention is paid to ensure that the compensation of Executive Board members is at an appropriate ratio relative to the compensation of the workforce.

Executive Board compensation

Principles of Executive Board compensation

The members of the Executive Board receive a fixed basic annual salary, as well as a variable pay component. The basic figure for the bonus payment is determined based on the income statement of the MLP Group in accordance with the respective (international) accounting standards (IFRS) applied in the Group. The EBIT of the MLP Group in the past financial year for which the bonus is to be paid forms the basis of assessment here. The key figure is therefore the earnings before tax (EBT) that would result without deduction of profit-sharing payments. If continuing operations and discontinued operations were to be recognised in the financial year, the basis of assessment is formed by the total of the EBIT of operations to be continued and discontinued respectively. No costs and income directly related to the discontinuation/sale of business segments are included in the basis of assessment. If the employment contract begins or ends in the course of the financial year, the basic bonus figure is reduced pro rata temporis.

45 % of the bonus calculated in this way is to be paid as an immediate payment following presentation of the company's adopted financial statements. The remaining 55 % is only to be paid as a "deferred payment" after presentation of the financial statements for the financial year two years after the year of the immediate payment. To calculate the deferred payment, the EBIT recorded in the base year as per the MLP Group's profit and loss statement is compared with the average of the EBIT of the MLP Group recorded in the three years subsequent to the base year and the updated base amount is then adjusted accordingly.

In contractually more closely specified boundaries, the immediate payment and the deferred payment are also subject to an adjustment right, which can be used at the discretion of the Supervisory Board. Here, the Supervisory Board is authorised, at its reasonable discretion, to increase or reduce the immediate payment by up to 30 % and the deferred payment by up to 10 % based on its assessment of the individual performance of the respective member of the Executive Board or extraordinary developments.

In addition to this, the service contract provides for a cap of the immediate payment and the deferred payment in euro. For both bonus parts, a maximum of 150 % of the basic figure is stipulated as the cap with an assumed EBIT of € 100 million.

Under the pay system, the members of the Executive Board are entitled to unrestricted use of a company car and payments from a life and disability insurance policy.

Chief Executive Officer, Dr. Uwe Schroeder-Wildberg, also has an individual occupational benefit plan entitlement. An old-age pension upon reaching 62 years of age, a disability pension, a widow's pension and orphan's benefits have been guaranteed. The benefit entitlement for the old-age pension is specified separately in an addendum to the employment contract. The disability pension and widow's pension are 60 % of the contractually agreed old-age or disability pension benefit. The level of orphan's benefit payable per eligible child is calculated on a case-by-case basis. The total of the widow's pension and orphan's benefit of all entitled persons together must not exceed 100 % of the old-age pension. However, the members of the Executive Board, Manfred Bauer and Reinhard Loose, receive employer-financed, defined contribution benefits in an occupational pension scheme.

The service contracts of all members of the Group Executive Board comprise change-of-control clauses granting the right to termination for cause in the event that

- the company's share of voting rights changes in accordance with §§ 21, 22 of the German Securities Trading Act;
- the company is transformed in line with the provisions of the Transformation Act (UmwG). This does not apply if the company changes its corporate form, spin-offs in line with § 123 (3) of the German Reorganisation of Companies Act or for mergers in accordance with the provisions of the Reorganisation of Companies Act, in which the company is the incorporating legal entity.

If a member of the Executive Board resigns on the basis of the aforementioned conditions, he is entitled to compensation of no more than two annual salaries, on the condition that the termination takes place more than two years before the end of contract. After that, the regulations apply on a pro-rata-temporis basis.

To comply with the relevant supervisory requirements, the service contracts of all members of the Executive Board also include the following provisions:

- In the event of negative performance or misconduct on the part of the Executive Board member in question in the sense of § 5 of the Ordinance on the Supervisory Requirements for Institutions' Pay Systems (InstitutsVergV), the Supervisory Board is entitled to reduce the benefits to which said member is entitled at its discretion when said member resigns from his position voluntarily.

- The members of the Executive Board undertake not to engage in any personal hedging or other counter-measures as a way of limiting or even eliminating the risk-orientation of compensation.

- Pursuant to § 25a (5) of the German Banking Act (KWG), the variable compensation component must not exceed 200 % of the fixed compensation component for each member of the Executive Board. An AGM resolution that proposes increasing the variable compensation cap from 100 % to 200 % of the fixed compensation component, and thereby deviates from § 25a (5) Sentence 2 of the German Banking Act (KWG), has been submitted.

When specifying and reviewing compensation for the Chairman of the Executive Board or a member of the Executive Board, the Supervisory Board takes into account the ratio relative to average compensation of the senior management level within the MLP Group, as well as the ratio relative to average compensation among the remaining workforce. This applies both to the average compensation within a year and to the development of compensation over multiple years. Attention is paid to ensure that the compensation of Executive Board members is at an appropriate ratio relative to the compensation of the workforce.

In addition to this, a horizontal comparison is performed. The benchmark companies are selected in accordance with the stipulations in the pay system. For the financial year 2021, the benchmark group comprised the following companies: Aareal Bank AG, Bausparkasse Schwäbisch Hall AG, Deutsche Beteiligungs AG, Deutsche Pfandbriefbank AG, DWS Group GmbH & Co. KGaA, GRENKE AG, Hypoport AG, INDUS Holding AG, Nürnberger Beteiligungs AG, Oldenburgische Landesbank AG, OVB Holding AG, Sparkasse Bremen AG, Südwestbank AG, Union Investment and Teambank AG.

To fulfil the requirements of the new § 162 of the German Stock Corporation Act (AktG), further detailed information is given on Executive Board compensation below.

Fixed and variable remuneration components

The following tables show the remuneration granted and owed to the active members of the Executive Board in the 2021 and 2020 financial years pursuant to § 162 (1) sentence 1 of the German Stock Corporation Act (AktG), listing all amounts actually received by the individual members of the Executive Board in the reporting period ("remuneration granted") and all remuneration legally due but not yet received ("remuneration owed").

The following compensation components were owed to the active members of the Executive Board in the 2021 financial year:

	Dr. Uwe Schroeder-Wildberg		Manfred Bauer		Reinhard Loose	
All figures in €'000	**Total**	**Share of total remuneration**	**Total**	**Share of total remuneration**	**Total**	**Share of total remuneration**
Total remuneration	1,779	100%	1,041	100%	1,038	100%
Fixed remuneration	550	30.92%	360	34.58 %	360	34.68%
Variable (Immediate)	367	20.63%	245	23.54%	245	23.60%
Variable (Deferred)	395	22.20%	263	25.26%	263	25.34%
Fringe benefits incl. company car	16	0.90%	23	2.21%	20	1.93%
Old-age provision	451	25.35 %	150	14.41%	150	14.45%

The following compensation components were owed to the active members of the Executive Board in the 2021 financial year:

	Dr. Uwe Schroeder-Wildberg				Manfred Bauer			
	Total	**Share of total remuneration**	**Min**	**Max**	**Total**	**Share of total remuneration**	**Min**	**Max**
Total remuneration	2,338	100%	1,430	2,700	1,413	100%	808	1,704
Fixed remuneration	550	23.53%	550	550	360	25.47%	360	360
Variable (Immediate)	590	25.21%	413	693	393	27.80%	275	511
Variable (Deferred)	731	31.28%	0	990	488	34.50%	0	660
2021 bonus (2021-2024)	731	31.28%	0	990	488	34.50%	0	660
Fringe benefits incl. company car	16	0.68%	16	16	23	1.62%	23	23
Old-age provision	451	19.30%	451	451	150	10.61%	150	150

	Reinhard Loose			
	Total	**Share of total remuneration**	**Min**	**Max**
Total remuneration	1,411	100%	805	1,701
Fixed remuneration	360	25.52%	360	360
Variable (Immediate)	393	27.86%	275	511
Variable (Deferred)	488	34.56%	0	660
2021 bonus (2021-2024)	488	34.56%	0	660
Fringe benefits incl. company car	20	1.44%	20	20
Old-age provision	150	10.63%	150	150

In total, five former members of the Executive Board received retirement income amounting to € 1.0 from MLP SE in the reporting year. As at 31 December 2021, pension provisions of € 19.4 million existed for former members of the Executive Board.

Portions of compensation correspond with the pay system

All portions of compensation granted correspond with the pay system for the Executive Board approved by the Annual General Meeting of MLP SE on June 24, 2021. Please refer to the pay system in the Annual Report for details.

Promotion of long-term development

The key strategic objective is to bring about profitable and sustainable growth. The sustainable development of the company should be the primary focus and, where necessary, take priority over short-term success. One of the most important prerequisites for ensuring this prioritisation is continuity in the composition of the Executive Board. Executive Board compensation appropriate to the size, sector, and economic situation of the company ensures profits and, in particular, long-term retention of suitable executive personalities.

The Executive Board compensation is generally made up of fixed and variable portions. The level of the fixed portions of compensation is calculated in such a way that there is no significant dependency on the variable portions of compensation. The target and basis of assessment for the variable portion of compensation must be set in a way that encourages the seizing of opportunities but prevents taking disproportionate risks. Furthermore, the predominant portion of the variable compensation is to be set up over several years.

Use of performance criteria

The compensation is based on the EBIT of the MLP Group, the individual performance of each of the members of the Executive Board is taken into consideration via the rights of adjustment provided for in the employment contract. In the financial year 2021, no member of the Executive Board made use of these rights of adjustment.

Comparison of Executive Board compensation, earnings performance, employee pay

The annual change in the compensation of the Executive Board, the earnings performance of the company and the average pay of employees (on the basis of full-time equivalents) are shown below.

For the purpose of this illustration, the group of employees covers all employees of the following Group companies: MLP SE, MLP Finanzberatung SE, MLP Banking AG, ZSH GmbH Finanzdienstleistungen, MLP Dialog GmbH, FERI AG, Feri Trust GmbH, FERI Trust (Luxembourg) S.A., DOMCURA AG, NORDVERS GmbH and nordias GmbH Versicherungsmakler. Benefits for old-age provision are not taken into account with respect to both the members of the Executive Board and the employees.

The calculation of the Executive Board remuneration was based on the Group EBIT of € 96,812 thousand (previous year: € 59,363 thousand).

All figures in €'000	2020	2021	Change (in %)
Total compensation Board of Management	3,488	3,858	10.61%
Company earnings (EBT)	44,239	54,977	24.27%
Average employee remuneration (Group) (in €)	68,307	72,175	5.66%

Share-based compensation

The Executive Board compensation does not provide for the granting of shares (see also the statements in the Declaration of Compliance for the GCGC 2019). For this reason, no shares or share options were granted to the members of the Executive Board for the financial year 2021.

Withheld or reclaimed variable portions of compensation

Variable portions of compensation were not withheld or reclaimed for any members of the Executive Board in the financial year 2021.

Compliance with the defined maximum compensation

The calculated compensation did not reach the defined maximum compensation for any member of the Executive Board so that the defined maximum compensation was complied with in the financial year 2021 for all members of the Executive Board without the need for capping.

All figures in €'000	Total compensation 2021	Fixed maximum compensation
Dr. Uwe Schroeder-Wildberg	1,779	2,700
Manfred Bauer	1,041	1,800
Reinhard Loose	1,038	1,800

Disclosures on benefits based on § 162 (2) of the German Stock Corporation Act (AktG)

In the financial year 2021, no member of the Executive Board was promised or granted benefits by a third party with regard to their work as a member of the Executive Board.

In the financial year 2021, no benefits were promised to any member of the Executive Board in the event of premature termination of their employment; existing commitments in this regard were not adjusted.

In the financial year 2021, no benefits were promised to any member of the Executive Board in the event of regular termination of their employment; existing commitments in this regard were not adjusted.

In the financial year 2021, no members of the Executive Board terminated their employment. As such, no benefits associated with the termination of the employment of a member of the Executive Board were either promised or granted during the course of the financial year 2021.

Compensation of members of the Supervisory Board

In addition to compensation for their expenses for the financial year, the members of the Supervisory Board receive a fixed annual compensation of € 50,000 in accordance with the Articles of Association. The Chairman of the Supervisory Board receives twice this amount and his deputy one and a half times. Additional, special compensation is granted for work on the Audit Committee and the Personnel Committee. This comes to € 25,000 for the Audit Committee and € 15,000 for the Personnel Committee. The chairman of the respective committee receives twice the stated level of compensation. The fixed portion of compensation is paid after the end of the financial year. No member of the Supervisory Board receives any variable or share-based compensation components.

Individualised Supervisory Board compensation

All figures in €'000 (without tax)	Compensation 2021	Compensation 2020
Dr. Peter Lütke-Bornefeld (Chairman)	155	135
Dr. Claus-Michael Dill (Vice Chairman)	125	110
Tina Müller	65	55
Matthias Lautenschläger	90	80
Burkhard Schlingermann	0	55
Monika Stumpf	62	0
Alexander Beer	75	65
Total	**572**	**500**

In the financial year 2021 € 13 thsd (previous year: € 15 thsd) was paid as compensation for expenses.

RISK AND OPPORTUNITY REPORT

Risk report

Risk management system

MLP considers risk management as the use of a comprehensive array of instruments for managing risks in line with the strategy set out by the Executive Board, as well as the risk bearing ability process. Due to the potential growth and extra earnings they can offer, risks should be addressed and taken in a conscious and controlled manner within the scope of internal control/monitoring procedures.

The operational and organisational structure, the risk management and controlling processes, as well as the special Risk Controlling, Compliance and Internal Audit functions represent key components of the Group-wide risk management system.

The risk management system also serves to meet the requirements of section 92 (2) of the German Stock Corporation Act (AktG) regarding the early risk detection system.

Group-wide risk management

Within the scope of risk management, the following companies of the MLP Group are incorporated in the Group-wide system of risk management (scope of consolidation pursuant to § 25a of the German Banking Act (KWG) – Germany's "MaRisk" minimum risk management requirements consolidation scope, referred to as "key companies" in the following):

- MLP SE, Wiesloch
- MLP Banking AG, Wiesloch
- MLP Finanzberatung SE, Wiesloch
- MLPdialog GmbH, Wiesloch
- FERI AG, Bad Homburg v. d. Höhe
- FERI Trust GmbH, Bad Homburg v. d. Höhe
- FERI Trust (Luxembourg) S.A., Luxembourg
- DOMCURA Aktiengesellschaft, Kiel
- NORDVERS GmbH, Kiel
- DI Deutschland.Immobilien AG, Hannover
- Vertrieb Deutschland.Immobilien GmbH, Hannover
- Projekte Deutschland.Immobilien GmbH, Hannover
- Projekte 2 DI GmbH, Hannover
- RVM GmbH, Wiesloch
- RVM Versicherungsmakler GmbH, Eningen unter Achalm

These companies together with the immaterial, controlled companies of the MLP Group form the MLP Financial Holding Group (MLP FHG). In the sense of § 25a (3) of the German Banking Act (KWG) and in conjunction with Section 4.5 of Germany's Minimum Requirements for Risk Management (MaRisk), the Executive Board at MLP Banking AG, which as per Article 11 of the Capital Requirements Regulation (CRR) is the controlling body of the MLP FHG as the depository institution, ensured appropriate control and monitoring of the significant risks at Group level through suitable processes. This approach encompasses in particular

- defining Group-wide strategies,
- securing the Group's risk-bearing ability,
- establishing structural and organisational regulations for the Group,
- implementing Group-wide risk management and controlling processes and
- setting up an Internal Audit department, which will operate throughout the Group.

In the context of the strategy process and the risk inventory, MLP Banking AG, acting as a controlling company of MLP FHG, obtains an overview of the risks in the Group on a regular and ad hoc basis.

Based on the risks identified in the individual entities and their relative weighting, the "MaRisk scope of consolidation" is formed, which defines the scope of the Group-wide risk management system. In principle, all risks identified as significant within the Group by the controlling company are taken into account. Group-wide regulations and policies for establishing Group-wide risk management at MLP FHG are defined taking into account the type, scope, complexity and risk content, as well as the different application options provided by corporate law on an individual basis.

Risk policies

The Executive Board of the controlling company, which is also the Executive Board of MLP SE or the MLP Group, defines the business strategy as well as an accompanying consistent risk strategy for MLP FHG. The Group-wide risk propensity is derived from the risk strategy, taking into account the risk-bearing ability. On this basis, framework conditions for risk management at MLP FHG are then defined. The readiness to take risks is regularly checked and adjusted as necessary.

The following basic principles are consistent with the business strategy and describe the central framework conditions for the risk management at MLP FHG:

The Executive Board and/or the Managing Directors are responsible for proper organisation of the business and its further development:

Irrespective of any supplementary internal responsibilities assigned, the Executive Board and/or the Managing Directors are responsible for proper organisation of the business and its further development at the company. They must introduce necessary measures for drawing up stipulations, unless the decision is made by the Supervisory Board. This responsibility includes defining appropriate strategies (business strategy and risk strategy) and setting up appropriate internal control procedures - thereby assuming responsibility for all significant elements of the risk strategy. Responsibility for specifying the business and risk strategy cannot be delegated. It is the responsibility of the Executive Board and/or the Directors to implement the strategy, assess the risks associated with it, as well as to put in place and monitor the necessary measures to ensure that these risks are limited. These also include development, promotion and integration of an appropriate risk culture. In addition to this, the Executive Board regularly drafts a declaration of the appropriateness of the risk management procedures adopted.

The Executive Board and/or the Managing Directors bear responsibility for the risk strategy.

The Executive Board of the controlling company defines the risk strategy for MLP FHG. The risk strategy reflects the risk propensity or "risk appetite" based on the targeted risk/earnings ratio. The Executive Board at the controlling company and the members of the Executive Board or Managing Directors at the controlled companies ensure that a comprehensive approach, incorporating all key risk types, is integrated in the company and that suitable steps are taken to implement the risk strategy.

MLP promotes a strong awareness of risks and a pronounced risk culture:

An appropriate risk culture is critical for effective risk management. MLP sees its risk culture as the way in which employees handle risks within the scope of performing their duties. Our risk culture promotes identification and conscious handling of risks and ensures that decision-making processes lead to results that are also balanced in terms of risk criteria. Our risk culture is characterised by the clear commitment of the Executive Board to risk-appropriate conduct, strict observance of the risk appetite communicated by the Executive Board on the part of all employees, as well as facilitation and promotion of transparent and open dialogue on risk-relevant questions within the Group. A strong awareness of risks across all divisions that goes beyond each employee's own area of responsibility and a corresponding risk culture are encouraged through appropriate organisational and incentive structures. The appropriateness of the risk management and controlling system is continuously monitored and any adjustments that become necessary are implemented as quickly as possible. Appropriate quality standards are established and subjected to continuous reviews.

MLP engages in comprehensive risk communication, including risk reporting.

Detected risks are reported to the responsible management levels openly and without restriction. The Executive Board and/or the Managing Directors are informed in a comprehensive and timely manner (if necessary ad hoc) of the risk profile of the relevant risks, as well as the profit and losses at MLP FHG. The Supervisory Board receives the information required to perform its legal obligations. Internal risk communication and risk reporting is supplemented by comprehensive, external publications that cater to the interests of the shareholders of the MLP Group and the capital market and also comply with the supervisory requirements.

Objective

Entrepreneurial activity invariably involves taking risks. For MLP FHG, “risk” means the danger of possible losses or lost profits. This danger can be attributable to internal or external factors. Since it will not be possible to eliminate all risks, a risk that is commensurate with the expected return must be targeted. The aim is to identify risks as early as possible in order to react to them quickly and appropriately.

Identification, assessment, control, monitoring and communication of the key risks is guaranteed with the help of and on the basis of Group-wide risk management at MLP. Risk management is a integral component of the value-driven management and planning system at MLP FHG. Moreover, the Group's risk culture is continuously consolidated and efforts are made to communicate information relevant to risk across all business segments.

Risk capital management, liquidity management and stress tests

Risk capital management - risk-bearing ability

Risk capital management is an integral part of the Group management system at MLP FHG. Active control to provide sufficient financial capital, in compliance with supervisory requirements, ensures that risk-taking is always in line with capital backing.

Risks are only accepted within limits derived from aspects of the risk-bearing ability to achieve adequate returns, taking into account risk/earning factors. In particular this prevents risks that could threaten the continuity of the business model.

The Executive Board defines the risk capital based on business policy targets and controls the risk profile taking into account the risk coverage fund. The focus is on the key risks for MLP FHG, which are identified at least once a year within the scope of a risk inventory (risk profile) performed throughout the Group. The Group-wide risk profile represents the basis for both risk capital management and the risk management and controlling processes.

The key risk types of counterparty default, market price, liquidity and operational risks are in particular quantified within the scope of the risk-bearing ability. The general business risks and reputation risks (other risks) also represent significant risk types, although they are currently not quantified. Amongst other things, these are taken into account in calculating the risk-bearing ability in the form of additional buffers.

In addition to managing the financial risk capital, the minimum regulatory capital adequacy requirements (as per the Capital Requirements Regulation (CRR)) represent supplementary conditions which must be strictly adhered to.

Pursuant to the minimum risk management requirements of the German Federal Financial Supervisory Authority ("MaRisk"), we primarily pursue the objective of safeguarding the continued existence of MLP FHG in the normal scenario (going-concern approach) in our internal process for securing our risk bearing ability. Alongside this, protection of providers of debt capital and owners is assessed from an economic perspective within the scope of the liquidation approach. Among other things, this is applied in the form of stress scenarios.

Furthermore, MLP implemented a process for planning future capital requirements. The instrument supports MLP in identifying and planning future capital requirements, as well as in implementing suitable measures to cover requirements. Unlike the one-year review period of the risk-bearing capacity concept, this is based on a multi-year time frame. This component, which stretches further into the future, is intended to supplement the risk-bearing capacity concept in a sensible way to secure early identification of any necessary capital increases.

Liquidity capacity

Securing appropriate liquidity capacity is based on the notion of establishing an appropriate risk-return structure, while at the same time ensuring solvency of the companies in the MLP Financial Holding Group at all times. The concept of and compliance with the liquidity capacity is also derived from Pillar 2 of the Basel Accord.

Concentration of risk

Risk concentrations can occur, regardless of the risk type. Alongside unilaterally aligned structures with regard to debtors or the investment structure, these can also be caused by unilateral focussing on individual products (earnings concentrations) or risk types. Potential risk concentrations are in particular analysed within the scope of the stress tests that are to be performed regularly. MLP's clear business focus in the client business continues to be on the target group of academics. The continuous and focussed further development of individual client groups by definition leads to concentration on individual products, such as medical practice financing. However, appropriate diversification and limitation are pursued within this framework.

Focussing on the target group facilitates an attractive risk/return ratio, particularly when taking into account cross-selling effects from the holistic consulting approach, which reduces the earnings concentrations in the Group.

To preemptively reduce the emergence of risk concentrations in proprietary trading, the best possible diversification is pursued - among other things via minimum ratings, the tradability of the shares, as well as via issuer and sector limits and a corresponding maturity structure. To this end, capital investment directives are implemented at the key companies.

Due to the Group structure and the CRR requirements for the formation of the regulatory scope of consolidation, there is a large loan to the "non-banking part of the MLP Group"[1], which is essentially determined by the book values of investments. This is monitored continuously at both overall and sub-limit level and included in the risk reporting.

In addition to this, a maturity-congruent strategy is adopted for balance sheet items where possible in order to minimise the market price and liquidity risk.

If possible and likely economically beneficial from a risk and opportunity perspective, operational risks that can cause serious damage are covered to the greatest extent possible.

[1] In accordance with Articles 18 and 19 CRR, MLP Banking AG, MLP SE, FERI AG, FERI Trust GmbH and FERI Trust (Luxembourg) S.A. are consolidated. The remaining part of the Group represents the "non-banking part of the MLP Group".

The risk concentrations are regularly monitored, taken into account in the stress scenarios and reported.

Stress tests

Stress tests are also performed on a regular and ad hoc basis for special analysis of the effects of unusual yet still plausible events. Their potential effects are also reflected when assessing the risk-bearing ability. Comprehensive analyses have therefore been implemented, both at the level of the individual risk types and across all risk types. The market value effects on the financial situation, the liquidity situation and the results of operations as well as the concentration of risks are also investigated in this connection.

Organisation

The Executive Board of MLP Banking AG, which is the superordinate company within the meaning of § 10a of the German Banking Act (KWG) is responsible for establishing an appropriate and effective system of risk management at MLP FHG. Set against this background, operational and organisational precautions are put in place.

Functional separation

Our risk management concept follows clearly defined basic principles that are applied as binding throughout the entire Group and whose compliance is continuously checked. A crucial element of these principles is a clear organisational and operational distinction between the individual functions and activities of risk management.

The operational and organisational structure is regularly checked and assessed through internal audit and compliance function and adapted to internal and external developments as they happen.

Group Risk Manager

As a member of the management, the Group Risk Manager is responsible for the risk monitoring and control activities at MLP FHG. He is kept continuously informed of the risk situation at MLP FHG and gives regular reports on this to the entire Executive Board and Supervisory Board.

Risk controlling function

To be able to address risk topics early on and sustainably throughout the Group, while also increasing risk awareness, an independent risk controlling function has been set up at MLP. This function is responsible for independent monitoring and communication of risks.

Risk management and controlling processes

Risk management at MLP FHG and its local operating implementation in the business units is performed on the basis of the risk strategy. The units responsible for risk management reach decisions for conscious acceptance, reduction, transfer or avoidance of risks, observing the framework conditions specified centrally.

The Risk Management unit, in which the Risk Controlling function is located, in particular is responsible for identifying and assessing risks, as well as for monitoring of defined limits. This is accompanied by reporting the risks to the Executive Board and the business units that control the risks. Early detection systems support risk monitoring, identify potential problems early on and thereby enable prompt planning of measures.

Appropriate guidelines and an effective monitoring process also ensure that the regulatory requirements for risk management and controlling are met by the principal Group companies of MLP FHG.

The methods used at MLP FHG to assess risks are aligned with practices in the banking sector, as well as recommendations of the supervisory authorities and international standard-setting bodies, taking into account the principle of proportionality. The results determined through the risk models for controlling the risks, as well as the underlying quantification methods are subject to regular reviews. However, despite careful model development and regular checks, it is conceivable for circumstances to occur that lead to greater losses than those predicted by the risk models.

Controlling monitors earnings trends

Controlling is responsible for planning processes and continuously monitoring trends in earnings. The planning process is broken down into short-term and mid-term planning horizons with varying degrees of detail.

To monitor planned and target variables, the revenue and earnings figures actually achieved are compared against the corresponding plan figures within the scope of daily, weekly and monthly reporting. This provides continuous transparency for the Management.

Internal controlling system in the accounting process

With regard to the accounting and management reporting processes, the Internal Control System (ICS) is used to provide an accurate picture of actual conditions in terms of the net assets, financial position and results of operations at MLP SE and the MLP Group. The objective of the ICS is to secure complete and accurate recording, processing and documentation of all business transactions in accordance with the regulations, standards and guidelines of applicable legislation and the company's Articles of Association.

The units involved in the accounting process are especially subject to quantitative and qualitative requirements, which MLP meets through a clear organisational, corporate and control structure. To this end employees tasked with performing the accounting process receive regular training. Group Accounting is the central point of contact for all questions in connection with accounting issues.

The checks in the accounting process aim to ensure that individual financial statements and consolidated financial statements are drawn up in line with the provisions of German commercial law and International Financial Reporting Standards (IFRS), as well as proper and timely internal and external financial reporting. The scope of the checks and responsibilities integrated into the procedures is clearly regulated.

In addition financial and risk data, which itself is also subject to the internal monitoring system, is also used for joint management report.

Functional separation, system-based monitoring, the dual-control principle, as well as the audit activities of the Internal Audit department represent important control instruments for all important accounting-related processes. The key processes of the accounting-based ICS are documented and specified in work instructions that are regularly updated and published in the organisation manual.

MLP SE's and the significant Group companies financial statements, as well as the consolidated financial statements, are generally drawn up using standard software. Group Accounting secures the completeness and accuracy of the relevant disclosures on the basis of the information provided.

The adequacy and effectiveness of the accounting-based ICS are regularly checked and monitored.

Compliance function

A compliance office has been set up at the controlling institution in order to counter, as per the minimum risk management requirements (MaRisk), the risks which can result from non-compliance with the essential legal provisions and stipulations for MLP FHG. These in particular include supervisory provisions on avoiding money laundering, financing of terrorist activities and other criminal conduct or relating to financial sanctions, embargoes and the account screening procedure (in the following referred to as prevention of money laundering & fraud), prevention of insider trading, the securities business, protection of client assets, data and consumer protection, as well as all institute-specific provisions, whose non-compliance could put assets at risk or lead to a significant reputation risk. Compliance plays a key part in identifying risk potential through proactive monitoring of insider information and rules of conduct, as well as within the scope of management of conflicts of interest.

The Compliance function advises and supports the Executive Board and the responsible departments, works towards the implementation of effective procedures for compliance with the essential legal provisions and internal regulations as well as corresponding control measures by the respective responsible departments and reports regularly, if necessary on an ad hoc basis, on its activities to the Executive Board and the supervisory body. The compliance function also promotes and reinforces the Group-wide risk culture.

This leads to the control and reduction of operational risks.

Internal Audit

The regular audits performed by the Internal Audit department, which is independent of the operating units in terms of both organisation and function, represent another key aspect with regard to monitoring the quality of our identified risks. Above all, compliance with relevant guidelines is checked, paying particular attention to legal and regulatory provisions.

The Internal Audit department, which operates throughout the Group, also performs regular process and system audits in all sections of the Group and monitors correction of any issues detected during the respective audits. This also includes auditing of IT systems. The Internal Audit department adopts a risk-oriented approach to auditing. It is independent and falls under the direct responsibility of the Chief Financial Officer at MLP Banking AG. Global reports on the audits performed are drafted and presented to the managers responsible. Based on the respective risk content, elimination of the identified deficiencies is monitored either immediately or in quarterly follow-ups. The Internal Audit department performs regular, Group-wide reporting to the management bodies at the individual companies.

Risk reporting

A substantial risk reporting scheme forms the basis for appropriate and successful corporate management. This is complemented by an extensive system of internal reporting, which provides the key decision-makers with prompt information on the current risk situation. Risk reports are generated at fixed intervals (monthly or quarterly) or produced ad-hoc, if and when necessary. In addition, planning, simulation and control instruments show possible positive and negative developments to the most important value and controlling parameters of the business model and their effect on the net assets, financial position and results of operations of the Group.

Risk reports are submitted to the controlling units, the Executive Board and the Supervisory Board. Prompt and comprehensive information is provided on any changes to relevant influential factors.

Statement of risks

MLP FHG is exposed to various financial risks. These in particular comprise counterparty default, market price and liquidity risks. Alongside financial risks, there are also operational and other risks, such as general business risks and reputation risks. The risks are taken into account following risk-reducing measures such as insurance policies. The values stated refer to MLP FHG as they are mapped within the scope of internal risk control. In order to increase the transparency of the controlled risks, quantitative information on the risk types was added in the reporting year.

The key risk types in the respective segments are presented below:

Types or risk

Segments	Default risks	Market price risks	Liquidity risks	Operational risks	Other risks
Holding and Others*	x	x	x	x	x
Banking	x	x	x	x	x
Financial consulting	x		x	x	x
FERI	x		x	x	x
DOMCURA	x			x	x

*The operational risk and other risk identified in the Industrial Brokers business segment has been allocated to the Holding and Others segment for the purpose of presenting risks.

Counterparty default risks

The counterparty default risk is the risk of a loss due to the defaulting of or deterioration in creditworthiness of a business partner. Alongside the credit risk, the counterparty risk comprises the counterparty risk (replacement risk, as well as advance performance and settlement risk), the issuer's risk, the specific country-related risk, as well as risks resulting from securitisations and investments.

Counterparty default risks are included in the proprietary and client business positions. The key companies for this risk type are to be identified within the scope of the materiality classification. The maximum default risk is expressed as the carrying amounts (after write-downs) of the financial instruments recognised in the balance sheet (in particular originated loans and receivables),), off-balance sheet items (e.g. in particular revocable and irrevocable loan commitments and guarantees) as well as derivative financial instruments with positive market value. The majority of lending (more than 95 %) is limited to borrowers domiciled in the Federal Republic of Germany.

The client credit business with the target group of academics and the core market in Germany essentially focuses on medical practice and mortgage financing, as well as loans with fixed interest rates for 5 or 10 years, which are predominantly collateralised through wealth deposit accounts at MLP Banking AG or hedged through redemption values/share assets in life insurance/unit-linked policies (premium loans) and the bulk business. In terms of strengthening new client acquisition and keeping existing clients loyal, the main focus is on issuing overdraft facilities to the holders of the MLP account and providing credit limits in connection with the MLP Card. In addition to this, the volume of loans is to be increased, particularly among the target group of physicians, alongside expanding mortgage lending and premium loans for target group clients with the aim of achieving sustained growth in the company value.

Overall, the lending policy at MLP is characterised by only accepting risks that are both known and also appear reasonable in terms of their volume. Bad debts are written down accordingly. We are anticipating a moderate rise in the level of loan loss provisions due to the planned rise in loan volumes. We are also anticipating an increase in the average default rate due to deteriorations of credit ratings in connection with the coronavirus, as well as accompanying rises in impairments.

The non-performing loan (NPL) quota is the ratio of bad loans relative to the total volume of loans and credits, including deposits at banks and central banks. For the supervisory scope of consolidation, the NPL ratio as of December 31, 2021 is 0.4 % (previous year: 0.5 %) and is therefore significantly below the supervisory monitoring threshold of 5 %. Non-performing loans, which are identified at MLP, are transferred to specialist departments, where they are individually managed by experts.

Credit management

The responsibilities in the credit business - from application, through authorisation to completion and including periodic monitoring with regular creditworthiness analyses - have been defined and documented in our organisational policies. Decision-making authority is laid down in the authority regulations, which themselves are based on the risk content and processes of the transactions. Land charges in particular serve as collateral for MLP when issuing client loans. A process that is scaled on the basis of volume and employs external support is established for measuring this collateral.

The provision of loans in the client credit business takes the form of credit limits being granted for the individual borrower or borrower unit. Individual credit decisions are reached by specialised employees in accordance with clearly-defined authorities based on the size, creditworthiness and collateral of the respective borrower. A special scoring process allows fast decisions to be made, in particular for credit cards and accounts in the retail lending business, while also securing consistently high quality.

The various types of credit are measured regularly during portfolio monitoring of the client credit business. As part of internal monitoring procedures, the privileged mortgages on residential and commercial property are compared against the loan portfolios in the individual field of mortgage lending, lombard loans, premium loans and medical practice financing. Further types of collateral are included as a way of hedging credit commitments, although these are not currently taken into account in the internal system of risk management.

Calculations are based on the various supervisory methods of calculation as per the rating status.

For the positions rated internally using the VR rating system, the risks are calculated on the basis of the IRB method. For debtors that have not been rated internally but do have an external rating, a mapping table is used to convert and assess this external rating to the VR rating that MLP uses as the master scale. Based on the probability of default determined in this way and a dedicated assessment of qualitative aspects such as balance sheet KPIs, sector-specific findings and so on, externally rated debtors are treated the same as internally rated debtors and assessed using the IRB method. Since June 30, 2021, risk quantification has been carried out at the individual position level (formerly product segments). Likewise, a granularity adjustment factor has been used to quantify risk concentrations since June 30, 2021. The conversion resulted in an effect of € –9.5 million as of June 30, 2021, of which € –7.5 million is attributable to promissory note bonds. Due to the planning adjustment, there is an effect of € -1.2 million as at 31 December 2021 on the new planning factor taken into account in the financial year to map future developments of the exposure at default (EaD). The changes are attributable to MLP Banking AG.

The standardised approach to credit risks based on the supervisory formulae as per the Capital Requirements Regulation (CRR) is used for all other unrated debtors.

In addition to this, potential default risks are continuously measured and evaluated by comparing allowances for bad debts with the credit volumes subject to risk. You can find detailed information on the measurement process, as well as development of loan loss provisions in the notes.

Exposures to shadow banks can arise in lending and proprietary trading as well as from trade receivables. The trade receivables result from wealth management, investment consulting and brokerage as well as from financial portfolio management in the field of financial investments, especially funds, and are of a short-term nature. For this reason, these positions are not monitored separately, but rather they are included in the standard procedure as part of the counterparty default risk. For the sum of exposures to shadow banks from lending and proprietary trading as well as from trade receivables, the Group's large exposure limit applies as a strict upper limit.

There are also issuer's risks within the scope of proprietary trading that go beyond the risks described above. In the light of the current market trend, risks in investment management, in particular those resulting from defaults of issuers, are also limited through the high credit standards set out in the capital investment directives. The capital investment directives stipulate restrictions applying to the investment of available funds regarding the various investment categories and products with the corresponding maturities, and also in general regarding investments in various sectors. The investment currency is generally the euro. The documented competencies and further provisions must always be taken into account when making investment decisions.

Unrated receivables in addition to MLP Banking AG

From the other segments apart from MLP Banking AG, counterparty default risks mainly result from financial assets and receivables and other assets, which include commission receivables, receivables from the real estate business, receivables from the insurance agency business and trade receivables. For these risk positions, the credit risk standard approach is also used as an unrated portfolio based on the regulatory formulas according to CRR.

For credit balances with credit institutions (since 30 June 2021) and commission receivables from rated insurance companies, the quantification is carried out according to an IRB approach based on CRR.

As at December 31, 2021, MLP FHG was exposed to a counterparty default risk of € 40.7 million (previous year: € 48.5 million).

Market price risks

MLP FHG understands market price risks as the uncertainty regarding changes in market prices and rates (including interest rates, share prices, exchange rates and raw material prices), the correlations between them and their volatility. Alongside interest rate and share price risks, there are spread risks on proprietary investments. The investment currency is generally the euro.

At MLP FHG, market risks essentially comprise the incomplete congruency of interest rate agreements between loans granted by MLP and their refinancing. In addition to this, there are market price risks within the scope of proprietary trading activities. There are currently only very minor open exposures in foreign currency in the portfolio.

Possible effects of different interest development scenarios at Group level are portrayed via planning and simulation calculations. The basis of this is our interest management tool, which makes risks and their effects transparent in complex interest scenarios.

In this context, cash value changes of all items in the interest ledger are shown in relation to the equity, with the application of the changes in interest rates prescribed by the Federal Financial Supervisory Authority. The simulation is performed by automated means for all the interest-bearing and interest-sensitive items. It is in this manner that the controlling of the interest risk is ensured. It also determined whether the change in value is always below the threshold of 20 % of equity.

Interest rate risks at MLP FHG

	Interest Rate Risk (IRR): Change in net interest income recognized in the income statement			
	Change in value + 50 BP		Change in value - 50 BP	
in € million	2021	2020	2021	2020
Result	1.6	0.5	-3.1	-3.8
Quantification*			**-3.1**	**-3.8**

*Lower value than risk value

Interest rate risks MLP FHG from interest rate shocks

in %			Interest rate shock/parallel shift	
	Change in value +200 BP		Change in value -200 BP	
	2021	2020	2021	2020
Total	**0.4**	**5.8**	**1.4**	**-0.6**

Real estate risks MLP FHG

Since June 30, 2021, significant real estate risks of DI Deutschland.Immobilien AG incl. its subsidiaries have been taken into account.

These significant market price risks due to volatile property prices exist in the companies Projekte Deutschland.Immobilien GmbH and Projekte 2 Deutschland.Immobilien GmbH, which are allocated to the Holding and Other segment. The risk quantification is based on a VaR approach with a 97% confidence level. The following overview shows the absolute real estate risk (market price risk) resulting from the shareholdings of MLP Finanzberatung SE and DI Deutschland.Immobilien AG in the respective subsidiaries.

The property risk as at December 31, 2021 amounts to € 0.8 million.

With the interest rate change risk from the Banking segment of € 3.1 million, this results in a market price risk of € 3.9 million.

Liquidity risks

MLP FHG understands liquidity risks to mean uncertainty in terms of the availability of funds to meet payment obligations or reduce exposures which are either insufficient or which can only be secured by accepting higher rates. Key components of the liquidity risk include both the insolvency risk (operational liquidity risk) and the refinancing risk (structural liquidity risk).

Operational liquidity control

Within the scope of strategic or short-term liquidity control at Group level, the liquidity risk is assessed and controlled in particular using the KPI from the Liquidity Directive and the Liquidity Coverage Ratio (LCR). In addition, the liquidity at risk (LaR) describes the anticipated net funding requirement from all payments, which will not be exceeded at a defined level of probability. Additionally an expected shortfall is monitored for the assessment of any outliers. Short-term liquidity requirements were covered by sufficient funds at all times.

Structural liquidity control

Structural (mid-to-long-term) liquidity control of the Group is performed on the basis of liquidity gap analyses, which highlight the anticipated development of liquidity over various time horizons (up to three years). In this connection, all assets and liabilities relevant for the refinancing profile are taken into account in accordance with their term. The funding matrix compares a surplus or shortfall of financing means with refinancing potential (liquidity reserve) for each time horizon. To this end, the assets that are available for sale in the short-term and mid-term and not tied up in operational liquidity control are compiled and assigned to classes on the basis of their speed of sale.

The net stable funding ratio (NSFR) compares the available refinancing with the stable refinancing required. This performance indicator serves as a key balance sheet ratio. The simplified Net Stable Funding Ratio (sNSFR) will be used for the calculation from Q2 2021 onwards.

The general aim when examining the liquidity risk within the scope of the risk-bearing ability is to determine the additional costs that occur in the context of the structural refinancing requirements. To determine the additional refinancing costs, the liquidity value-at-risk (LVaR) is determined for the capital requirements, themselves determined on the basis of the funding matrix. To this end, the additional costs accrued across all refinancing instruments are added together. Alongside the compressed LVaR key performance indicator, the distribution of the capital requirements across the refinancing instruments and their utilisation is also presented.

In addition to this, the effects of various scenarios on cash flows and thereby also on MLP's liquidity situation are analysed using the funding matrix. The additional monitoring metrics (AMM) serve as supplementary information here.

When determining the LVaR as of December 31, 2021, net cash inflows for the year were in line with forecasts and no additional refinancing costs are thus expected to occur.

If, contrary to expectations, net cash outflows should occur, sufficient cash reserves are available. The liquidity risk at MLP FHG results primarily from MLP Banking AG as the deposit-taking bank. The refinancing structure is based largely on client deposits. Appropriate short and medium-term credit lines have also been agreed to safeguard against a possible short-term liquidity shortfall.

Alongside the assumed development in standard scenarios, we have also defined stress scenarios to simulate potential increases in liquidity requirements as a result of a negative change in the market environment. These enable us to introduce any countermeasures deemed necessary in good time.

MLP Banking AG has established a simple allocation system to allow the internal allocation of the respective liquidity costs, liquidity benefits and liquidity risks to be monitored and controlled.

Liquidity risks are also quantified in the Financial Consulting, Holding and Other and FERI segments based on the logic of MLP Banking AG.

The liquidity reserves of MLP FHG amount to € 1,396.9 million (previous year: € 1,129.5 million) as at the reporting date and also represent the free liquidity reserves. This results in a liquidity risk of € 0.

Operational risks

The management of operational risks is based on the definition of Article 4 of the Capital Requirements Regulation (CRR). As such, operational risk is the risk of losses caused by inadequacy or failure of internal procedures and systems, people or by external events. This definition includes legal risks.

The operational risk are present in all segments across the entire FHG.

Throughout the Group, operational risks are identified and assessed at local level in the individual organisational units at the main companies in the form of self assessments and damage data pools. The information is compiled within the scope of risk controlling at MLP Banking AG. Within this framework, the risk assessments performed at the individual companies are each summarised to create an overall assessment for MLP FHG. Irrespective of the specific risk profile, the following core statements apply to all companies in the MLP FHG:

- All key operational risks are to be identified and continuously analysed with regard to their anticipated or incurred damage, as well as their anticipated or incurred frequency.
- For risks whose occurrence is unlikely but which exhibit a high or very high damage potential, the option of performing a risk transfer should be considered, in particular through corresponding insurance programmes.
- Process improvements, adjustments to the IT system landscape, employee training and similar measures should, in particular, be identified for risks with a high likelihood of occurrence but low damage potential with the objective of reducing errors.
- Suitable risk prevention measures should be implemented immediately for risks with a high likelihood of occurrence and high damage potential for the MLP FHG, if necessary involving business continuity management.
- The efficiency of all risk management measures should be reviewed from a cost/benefit perspective.

Reduction of the operational risk and with this a reduction in the frequency and level of associated losses is primarily to be achieved through implementation of continuous improvements, such as digitalisation of business processes. Further safeguarding measures include risk transfer through the conclusion of insurance policies and consciously avoiding high-risk products. In addition to this, contingency plans are in place for critical business processes to secure continuation of business operations.

Risks from internal procedures

Risks from internal procedures arise in particular from procedural errors in the internal organsiation and communication, mistakes in sales, compliance, data protection, money laundering as well as contractual obligations and arrangements.

MLP uses both internal and external employees, as well as buildings and technical equipment to perform its administrative and organisational activities. We protect ourselves against damage claims and a potential liability risk through comprehensive insurance cover, which is subject to ongoing monitoring.

Business impact analyses (BIA) are used to identify critical company processes, whose disruption or failure can have a significant influence on the Group's business activities. To this end, suitable measures are defined in the form of alternative actions. In the event of an emergency, these measures allow business operations to continue, albeit with reduced performance. The critical processes and the effectiveness of the defined measures are subject to regular monitoring and continuous development. BCM documentation is available for the business units and employees. The Internal Audit department, which operates throughout the Group, also performs regular process and system audits and monitors correction of any issues detected during the respective audits. This also includes auditing of IT systems.

A possible error in client consulting, investment and acquisition brokerage or finance portfolio management and associated claims for damages can present a consulting and liability risk. The potential consulting risk is minimised by securing continuously high-quality consulting which, among other things, is backed up by IT-supported tools. Consultations with clients and the results of these are documented in accordance with legal requirements.

Within the scope of defined adjustment processes in the event of changes to operational processes or structures, acquisitions and mergers, as well as the process for introducing new products - or rather when expanding activities to include new markets or via new sales channels - safeguards are in place to ensure that all affected staff at MLP are involved, potential key risks are identified and a corresponding concept is drawn up prior to the implementation of planned measures.

Risks from human errors and employee availability

Risks from human error and employee availability consist in particular of a lack of employee qualification and availability, unauthorised fraudulent and criminal acts, as well as occupational safety and other human error.

The adequacy of staffing levels and sufficient qualification/training of employees at MLP are ensured by the responsible specialist departments. The adequacy of staffing in terms of type, level and planned Group development is checked regularly, at the very least during the annual planning process. In this context, key positions have been identified and defined with the objective of further reducing staffing risks through suitable risk control measures. The requirements regarding the qualification of all employees, but in particular those tasked with working in the loans and commercial business, are set out in differentiated job descriptions in the organisation manual.

As part of their responsibilities, those employees tasked with assuming, controlling and monitoring risks, as well as their substitutes, have comprehensive product know-how, as well as expertise in the commercial, valuation and control techniques employed. This applies in particular to the Heads of the functions Audit, Compliance and Risk Controlling in the sense of Germany's "MaRisk" minimum risk management requirements. As a general rule, the available personnel capacities are structured in such a way that necessary procedures are still securely maintained, even when employees are unexpectedly unavailable for work.

Demographic changes and their effects on the workforce structure are systematically reviewed by MLP. A dynamisation of the age curve, as well as an increasing average age of the workforce can be observed here. To counter this trend and continue thriving in the face of increasing competition, the material and non-material framework conditions are continuously optimised for the employees. The aim is to further strengthen the profile as a family-friendly employer offering flexible models in terms of working hours and places of work, as well as family-friendly conditions and fringe benefits. In order to counteract the predicted skills shortage, MLP has established a dedicated junior staff development programme and a management development programme. Alongside this, MLP traditionally invests in sustainable recruiting of talented young employees and, in addition to various training professions, also offers a university of cooperative education degree programme with many different fields of specialisation.

In line with the requirements with regard to pay systems, such as the Ordinance on the Supervisory Requirements for Institutions' Pay Systems (InstitutsVergV), they are set out in such a way that negative incentives that could otherwise encourage managers and employees to enter into disproportionately high exposures, are avoided. To avoid incentives of this kind for employees, in particular those holding positions of responsibility, attention is paid when setting out such pay and incentive systems to ensure that these do not contradict the objectives defined in the strategies and that any risk of conflicts of interest is ruled out. Any change in strategy triggers a simultaneous review and, where necessary, adaptation of pay and incentive systems.

With regard to variable pay components, safeguards are in place to ensure that these are not based on short-term success, but rather mid-term and long-term success. In addition, the pay system is set up in such a way that employees with variable compensation components are also affected by negative development of business initiated by them and that employees of departments arranged downstream of the initiating departments are also compensated appropriately on the basis of their responsibility.

The Supervisory Board is responsible for the pay and incentive systems at management level, while the management team is responsible for the system used for employees. The pay systems are reviewed on an annual basis by the Legal department and any necessary amendments are implemented.

Nevertheless, human error cannot be completely ruled out. Based on the core values of performance and trust, we employ an open culture of constructive criticism with the objective of detecting mistakes early on, continuously improving our processes and strengthening our innovative capacity. The risk of staff shortages is reduced through personnel planning and targeted personnel marketing measures. Employees working with confidential information undertake to observe the respective regulations and handle the information responsibly. A clear separation of management and control functions restricts the risk of breaching internal and external regulations. Defined deputisation regulations secure our business and decision-making processes.

IT risks

IT risks arise in particular from the possible failure of critical IT processes, applications, IT systems and IT infrastructures and include possible cyber attacks.

MLP FHG pursues an IT strategy in order to effectively minimise potential IT risks. When selecting IT systems, the primary focus is on sector-specific software. If necessary, business-specific proprietary IT applications are developed by qualified internal and external specialists. The correct functioning of IT systems is secured by performing comprehensive system tests and pilot phases before they are commissioned. Databases are protected from a potential data loss by conventional means through the outsourcing of data centre operations to external service providers with various locations, back-up systems and mirror databases, as well as establishment of a defined contingency plan. IT systems are protected from unauthorised access through the access and authorisation concept, extensive virus protection, as well as other comprehensive security measures. Working from home is technically possible; communication from home also takes place via video conference systems and a video conference solution is available for online consulting. Minimum standards with regard to information security are stipulated throughout the Group. Digital innovations are developed in a laboratory environment as a way of keeping risks to a minimum during the development phase.

Risks from external events

Risks from external events include outsourcing, legislation and politics, criminal and fraudulent acts (external) as well as natural disasters and force majeure.

The trend towards industrialisation and a reduced vertical range of manufacture has increased in the financial services sector. Companies are increasingly focussing on their core skills, i.e. production of financial services products, support and information services, specialist consulting expertise and sales expertise. In this market environment, MLP makes use of external partners for activities that are not part of its core business. Based on Germany's "MaRisk" minimum risk management requirements, key outsourcing activities at MLP FHG are incorporated into risk management within the standard scope of risk controlling and management processes with continuous risk identification, assessment, control and reporting. MLP has clearly regulated responsibility for the outsourced processes and installed a central system of outsourcing management. This ensures that any potential organisational, structural or process-based risks that may occur due to outsourced business activities are closely controlled.

In addition to this, corresponding insurance policies have been concluded where appropriate to minimise risks from external events such as fraud, burglary, theft or damage due to force majeure.

Internal security measures are also set up in such a way that any attempts at fraud, burglary or theft are prevented upfront. To prevent external cyber risks, such as hacker attacks and viruses, standard approaches such as firewalls, virus scanners, as well as active patch and vulnerability management for systems are operated.

To ensure maintenance of critical processes in all cases, the potential consequences of external events are assessed within the scope of the Business Continuity Management (BCM) system and corresponding plans of action drawn up.

Potential risks arising for the institutes of MLP FHG from fraudulent or other criminal conduct are identified and regularly assessed within the scope of the risk analysis performed to identify potential hazards caused by criminal conduct (both internally and externally). Both the risk assessment and the individual measures implemented to avoid criminal conduct are performed by the relevant section at the respective central office pursuant to § 25h of the German Banking Act (KWG) and are also incorporated into the operational risk inventory process.

Legal risks

Legal risks arise from the above-mentioned categories if they are of specific legal relevance.

Our legal department controls legal risks. In addition to consulting on corporate decisions and designing business processes, its tasks include following and assessing current legal disputes. Possible legal risks are detected at an early stage and possible solutions for minimising, limiting or preventing such risks are shown. The legal department coordinates the commissioning and integration of external lawyers. Within the scope of risk mitigation, the legal department in cooperation with the product management checks and monitors the existing insurance coverage for economic loss and initiates any adjustments which may be necessary. According to our review, the pending or threatening legal proceedings against MLP FHG do not represent risks which could endanger the Group's continued existence.

Through its authorisation to conduct banking and financial service businesses, MLP FHG is subject to special risks with regard to potential non-compliance with supervisory regulations. This also applies to legal capital adequacy regulations, which require shareholders’ equity backing. Comprehensive guidelines and workflows have been implemented to comply with supervisory regulations and for the functions Compliance, Money Laundering and Fraud Prevention, as well as Data and Consumer Protection. The objective of these guidelines and workflows is to secure compliance with and monitoring of the legally stipulated requirements by the specialist departments and staff units responsible.

The Executive Board has also set up a compliance function, the duties of which include identification and monitoring of the key legal provisions and requirements. Non-compliance can potentially jeopardise the assets of MLP FHG and can lead to significant reputation risks. The Compliance function advises and supports management, as well as the responsible specialist departments. It works towards implementation of effective procedures ensuring compliance with substantive provisions and internal regulations as well as corresponding control measures performed by responsible units. It also provides regular reports, including ad-hoc reports on its activities to both management and the Supervisory Board when and where necessary. The compliance function also promotes and strengthens the Group-wide risk culture.

Active knowledge management in the specialist departments and, at the same time, continuous observation of legal developments by our Legal and Compliance departments ensure that any potential regulatory changes can be detected early on. As part of our audit management, the implementation of new legal requirements and findings of external auditors are controlled through our Group-wide "MaRisk Steering Committee", tasks are assigned to relevant functions and their progress regularly and actively tracked. In particular those issues that have significant effects on the MLP Group and involve multiple specialist departments are assigned to this programme.

Taxation risks

Tax risks can arise, for example, from an unexpected or unplanned tax burden due to current legal developments or other events.

Changes that emerge in the tax and accounting law are continually checked and reviewed with regard to potential effects they may have on the Group. The company's compliance with fiscal requirements is checked by internal and external experts in accordance with the tax regulations and the documents pertaining to these issued by the tax authority. Corresponding provisions are formed for subsequent payments to be anticipated. Developments in the accounting law are monitored and implemented in the respective specialist departments.

Capital charge based on a proprietary model

As of this financial year, the operational risks have been measured based on a proprietary model. The quantification is carried out on the basis of the average or maximum frequency of occurrence and amount of loss from the results of the self-assessment and the historical loss data. For those companies for which the data basis is insufficient, in particular with regard to the loss history, the basic indicator approach is used as an alternative in accordance with the CRR. The same applies to all new group companies to be taken into account up until the time of conversion to the proprietary model. Within the scope of the basic indicator approach, the supervisory capital charge for the operational risk is determined using a fixed calculation scheme. On this basis the capital charge is 15 % of the average gross proceeds of the last three financial years, whereby only positive gross proceeds are taken into account. The conversion of the basic indicator approach to the proprietary model on January 1, 2021 resulted in an effect of € 10.6 million at Group level.

As of December 31, 2021, the operational risk (unexpected loss) of MLP FHG amounts to € 21.1 million (previous year € 29.7 million).

MLP FHG loss data collection as of December 31, 2021:

		Thereof higher than € 10 thousand
	Volume (in € million)	**Volume (in € million)**
December 31, 2021	3.6	3.4
December 31, 2020	3.2	2.9
Change	0.4	0.5

Other risks

Other risks include reputation risks, as well as general business risks (including strategic risks). These also include potential step-in risks for a non-consolidated company, insofar as the support is provided without contractual obligation. The other risks (reputational and general business risks) are taken into account within the framework of group management with the help of a flat risk amount ("risk buffer"). A risk buffer of 5% is deducted from the risk cover funds for other risks at group level. A second risk buffer of 5% is then deducted from the risk cover to be distributed in order to do justice to the other risks at the level of the control units.

Reputation risks

Reputation is defined as the reputation of MLP as a whole or of individual Group companies in terms of expertise, integrity and trustworthiness that results from the perception of different stakeholder groups. The stakeholders, for example include clients, employees, consultants and office managers, shareholders and creditors, other institutes, ratings agencies, the press and the world of politics.

Reputation risk is understood to mean an existing or future risk regarding income, equity or liquidity as a result of reputation damage.

Management of reputation risks at MLP FHG is always performed decentrally within the scope of a defined regulatory cycle following the principle of managing operational risks. Alongside reactive control directly after the occurrence of an event of damage, preventive risk management is particularly important here.

The potential risk of mistakes made while providing consulting services to our clients also impacting our reputation, is minimised by securing continuously high-quality consulting. The instruments used to secure this high level of consulting include IT-based consulting tools. In addition to this, comprehensive documentation is provided of results that have been achieved during consultations with clients.

General business risks

General business risks are those risks that arise as a result of altered framework conditions. These, for example, include the market environment, client behaviour, sustainability risks or technical progress. Achieving the planned results can potentially be jeopardised as a result of inadequate alignment of the company to the respective business environment which may have changed abruptly. Such focus, for example on individual products or a special client segment, also bears the risk of making the operating results excessively dependent on the earnings contribution of these products or this client group. Risks due to earnings concentrations can potentially occur as a result of changes in the market. Strategic risks can in particular occur as a result of an inadequate strategic decision-making process, unforeseeable discontinuities in the market, products and services that have not been properly matched to the market or poor implementation of the chosen strategy.

We consider sustainability risks to include events or conditions resulting from the environment, social issues or corporate governance, whose occurrence can have actually or potentially significantly negative effects on MLP Group's net assets, financial position and results of operations, as well as its reputation. This also includes climate-related risks in the form of physical risks and transition risks. Alongside general business risks, sustainability risks can also manifest themselves in all risk types, which is why we do not rate them as a dedicated risk type, but rather based on issues encountered within the scope of the respective relevant risk type.

General business risks for MLP FHG are predominantly controlled by the Controlling department. Within the scope of environmental analyses, regular checks are also performed to detect and analyse all changes to economic factors or the industry and competitive situation. This results in impulses for strategic alignment of MLP FHG.

Overall economic risks

Changes in economic and political factors can affect the business model and performance of MLP. Both national and international developments in the political, economic and regulatory arenas, as well as business developments and other requirements in the financial services market are therefore monitored. The knowledge bundled at FERI Trust GmbH offers us particular support in this regard.

Business environment and sector-related risks

The financial and economic crisis has further intensified competition in the financial services business in Germany and accelerated consolidation of the heavily fragmented market. New competitors have entered the market in the form of FinTechs and InsureTechs, focussing on sub-processes in the financial and insurance sectors. Social changes, new regulatory requirements and competitors, as well as identifiable trends in client behaviour are all factors which can have a significant influence on MLP's business.

However, MLP is well prepared for the changes that lie ahead. The quality of our consulting and our products as well as our focus on selected client groups and our independence give us a very good market position. Furthermore, the consolidation of the market provides acquisition opportunities for the Group.

MLP focuses its business activities on the areas of wealth management, old-age provision and insurance. The ongoing period of low interest rates has also become a factor for further development in these markets. The real estate sector is becoming more important for the Group; this segment offers additional investment opportunities within the scope of the holistic investment strategy.

Corporate strategy risks

Corporate strategy risks largely consist in the erroneous assessment of market trends and, in consequence, the erroneous alignment of business activities. Strategic risks also emanate from unexpected changes in market and environmental conditions as well as the shareholder structure with negative effects on the results of operations.

Corporate strategy control at MLP is primarily the responsibility of the Executive Board. Changes and developments in both the national and international markets, as well as the business environment are analysed on the basis of intensive observation of the competitive environment. Measures are then derived with the objective of ensuring the Group's long-term corporate success. Target values are laid down based on a projected assessment of success factors. The achievement of these values is constantly monitored. The strategic positioning is regularly reviewed on the basis of target/performance comparisons.

All key value drivers in MLP's business model are subject to continuous analysis and active management via a comprehensive system of central and local controlling. The Group strategy and the measures it involves, all of which are set out by the Executive Board, are reflected within the scope of budget and long-term planning as a way of analysing their effects on the business situation. Key developments of internal value drivers, as well as external framework conditions are also modelled using planning and simulation instruments and are then subjected to various scenarios to determine their earnings sensitivity.

Continuous reporting is performed to record the anticipated course of business, so that action can be taken quickly in the event of any negative deviations.

No quantification of other risks is currently performed within the scope of internal risk management. To cater to the risks resulting from this, a corresponding buffer is maintained in the risk bearing ability. This is regularly validated within the scope of back testing and adjusted as and when necessary.

Special measures relating to the coronavirus pandemic

The following key measures have been implemented in order to combat the coronavirus pandemic.

Organisation

During the financial year 2021, the findings of the crisis teams set up at the beginning of the pandemic continued to be used.

Established crisis mode

As COVID-19 continues to pose a serious threat to health and the economy, the comprehensive measures initiated at the start of the pandemic continued to be applied in the financial year 2021. The objective is to protect employees, consultants, clients and service providers, as well as to secure operations as a way of assuming social responsibility and helping contain this pandemic.

Reduction of contact

Thanks to flexible technical equipment, the vast majority of employees are able to work from home. Over the course of the year 2021, the percentage of employees working from home varied on the basis of legal requirements and infection rates. Staff were and still are only expected to be physically present at their workplace when this was/is deemed absolutely essential for operations. Comprehensive security measures have been implemented at the locations to reduce the risk of infection. These measures primarily target compliance with the recommended minimum social distancing and hygiene rules.

Securing process-based and operational stability

The measures for stabilising the systems, such as expanding server capacity, increasing the number of VPN gateways and laptops as well as more stringent monitoring of system changes and backup measures are still in effect. These ensure a seamless transition between working at the respective company sites, hybrid models and virtually exclusive working from home – depending on infection rates. Procedural plans for positively tested or suspected cases regulate isolation, information and supplementary safety measures. Both the number of infections and the general rates of illness are monitored constantly. Thanks to these measures as well as the expansion of video conferencing media for internal coordination and the switch to digital event and training formats for employees and consultants, operational risks have not increased significantly.

Client proximity and impact for clients

Consulting via video conferencing solutions has been expanded to include investment consulting by MLP Banking AG; new clients can be legitimised using a video identification procedure. Challenges remain despite these options, in particular in winning new customers as well as in consulting for occupational pension provision and for wealthy private clients in the FERI segment, and these challenges can manifest themselves in the general business risks.

Due to the target group focus at MLB Banking AG, its clients exhibited little need for support measures such as development loans, credit line extensions and deferrals. We anticipate that counterparty default risks in the portfolio will remain unchanged in 2022 compared to the previous year with a moderate rise in impairments. We cannot identify any fundamentally increased liquidity needs on the part of clients, so that the Group's liquidity risk remains unchanged.

Assessment of the risk and liquidity position

The strategic orientation of the Group is not significantly influenced by the COVID-19 pandemic; the diversified business model ensures a cushioning effect in the event of risks occurring. Opportunities are used if they fall within the scope of our strategies. Movements on the capital market affect the securities portfolio. However, price risks remained negligible. Above-average developments in proprietary concepts and a positive market environment led to significant revenue in the FERI segment in 2021. In the previous year, the rising counterparty default risks were addressed with an increase of € 10 million in the risk coverage fund. This increase in the risk coverage fund remained in place due to the overall risk situation in the financial year 2021 and will also remain at the higher level of € 115 million for 2022.

Generally speaking, MLP will continue to forego incentives granted by the Federal Financial Supervisory Authority due to the current situation. These include a possible shortfall below the capital conservation buffer as well as the minimum requirement of the LCR and the privileged treatment of central bank assets in the leverage ratio.

We continue to consistently pursue digitalisation projects such as the expansion of the multicloud strategy or the use of robotics, taking into account the supervisory requirements.

IT operations remain stable thanks to the measures described above.

The liquidity situation at MLP FHG remains good with a liquidity reserve of € 1.4 billion.

In summary, all supervisory key figures continue to be complied with.

Risk-bearing ability & capital requirements

The risk-bearing capacity concept ensures that the risks incurred are offset against sufficient risk coverage potential at all times. Within the scope of the risk-bearing capacity concept, MLP FHG primarily pursues a going-concern approach with a confidence level of 97 % when controlling risks. This is based on protection of the minimum capital backing required by law and thereby a continuation of the business operations of MLP FHG. Free equity capital that is available after meeting the regulatory ratios for minimum capitalisation and an additional buffer are in place to serve as risk coverage potential.

The Executive Board set up a risk coverage fund of € 115 million in 2021 (as of December 31, 2020: € 115 million), which continues to take into account the € 10 million to secure flexible coverage of risks in connection with the coronavirus crisis from 2020. The risk coverage fund is used to cover the risk types classified as significant by MLP. These are the counterparty default risk, the market price risk, the liquidity risk, as well as operational and other risks.

The risks incurred are covered by the assigned limits in line with the respective risk coverage potential. Consistent surplus coverage is in place.

After deducting the risk buffer (5 %) on MLP FHG's risk cover funds and the risk buffer (5 %) on the risk cover funds allocated to the segments, the following limits remain for MLP FHG as at 31 December 2021:

Risk-bearing ability of MLP FHG

Type of risk (in € million)	Dec. 31, 2021			Dec. 31, 2020		
	Limit	Risk	Utilization	Limit	Risk	Utilization
Counterparty default risk	69.1	40.7	58.9%	62.1	48.5	78.1%
Market price risk	7.1	3.9	55.4%	4.9	3.8	77.3%
Operational risk	26.1	21.1	81.0%	35.9	29.7	82.6%
Liquidity risk	1.5	0.0	0.0%	1.8	0.0	0.0%
Total	**103.8**	**65.8**	**63.4%**	**104.8**	**82.0**	**78.3%**

Capital adequacy requirements under banking supervisory law

A consistent minimum ratio of 4.5 % continues to be required for the backing of risk assets with eligible own funds for Tier 1 common capital. As in the previous year, these requirements have not changed during the financial year 2021.

As per Article 25 et seq. of the CRR, the Group's Tier 1 common capital includes the following equity items of IFRS capital:

Share capital, capital reserves, statutory reserve and retained earnings. Among other factors, intangible assets and goodwill reduce Tier 1 common capital.

A total capital ratio of 8.0 % plus an SREP buffer applicable as of December 31, 2021 must be available.

As in the previous year, MLP FHG has fulfilled all legal requirements relating to the minimum core capital backing as well as the capital adequacy requirements according pillar I above and beyond these during the financial year 2021. The relationship between the risk assets and equity capital on the balance sheet date is illustrated below.

Supervisory KPIs (pillar I)

Shareholders' equity (in € million)	2021	2020
Tier 1 common capital	276.1	261.7*
Tier 1 additional capital	–	–
Tier 2 capital	–	–
Eligible own funds	276.1	261.7*
Capital adequacy requirements for counterparty default risks	104.4	89.8*
Capital adequacy requirements for operational risk	18.8	23.5
Core capital ratio (in %)	17.93	18.49*
Tier 1 common capital ratio (in %)	17.93	18.49*

*Adjusted value

According to the Bundesbank, the European Banking Authority (EBA) has lifted the temporary suspension of the application of Q&A 2018 4085 from May 2020 for reporting dates after December 31, 2021. Due to the resulting new legal/supervisory requirements, MLP - in contrast to previous years - reports the following values as at the reporting date of 31 December (reporting date) without the net profit for the financial year and not with the net profit for the financial year as previously. The previous year's figures have also been adjusted for comparison.

Summary

MLP's business development is essentially influenced by financial risks, operational risks, reputation and general business risks. We use our risk management system for the identification, assessment, control, monitoring and communication of our key risks in terms of both current and future developments. The information provided ensured prompt introduction and prioritisation of risk management measures without exception.

Both MLP FHG as a whole as well as the business segments always acted within the scope of their financial risk-bearing ability in 2021.

Our Business Continuity Management also ensures regulated business operations in the event of any disruptions. Our risk monitoring and control systems and the consistent alignment of our business model to our risk-bearing ability enable us to ensure that the risks taken in our business activities are backed with adequate risk capital.

The risk management system is subject to continuous further development, in particular with regard to developing the volume and complexity of our business. The effectiveness of our risk management system and its supervisory implementation are also checked cyclically by both external and internal auditors.

The above-mentioned risks, and such risks which are not yet known to us or are currently considered insignificant, could have a negative impact on our forecasts detailed in the outlook.

There are currently no discernible risks that could threaten MLP's continued existence, and we do not anticipate any negative development for the coming year. No appreciable risks which could have a significant influence on the continued existence of the MLP Financial Holding Group occurred at MLP FHG after the balance sheet date.

Opportunity report

Opportunity management

The objective of the integrated opportunity management approach employed by the MLP Group is to secure systematic and early identification of opportunities and their assessment.

This takes place within the scope of a standardised business strategy process, performed by the Executive Board once a year. To this end, assumptions made about relevant influential factors for future development are subject to an ad hoc check. Such reasons can, for example, include major acquisitions, regulatory changes or changes in the market environment. MLP's corporate strategy, and the opportunities associated with this, are derived from its corporate mission, which is reviewed and updated by the Executive Board on an annual basis. The current internal and external framework conditions, as well as influential factors are then analysed and summarised using established processes. A comprehensive analysis of the current environment always forms the basis of this process. Among other things, this includes the macroeconomic and regulatory framework conditions, developments in the product area and also the competition. With regard to client and sales potential, we also use available market data alongside our own assessments. The analysis culminates in a comprehensive SWOT analysis (strengths, weaknesses, opportunities, threats).

Within the scope of MLP's opportunity management, the market and competitive environment is continuously monitored from different company perspectives. This process is organised locally in the responsible departments, which regularly report their findings to the respective member of the Executive Board. Product Management is a key player here, as it determines opportunities through intensive contact with product providers and industry experts, mostly in the form of product innovations. Other important protagonists in terms of opportunity management are Controlling, which examines the market to detect potential acquisition opportunities, as well as the organisational units of Risk Management and Compliance, which examine potential regulatory changes early on.

Opportunities

The opportunities in terms of the future business development can be subject to both external and internal influences.

Opportunities from changing framework conditions

The economic forecasts for the year 2022 suggest only limited opportunities for MLP. Following a decline in economic performance in 2020, the economic experts are anticipating slight growth for Germany in 2021. Should the German economy display significantly better development than assumed in our forecast, this will only have an indirect influence on the operating development at the company in the short term. However, if the restrictions associated with the coronavirus pandemic are lifted earlier than we have anticipated and all business operations can therefore return to normal, this could have a positive impact - particularly in terms of attracting new clients.

The ever-stricter regulation of the financial services sector in Germany, with the objective of stabilising the financial system and increasing investor protection, presents both challenges and opportunities for MLP. Stricter regulatory requirements will initially lead to additional costs and reduced productivity, as administration costs increase and processes in the company have to be adapted. However, the regulation also tightens the quality standards required of market actors. This will accelerate consolidation of the market, as individual brokers will not be able to comply with the stricter requirements. Overall, the number of providers is likely to reduce. In 2021 alone, the number declined by some 4,600 brokers. At the same time, this development could lead to a situation in which qualified brokers from other market actors display a stronger desire to work for MLP. In addition to this, we were quick to align our operations to the new framework conditions over the last few years, which will enable us to benefit from this development in the mid term.

The greater acceptance of digital media brought about by the coronavirus pandemic could potentially lead to even more pronounced technical efficiency gains in future due to increased use of digital options.

Wealth management, as well as the associated development of the capital markets, is increasingly also influencing the earnings performance of the MLP Group. Should this perform significantly better than anticipated, it could have a positive impact on performance-linked compensation in particular.

Corporate strategy opportunities

We see corporate strategy opportunities primarily in MLP's positioning as a partner for financial matters, a position which has been particularly strengthened over the last few years. Alongside support for private clients, we are now increasingly focusing on our business with corporate clients and institutional investors. In cooperation with our Group companies DOMCURA, RVM, FERI and the business unit TPC (occupational pension provision) within MLP Finanzberatung SE, we will further expand our portfolio for corporate clients and institutional investors in the areas of occupational pension provision, non-life insurance, wealth management and risk management.

Interlinking these areas with one another and with the private client business will furthermore enable us to create corresponding revenue potential. Its broadly diversified positioning gives MLP an important USP in the private client business. Further developing these opportunities offers significant potential for the next few years. Additional gains are conceivable, particularly in wealth management, where MLP clearly sets itself apart from the market through its highly transparent price model, yet also in the field of non-life insurance, where MLP is developing the business of its subsidiaries DOMCURA and RVM, as well as from a stronger than anticipated recovery in old-age provision. In addition to this, there is potential for further developing the real estate business.

Within the scope of opportunity management, MLP examines the market for potential acquisitions. In the event of an acquisition, opportunities can arise which can increase revenue potential.

Business performance opportunities

As a service provider, our operational tasks comprise sales, product selection and sales support. The real estate project business was added in 2019 following acquisition of a majority stake in DI Deutschand.Immobilien AG and its subsidiaries.

In terms of sales, our client potential in the private client business will increase even further over the course of the next few years. The need for well-trained employees in Germany is increasing, which in turn improves the basic conditions for our client group of academics. At the same time, the number of academics capable of and seeking employment is also set to rise in the mid term, which will lead to greater new client potential for MLP.

More targeted penetration of our client base, particularly in the wealth management and non-life insurance business, will also help us achieve further growth. Since our clients are generally very well-trained and thereby have excellent income prospects, they also have a continuous need for sound financial advice and hold corresponding revenue potential.

The private client business is not the only area in which we see opportunities for winning and supporting new clients. There is also a high demand for independent, professional consulting in the business with corporate clients and with institutional clients, which we have now bundled at our subsidiary FERI. Particularly for institutional investors and high net-worth families, the need for consulting services is on the rise, above all in the field of alternative investments. DOMCURA is the service provider for brokers and other intermediaries in the non-life insurance business and offers comprehensive solutions in the private sector, as well as parts of the commercial sector. RVM supports the commercial clients in this field – in some cases with a high degree of individualisation.

Over the last few years we have introduced and implemented various measures to increase the productivity of our consultants. These include further development of our consulting applications, even greater support for our consultants – for example in product selection – and even more effective service from the back-office in Wiesloch. Ongoing development of the training programme for our self-employed client consultants, which is offered by our Corporate University and fulfils the individual training requirements of the consultants thanks to its perfectly tailored modules, is also making a contribution to this, as is the completed realignment in our young consultant segment with a clear focus on consultant recruitment. Should we be more successful in recruiting new consultants than anticipated in our current planning, this could also lead to additional potential. The service centre of our subsidiary MLPdialog also plays a key part and provides support through the delivery of standardised services and consulting services. As an underwriting agency, the DOMCURA Group has also extended the added value chain of the MLP Group for standard products in the non-life insurance business field with its processes and expertise and will continue to do so in future. The goal of these measures is to allow our consultants to focus even more on their core task, namely advising and supporting their clients. This provides important revenue potential for the future.

Opportunities in the real estate business that go beyond current planning could arise due to planned projects being implemented more quickly and cost-effectively or indeed through implementation of a greater number of projects. However, these opportunities could be compromised by future coronavirus-related lockdowns, in particular by official permits taking longer than usual to process due to the respective offices being swamped with work or also due to limited availability of construction materials.

Opportunities from development of asset and risk positions

Positive business/market developments with lasting effects on earnings can be beneficial for the capital/financial situation of MLP and facilitate greater scope for action in terms of business model and risk profile. Alongside the opportunities already mentioned, which revolve around changing framework conditions and corporate strategy/business performance, other opportunities could also present themselves if the interest rate environment normalises again quickly contrary to our expectations. Reductions in loan loss provisions based on economic development are yet another source of potential opportunities. However, the economic development of individuals or companies due to the coronavirus pandemic could also serve to limit these.

In the banking segment, MLP also engages in current account and credit card business beside the classic lending business. These business activities focus on cross-selling and are subject to acceptance of counterparty default risks. Special profit opportunities arise for MLP through its preferred clientèle and their predominantly good credit ratings. In addition to this, positive development of the economic situation in Germany could present opportunities for improved portfolio quality, thereby keeping the need for value adjustments at a low level. Opportunities could also present themselves through a possible expansion of the banking business. However, these can also be associated with risks.

Interest rate developments also have an influence on the MLP's interest rate portfolio. Depending on the positioning/alignment and interest rate development, they could potentially lead to risks but also to opportunities. Regardless of this, MLP runs its interest rate book with the objective of continuing to secure a healthy liquidity situation.

Summary

MLP sees several significant opportunities. These affect multiple fields of opportunity, in particular corporate strategy and business performance factors, as well as the asset and risk position. We believe that the changing framework conditions will only present limited opportunities.

FORECAST

Future overall economic development

The overall economic development will continue to be shaped by the coronavirus pandemic in the year 2022. In the first half of 2022, for example, issues hindering global trade and supply constraints for both raw materials and precursors could also have a negative effect. Inflationary tendencies also remain a potent disruptive factor. Indeed, the inflation rate is likely to increase to a level notably higher than the targeted 2 % mark. However, the economic recovery in the Eurozone, and in particular in Germany, could resume in the second half of the year 2022. The vaccination rates that have now been achieved also make comprehensive lockdowns seem rather unlikely. As such, 2022 will be a transitional year that guides us all back towards something resembling normality. FERI Investment Research is anticipating economic growth of 2.6 % (2021: 2.6%) in Germany for 2022.

Employment market remains on the path to recovery

The employment market is set to recover further in 2022. Compared to the previous year, the Institute for Employment Research of the German Federal Employment Agency (IAB) is forecasting a drop in unemployment to 2.3 million persons. There were no significant differences between Eastern and Western Germany here. At the same time, the IAB is anticipating an increase in employments subject to compulsory social security contributions by 550,000 to 34.42 million, which would surpass the pre-crisis level from 2021.

Increased salaries and wages

The Tax Estimation Workgroup is forecasting a 4.6 % increase in gross salaries and wages for 2022. According to the German government's Fiscal Report 2022, the disposable income of private households in Germany is continuing to rise (2021: 2.7 %). FERI Investment Research is anticipating a declining savings rate of 11.6 % in Germany for 2022 (2021: 15.2 %).

Future industry situation and competitive environment

Old-age provision

The old-age provision continues to operate in a challenging market environment. No end to the low interest rate phase is currently in sight. Yet despite this, the German Insurance Association (GDV e.V.) is predicting strong future catch-up effects in the field of life insurance, following a reduction in premium growth due to the coronavirus pandemic. Among other things, the high savings rate of private households could have a positive impact on demand.

Massive gaps in statutory pension

On its own, the statutory pension will in future no longer be sufficient to maintain the same standard of living following retirement. According to the "Provision Atlas Germany 2021", produced by the Union Investment Group, those currently aged 35 to 50 will only receive an average of 44.6 % of their last gross income from the statutory pension when they retire, while those currently aged 20 to 34 will receive 49.7 %.

Coalition agreement aims to reform private old-age provision

Alongside their plans for strengthening statutory pension, the actual German coalition government is stressing the importance of private and occupational pension provision in the coalition agreement and announced reforms to this end. Among other things, the coalition is keen to review legal recognition of private investment products that offer greater returns than the Riester pension. The new government also plans to strengthen occupational pension provision. In future, it should then be possible to invest in higher-yielding asset classes. Self-employed persons are also to be insured with the statutory pension if they do not have any private old-age provision product in place.

Occupational pension provision: More allowances from 2022 onwards

The next stage of the legislation to strengthen occupational pension provision in Germany (BRSG) came into force on January 1, 2022. Based on this, employers are obligated to grant their employees a subsidy of 15 % on any occupational pension provision product they take out, as long as this takes the form of deferred compensation via a direct insurance, a pension scheme or a pension fund. Until now, this ruling applied only to new policies set up after the January 1, 2019. In future, however, existing policies must also be supported.

Occupational provision influencing the choice of employer

The Continentale Survey 2020 concluded that offering an occupational provision policy has a major impact on the attractiveness of an employer for a large proportion of German citizens. Indeed, some 62 % of respondents rated occupational pension provision as important or very important when selecting a future employer. Almost half (49 %) of those surveyed also stated that occupational health insurance has an influence when selecting a future employer.

Sustainability also important when it comes to old-age provision

The German Insurance Association (GDV e.V.) is also observing interest in sustainable investment opportunities for both private and occupational pension provision, particularly in new business with younger age groups.

A survey conducted by the Allensbach Institute points towards additional potential for sustainable life insurance policies. More than half of the young participants in the survey could envisage setting up a policy with an insurance company that places particular emphasis on sustainability.

Market likely to grow overall

Depending on how the pandemic progresses and the economy recovers, the German Insurance Association (GDV e.V.) is forecasting development in gross premiums of between 1.0 % and 2.0 % for life insurance policies in 2022.

Wealth management

According to the experts at FERI, the investment year 2022 will be dominated by increasing fears of inflation. If monetary support fails to materialise due to the gradual departure of major central banks from their previous ultra-expansive monetary policy, fundamental problems that have been concealed so far could come to light. As corporate profits come under additional pressure from higher commodity costs and looming wage inflation, investors must prepare for a completely new scenario. Sharp market corrections are possible, companies with solid balance sheets and strong earnings prospects should benefit from a relative perspective. In 2022, it will thus be important to select qualitatively strong stock segments.

The fact that the economic recovery is continuing bodes well for the stock markets. Yet despite this, investors should expect the extremely high earnings growth being displayed by many companies to slow down. If the global inflation risks also continue to materialise in 2022, this is a clear indication of increasing volatility and risks of a correction. The key in 2022 will therefore be to select qualitatively strong equity segments.

Turning point for wealth management

Despite the crisis, the need for high-grade wealth management services is likely to increase in the long term. According to the Boston Consulting Group, however, many asset managers are simply not equipped to support the next generation of extremely wealthy clients. These individuals, aged between 20 and 50, have a longer investment horizon and greater risk propensity. Although clearly focused on securing a solid return, many are also keen to use their wealth to do something good for society. Having opened a dedicated SDG Office, FERI is well-positioned in this arena and has secured itself a sound position early on, in particular in terms of impact investing.

MLP has never acquired as many new securities accounts, and thereby new wealth management clients, in the retail client arena as it did in 2021. One thing worthy of particularly note in this regard is the fact that long-term savings plans are being set up, especially with young clients, and existing assets are being invested flexibly.

Investors focussing on sustainability

Based on estimates of the investment experts at FERI, sustainable investment strategies offer great market potential and are developing into a dominant trend in the investment industry. As of August 2022, investment advisers and asset managers must consult with their clients regarding their sustainability preferences. This is one of the stipulations in the revised version of the Delegated Regulation for Implementation of MiFID II. According to Fidelity International, 50 % of all companies surveyed globally listed embedding of sustainability criteria as a priority in the reporting period. As a recent sustainability survey conducted by Union Investment shows, 78 % of institutional investors in Germany are already making sustainable investments. 92 % expect the volume of sustainable investments to continue growing over the course of the next twelve months. MLP already established a portfolio of sustainable funds as a separate option for its clients back in 2012 and has been continuously refining and expanding this offer at all levels ever since.

Inherited wealth continuously increasing

As per information provided by the German Institute for Economic Research (DIW), around 10 % of all adults in Germany have received at least one inheritance or large gift in the last 15 years. Accordingly, the average real value of these inheritances is around € 85,000 per person or € 89,000 in the case of gifts. Compared with 2001, both inheritances and gifts have increased in real terms by an average of around 20 %. As per forecasts of the Hans Böckler Foundation, the annual volume of inherited wealth in Germany, including gifts, is likely to reach up to € 400 billion by 2027. The structure of MLP's client base means that the volume should be above average here. MLP therefore also places great emphasis on ensuring that young clients see MLP as their wealth management partner right from the outset and that processes are in place to start with their first saving plans.

Non-life insurance

Non-life insurance will remain very important for independent brokers. A recent survey undertaken by AssCompact indicates that, although the importance of the sector is unlikely to increase appreciably, it is already considered important or very important by three quarters of companies.

Risk of natural disasters on the rise

The German Insurance Association (GDV e.V.) believes that awareness of natural hazards increased during the flood disaster and that demand for corresponding insurance products is also on the rise. The growth potential is great here. According to the German Insurance Association (GDV e.V.), only 46 % of buildings in Germany are insured against natural hazards such as flooding and high waters. In the mid-term, further increases in potential claims due to natural disasters and climate change are to be expected in the fields of both non-life and motor vehicle insurance.

Trends are influencing commercial and industrial insurance

According to AssCompact, the market for commercial and industrial insurance is both fiercely contested and on the up. A large number of product developments and growing demand are currently being driven by external factors. These, for example include the topic of cybersecurity, the coronavirus pandemic, climate change and sustainability, as well as terror attacks and a lack of resources. Alongside these, individual insurance cover is likely to enjoy particularly strong demand among commercial clients in future.

Growth market of cyber insurance

Based on estimates of the German Insurance Association (GDV e.V.), damage caused by cyber attacks is increasing both in frequency and associated costs. The coronavirus pandemic has not only led to a rise in demand for cyber insurance policies, but also an increase in the total cost of damages, as Assekurata reports. Since so many people are now working on a mobile basis outside regular offices and the volume of attacks is increasing, Assekurata believes many companies are reviewing their IT risks more closely and taking out corresponding insurance cover.

New products resulting from ESG criteria

Sustainability is set to become increasingly important for insurers over the next few years and, based on the estimates of ratings agency Assekurata, will permanently change the industry. Indeed, according to the German Insurance Association (GDV e.V.), insurers are already extending their product portfolio to include green products and additional services such as carbon offsetting.

A recent market survey performed by Deloitte indicates that individual and flexible insurance products are being offered in response to client wishes. The main trends here are cross-segment package products, dedicated policies for protecting individual valuables, as well as modules for extending the coverage of non-life insurance policies already in place.

Overall, the German Insurance Association (GDV e.V.) expects gross premium income from property and casualty insurance to display development of between +0.2 % and +3.0 % for 2022.

Health insurance

The statutory health insurance funds are concerned that 2022 could bring about a deficit that runs into the billions of euros, not least as a result of the coronavirus pandemic. According to a survey undertaken by the Institute for German and European Studies (IGES), the statutory health insurance funds are facing a record deficit of € 27.3 billion by 2025. This could lead to the current additional premium for policy holders being increased by 1.2 percentage points as early as 2023 and thereby almost doubled. The average additional premium could even increase by 1.6 percentage points by 2025.

In light of these developments, the National Association of Statutory Health Insurance Funds (GKV-Verband) is calling on the new German government to implement far-reaching reforms as a way of stabilising the finances for health and long-term care insurance.

Private health provision remains in demand

As highlighted by the "Continentale Survey 2021", the vast majority of those paying into the statutory health insurance system are worried about the future of the healthcare system in Germany. 81 % fear that securing good health provision is likely to cost a lot of money on top of their statutory health insurance premiums. Some 68 % therefore consider private supplementary pension provision crucial.

According to a survey performed by market research institute "HEUTE UND MORGEN", the growth potential of supplementary health insurance policies is still far from fully exploited. The survey states that young statutory health insurance policy holders (aged 18 to 29) are in particular planning to conclude policies, above all in the areas of supplementary dental insurance and provision/prevention.

Occupational health insurance offers potential

For employers, occupational health insurance represents an increasingly important instrument for winning the best employees and then keeping them loyal to the company. According to the Continentale Survey 2020, budget tariffs that allow employees to determine individually which benefits they wish to make use of within a predefined budget and the insured benefits package, are particularly in demand. Overall, ratings agency Assekurata believes that occupational health insurance still holds massive growth potential, as fewer than 0.5 % of companies in Germany and only around 3 % of employees had an occupational health insurance policy in place at the end of 2020.

No implementation of "citizens insurance"

The new “traffic light” German coalition government is opposed to a change in the insurance system and the kind of "citizens insurance" promoted during the election campaigns of both the SPD and the Green Party. As per the coalition agreement, the coalition commits to the dual healthcare system, comprising both statutory and private health insurance.

Market outlook mixed

In its current market outlook, Assekurata rates the business prospects of comprehensive private health insurance as mixed overall. In terms of comprehensive insurance, no significant changes with regard to increased policy holder numbers are to be anticipated in 2022. However, the fact that the numbers of employees in the civil service are increasing continues to present growth potential.

In the field of supplementary insurance, Assekurata primarily sees potential in the budget tariffs of occupational health insurance and supplementary dental insurance policies, as well as a continuation of the subdued growth dynamics in supplementary long-term care insurance.

Real estate

Despite the financial uncertainty brought about by the coronavirus pandemic, the desire for home ownership remains strong. According to information provided in the "Living in Germany" survey, which is published by Sparda banks in cooperation with the Institute of the German Economy (IW), one in four tenants up to the age of 50 is planning to purchase property in the next two to three years or at a later date.

Further value gains

There is no end in sight for the boom, even in the long term. Demand for housing will continue to rise up to 2040 and beyond. This is the conclusion of the "Real Estate Forecast 2060" published by the University of Freiburg. According to information provided in the survey, the trend towards smaller households will continue to drive demand for decades. In many regions, strong demand will be leading to significant residential property appreciation.

Based on projections of the University of Freiburg, real estate prices will continue to rise until 2030 – particularly in urban centres and prestigious locations. These more popular areas should even expect to see property prices continue to rise until 2060. According to information provided in the "Living in Germany 2021" survey, both existing and prospective owners can expect further appreciation in the current decade, especially in Germany's growth regions.

Need for senior citizen housing rising

Nursing properties are becoming increasingly popular as an investment. In the course of demographic developments in Germany, the need for in-patient nursing care is set to rise to 3.51 million patients by 2060. This is the estimate of real estate research specialist Bulwiengesa. Accordingly, the number of citizens specifically receiving in-patient care as a percentage of all those requiring nursing care is likely to increase from 31 % to 73 %. Housing suitable for senior citizens will cease to be a niche product over the course of the next few years and instead form the focus of housing construction policy. After all, the current housing stock is simply not fit for purpose. Indeed, only 3.4 % of the housing stock of households with persons of retirement age is currently easily accessible (barrier-free access). According to data provided in the spring report for 2021 of the real estate industry, the total transaction volume of nursing properties and retirement homes was approximately € 3.2 billion, which is almost double the previous year's level.

Loans and mortgages

The prime rate of the European Central Bank (ECB) has been at a record low of zero percent since March 2016. No end to the low interest rate phase is currently in sight. However, the ECB no longer rules out an interest rate turnaround in 2022 due to persistently high inflation. According to Interhyp, there are already signs of a trend reversal in building loans. If the Corona pandemic does not have a stronger than expected dampening effect on the rise in interest rates and inflation is of a longer-term nature, a further rise in interest rates by several tenths of a percentage point is quite likely.

Demand for real estate supporting growth in financing

Based on our estimates, demand for real estate is likely to remain strong – also as tangible asset investment during times of high inflation. Demand for housing that meet the needs of disabled persons and the elderly is also likely to increase further. Investments in property with nursing care are therefore continuing to enjoy great popularity and are also considered a secure form of financial investment by banks. Other types of special investment real estate – such as hotel apartments or micro apartments – are also getting more attention.

Competition and regulation

Coming changes moving towards greater sustainability

The financial services sector is expected to support and also steer the transformation of the entire economy towards sustainability. This is to be implemented through amendments to the disclosure requirements, the MiFID II and the IDD, as well as a whole host of new regulations, such as a label for green financial products, a uniform EU classification system, new EU benchmarks and various EU standards for non-financial reporting. The next key step will be introduction of the MiFID II and IDD at the start of August 2022. Further consultatory obligations will then become mandatory for financial market participants and financial consultants. The consultancy services offered on both insurance investment and general investment products will be extended to include another component: the obligation to ask clients to specify their sustainability preferences. As a result of this, the MLP sales and consulting process will also need to be extended continuously to include further sustainability aspects.

Rapid introduction of pan-European private pension products in Germany questionable

There are currently no indications that German providers will already be offering pan-European private pension product (PEPPs) in the current year. Among other things, this is due to the fact that the requirements of risk mitigation techniques for investment in PEPP products stipulated in Level 2 are difficult to meet in the current capital market environment. To what extent products of this nature will find acceptance in Germany, which already has a well-developed old-age provision market, also remains to be seen.

No redesign of old-age provision with sovereign wealth funds currently in sight

The new German government will likely also address the transformation of the old-age provision system in Germany. The basic premise of a standard product governed by public law (sovereign wealth fund) is also very likely to play a part here. However, it is not yet clear what the concrete ideas of the coalition government will look like or what the announced review will deliver. Implementation during 2022 also appears unlikely, not least due to the complexity of such an undertaking and the fact that there are still so many fundamental questions still to be answered.

Coalition sticks to dual system of health insurance

The government is seeking to maintain the present system, in which private and statutory health insurance sit alongside one another. The discussion on the possibility of introducing a so-called "citizens insurance", which all policy holders would be expected to pay into, therefore seems to have disappeared from the political agenda and is unlikely to return any time soon. As such, it will probably not be a topic addressed during the current parliamentary term.

Further regulation to be anticipated

Over the next few years, the regulatory bodies are likely to continue work on ways to make the costs associated with financial products more comparable for clients, while clients themselves are likely to become more conscious about costs and consulting quality overall. Fee-based consulting in particular is likely to remain an important topic in the world of politics. MLP today already offers fee-based consulting in those areas in which we sense corresponding demand on the part of our clients, such as retirement planning. In the field of investment advisory services, the Fee-Based Investment Advice Act, which came into force in 2014, has not had any appreciable effects to date due to continued application of non-competitive provisions pertaining to historic policies. However, should any further market potential actually materialise here, MLP is already well-positioned to handle this, as new wealth management business is already remunerated on a fee-like basis at MLP.

Well prepared for regulatory requirements

MLP has already implemented numerous requirements that will become binding law in future. But irrespective of this, the regulatory developments will certainly represent a challenge overall and lead to additional implementation costs.

Anticipated business development / revenue development forecast

Global economic performance in 2021 was impacted by the global coronavirus pandemic. Overcoming the pandemic and its consequences will continue to have an impact in 2022.In the opinion of MLP, however, the factors favouring further recovery of the German economy will predominate overall in 2022.

There is still a strong demand for value-maintaining, broadly diversified investment opportunities, especially among clients that already have assets. The current market environment with very low prime rates and negative real interest rates continues to play a key part here. Despite the possibility of initial increases to the prime rate in the US, we are not anticipating a general change in this environment in the foreseeable future. Over the course of the next few years, we generally expect to see an increased need for consulting services in the field of professional wealth management among all of the Group's target client groups. More and more clients of MLP Banking AG are approaching the age at which financial investments become significantly more important to them, not least due to their increasing personal wealth. Above all, we see growth opportunities through the massive potential of this consulting field among our client base at MLP. At FERI, we are continuing to also benefit from the comprehensive expertise in alternative forms of investment. However, we are still anticipating further volatility on the markets in the financial year 2022. In addition to this, we expect performance fees to be significantly lower again in 2022 following its pronounced increase in 2020 and especially 2021. The MLP Group therefore anticipates revenue in this consulting field to display slight downward development overall.

Despite all uncertainties, demographic developments still hold massive long-term potential for MLP. For example, in Germany we are generally still expecting to see an increase in demand for both private and occupational pension provision policies. In the old-age provision field of consulting, MLP expects the reservations displayed when it comes to signing long-term provision contracts to continue throughout the market, primarily due to the ongoing period of low interest rates. However, the measures already implemented and those still in progress aimed at boosting our young consultants area can deliver significant impetus in this regard. Alongside insurance cover, our consultants are also starting to broker initial provision modules here. We are also anticipating a general recovery in new business for occupational pension provision in 2021. We are also expecting positive impetus from our digital occupational pension provision portal for small and medium-sized companies here. This portal makes it easier for employers to manage their occupational pension provision contracts, while providing employees with clearly structured and compact information on their company's occupational pension provision offers. We are anticipating overall new business and revenue in the old-age provision business field to be slightly above the previous year's level in the financial year 2022.

We consider non-life insurance to hold great growth potential, in particular through further expansion of the industrial broker segment. In addition, there is also potential on the concept side (DOMCURA), as well as from a sales perspective (MLP Financial Consulting) and in cooperation with our sales partners. Following the successful introduction of package products by DOMCURA in the private client arena in previous years, further improved offers were also introduced for residential building insurance. We see potential here, in particular in the context of the "Lebenswelt Wohnen" residential living environment, which DOMCURA specifically caters to. There is also great growth potential in the client base at MLP, among other things through portfolio acquisitions. Overall, we are therefore expecting a significant increase in revenue in the non-life insurance consulting field for 2022.

Market conditions in the field of health insurance are unlikely to display any significant improvement in the short-term. The supplementary insurance consulting field continues to hold growth potential. We also believe that the occupational health insurance consulting field has a promising future. Overall, we also expect revenue in the field of health insurance to remain stable in 2022.

As part of a diversified investment strategy and in light of the low interest rates, we continue to view investment properties as a good investment option for our target group. Indeed, we see particularly great growth potential in the brokerage of new buildings and concept-driven properties. This applies in particular to nursing care and senior citizen housing. With DEUTSCHLAND.Immobilien, we have acquired special expertise in this field, as well existing business through the affiliated brokers. We are also benefiting from an extended product portfolio for our consultants, more and more of whom are incorporating the topic of real estate in their comprehensive client consulting activities. Following continuing restrictions due to the coronavirus pandemic, particularly in the project business, we are anticipating catch-up effects and further upwards movement in terms of revenue development for 2022 in light of the consistently high demand for real estate. In concrete terms, we expect the brokered volume and sales revenue to increase significantly in 2022.

Set in particular against the background of ongoing high demand for home ownership, we are anticipating a slight increase in revenue from loans and mortgages for the year 2022.

However, a degree of uncertainty remains in all consulting fields due to the overall challenging market environment.

Analysis of revenue performance 2022 (compared to the previous year)

2022	
Revenue from wealth management	Slight decrease
Revenue from old-age provision	Slight increase
Revenue from non-life insurance	Sharp increase
Revenue from health insurance	Unchanged
Revenue from real estate	Sharp increase
Revenue from loans and mortgages	Slight increase

Continuation of the growth initiatives

MLP will continue to drive forward the strategic further development of the previous years. Initiated and successful growth activities will be continued to this end.

Stronger Focus on physicians

In 2020, we have started to further focus our activities on the physician market, among other things by further developing the target group segment of entrepreneurial physicians, through diversification of activities in the field of classic practices, expansion of association work and cooperations, as well as intensification of the qualification measures for MLP consultants. We will continue along this path in 2022.

Further acquisitions targeted

Our specific goal is to further develop business in the industrial insurance segment, which is represented by RVM in the Group and which is also the focus of our M&A strategy. Our objective is to establish RVM among the top ten industrial insurance brokers in Germany over the course of the next few years. We will seek to achieve this through implementation of a consistent buy-and-build strategy.

There is also generally acquisition potential in MLP Finanzberatung SE's line of business. Here, we are placing our focus on companies that will help us further diversify our service offering, yet also on those that can contribute to expanding our share of recurring revenue. However, horizontal acquisitions are to be reviewed in detail, as the structure and culture of these companies must suit MLP. There are also opportunities for vertical acquisitions, i.e. for extending or strengthening the added value chain, in MLP Finanzberatung SE's line of business. Acquisitions and joint ventures are also conceivable in the markets of FERI and DOMCURA, facilitating profitable inorganic growth and strengthening the respective business models.

Consistently expediting digitalisation – online client portal being extended

Further wealth management functionalities have been integrated and gradually expanded in MLP's online client portal in 2021. The objective here is to turn the client portal into the "financial home" for our clients. For example, self-services are set to be extended, price calculators integrated and contract overviews reworked in 2022 to make MLP a round-the-clock digital experience on the Internet as a dialogue partner for financial issues.

Recruiting remains in focus

Recruitments of new consultants therefore remains a focus topic in 2022 and beyond. The young consultants have successful and experienced consultants at their side in the form of regional managers and "team leaders". In addition to this, we have further optimised the training and qualification offers for this group of consultants. The process for joining MLP has also been significantly optimised for consultants with professional experience, making it even easier to make the switch to MLP. With these greater investments, we will create the basis for future growth in terms of consultants, revenue and income, which should essentially take effect from 2022 onwards.

To this end, we will strengthen our recruiting activities via our online presences (including expansion of active sourcing activities). We are anticipating a net increase in our number of consultants for 2022. However, it is important to note that our overall estimate is based on annual employee turnover of around 10 %.

We believe that the high quality of our qualification and training measures for our consultants will continue to be the key to success. Indeed, we offer our consultants a programme which we believe greatly surpasses the legally stipulated level. This should help us increase the number of central training days (including online seminars) at our Corporate University slightly compared with the last financial year 2021. This also applies to the total budget for qualifications and further training. We are anticipating expenses of around € 14 million for this in 2022.

Consistent efficiency management programme supports growth strategy

We will apply a system of consistent cost and process management over the next few years to support our operational growth. Above all, expenses will be accrued for investments in the future, such as the acquisition of young consultants, as well as in the area of IT for further implementation of our digitalisation strategy.

EBIT forecast

Administration costs stable

A consistent cost management approach is one of the pillars for continuously growing profitability. At the same time, however, we will also be making investments in our future. The forecast administration costs therefore still include expenses for investments in the future, in particular for recruiting young consultants within the scope of expanding this area. We have spent around € 44 million on this since 2018. With these expenses, we consciously sacrificed short-term earnings growth in order to strengthen our future earnings potential, yet were able to break even in this field last year. Added to this are further investments, in particular in IT, which are largely necessary for further implementation of our digitalisation strategy. Overall, we are anticipating the administration costs to remain largely unchanged.

Set against the background of the significant increase in project business we expect to see in the field of real estate, we are also anticipating a considerable increase in expenses for purchased services from the project business. We are anticipating a slight overall increase in terms of commission expenses. Due to expansion of the business, we are also expecting a pronounced increase in expenses for the project business.

2022 forecast: EBIT anticipated in the corridor of € 75 to 85 million

Based on our expected revenues and costs, we are anticipating EBIT in a corridor between € 75 and 85 million for 2022 despite continuing substantial investments.

The slight reduction can be attributed to the pronounced increase in EBIT in 2021 to a level significantly above our expectations. However, it is important to take into account the fact that the EBIT development observed in 2021 was in particular characterised by an unusually high contribution of performance fees, which cannot be expected to continue at this level over the coming financial years. Overall, our forecast is based on the assumption that the framework conditions in our core markets will not become significantly worse and that there will not be any further significant restrictions due to the coronavirus pandemic.

We are anticipating the finance cost to remain at the previous year's level in 2022. We expect the 2022 tax rate to be around 28 % to 30 %, which is a comparable level to the previous year. In terms of consultant turnover, we are also anticipating a rate of around 10 % for the financial year 2022.

Mid-term planning: significant increase in EBIT

We are planning a significant increase in EBIT in the mid-term – up to 2025. Above all, we aim to benefit from growth in key figures in all areas of the Group, an increase in assets under management and a significant expansion of the real estate business. At the same time, the MLP Group can benefit from the highly intensive phase of the last few years.

Dividends of € 0.30 per share

MLP's objective is to enable our shareholders to participate fairly in the company's success, as well as to pay an attractive and reliable dividend corresponding to our dividend policy, whereby the company's financial and earnings position, as well as its future liquidity requirements are determining factors for our dividend policy. Since MLP employs a comparatively low capital-intensive business model, we intend to maintain an attractive and consistent dividend policy for the future. At the same time, we will retain a portion of profit to further strengthen the business model.

On this basis, the Executive Board and Supervisory Board will propose a dividend of € 0.30 per share to the Annual General Meeting on June 2, 2022. The payout ratio is around 52 % of Group net profit. We are keen to continue paying out between 50 % and 70 % of Group net profit in future.

Planned financing activities and investments

The MLP Group held sufficient shareholders' equity and cash holdings as of the balance sheet date. Our business model is not very capital intensive and generates high cash flows. From today's perspective, sufficient internal financing capacity is therefore in place for the forecast period. However, we can also supplement this by borrowing adequate funds should suitable opportunities present themselves. We will use our cash flow to allow shareholders to participate in the company's success, to strengthen the Group's financial power and for investments.

We will continue to make investments in future, above all in our IT systems. We expect to be able to finance all investments from cash flow.

Slight decrease in return on equity anticipated

The return on equity increased to 13.8 % in 2021 (9.9 %). Assuming unchanged shareholders' equity, we are anticipating a slight decrease in return on equity for 2022.

However, the overall liquidity situation remains good. Liquidity will be reduced by the intended dividend payment of € 32.8 million for the financial year 2021. It will increase again in the second half of 2022 thanks to the typical year-end business. Acquisitions which are largely financed through our cash holdings would also have a negative effect on the Group's liquidity and capital adequacy. We are not anticipating any liquidity squeezes for the current financial year.

General statement by corporate management on the expected development of the Group

MLP anticipates that the challenging market conditions will continue throughout the financial year 2022. At the same time, we are increasingly benefiting from the future-oriented strategic alignment of the Group, which we have expedited in the last few years. This in particular includes successful further development of the young consultant field, as well as the real estate business. At the same time, the fact that the increase in earnings was far greater than anticipated in 2021 represents an excellent starting point. We are anticipating an EBIT of between € 75 and 85 million for 2022. In terms of revenue, we are expecting to see a significant overall increase. This is based on the assumption of a significantly strengthened structural earning power that goes beyond performance fees. We enjoy a sound financial standing, which we are keen to use to further extend our strong market position.

Our expectations are based on the conviction that the changed circumstances as a result of the coronavirus pandemic will largely normalise again. However, MLP is keeping its eye on potential effects and continuously assesses their potential influence on business.

We view the current events in the war in Ukraine with concern. We are closely monitoring the developments and effects on the overall economy. At this point in time, we do not expect any significant direct impact on our business performance.

Forward-looking statements

This documentation includes certain prognoses and information on future developments founded on the conviction of MLP SE's Executive Board, as well as on assumptions and information currently available to MLP SE. Terms such as "expect", "anticipate", "estimate", "assume", "intend", "plan", "should", "could", "might", "project" and any other phrases used in reference to the company describe prognoses based on certain factors subject to uncertainty.

Many factors can contribute to the actual results of the MLP Group differing significantly from the prognoses made in such statements.

MLP SE accepts no liability to the general public for updating or correcting prognoses. All prognoses and predictions are subject to different kinds of risks and uncertainties, which can lead to the actual results deviating from expectations. The prognoses reflect the points of view at the time when they were made.

SUPPLEMENTARY DATA FOR MLP SE (DISCLOSURES BASED ON HGB)

In contrast to the consolidated financial statements, the financial statements of MLP SE are not prepared in accordance with International Financial Reporting Standards (IFRS), but rather to the rules of the German Commercial Code (HGB).

BUSINESS AND GENERAL CONDITIONS

General company situation

MLP SE is the holding company for the MLP Group. The company's primary role is to manage the Corporate Group. It defines strategic goals and ensures coordinated and aligned corporate policy within the Group. MLP SE is not actively involved in operations. Any revenue generated at MLP SE is essentially a result of letting buildings to affiliated companies. In addition, investment income and income from profit transfer as well as expenses from loss transfers are generated from the existing shares in affiliated companies. Turnover and EBT represent the relevant control parameters for the company.

Six key subsidiaries are arranged under MLP SE. The brokerage business is part of MLP Finanzberatung SE. In this segment, MLP Finanzberatung SE is the Group's consulting company for private and corporate clients and is registered as an insurance broker. MLP Banking AG as a financial institution is supervised by the Federal Financial Supervisory Authority (BaFin). It offers banking services to both private and business clients – from accounts and cards, through loans and mortgages, to wealth management. As an underwriting agency, DOMCURA designs, develops and implements extensive coverage concepts for private and corporate clients in the non-life insurance consulting field.

With the acquisition of the DOMCURA Group in 2015, MLP also acquired several brokers in the commercial non-life insurance field alongside the primary underwriting agent business. As the parent company of further brokerage firms, nordias GmbH Versicherungsmakler is home to further brokers in the commercial non-life insurance sector. With the acquisition of the RVM Group in the last financial year 2021, MLP laid the crucial foundations for developing the commercial and industrial insurance market segment. As an industrial insurance broker, RVM has a proven business model that focuses on small and medium-sized companies. You can find more information on this in the chapter entitled "Performance" in the joint management report of the MLP Group.

Business performance at MLP SE

Due to the profit/loss transfer agreements in place as well as income from investments, business performance at MLP SE is largely determined by the economic development of its investments, the performance of which is also described in the Group report.

In the light of the above, the economic framework conditions, the industry situation and the competitive environment are essentially the same as those of the MLP Group and are described in detail in the sections entitled "Industry situation and competitive environment".

"Overall economic climate" and "Industry situation and competitive environment".

RESULTS OF OPERATIONS

At € 5.3 million (€ 5.4 million), revenue remained slightly below the previous year's level. Revenue essentially comprises rental income from affiliated companies. At € 3.5 million (€ 3.7 million), other operating income was also slightly below the previous year's level.

Personnel expenses rose to € 10.5 million in the last financial year (€ 6.3 million). This increase can essentially be attributed to higher profit-sharing payments and pension provisions. Amortisation expenses were € 3.0 million (€ 2.6 million). Other operating expenses rose to € 13.8 million (€ 9.5 million). This was largely due to greater expenses for building refurbishments and higher consulting costs in the context of M&A projects. Earnings before interest and taxes (EBIT) were € –18.5 million (€ –9.0 million).

Business developments at its subsidiaries has a significant impact on the results of operations of MLP SE. Profit/loss transfer agreements are in place with MLP Banking AG, FERI AG, DOMCURA AG, nordias GmbH Versicherungsmakler and sice April 1, 2021 also RVM GmbH. These are reflected in the finance cost.

The finance cost in the reporting year was € 73.5 million (€ 53.6 million) and as such significantly higher than in the previous year. This can essentially be attributed to income from profit/loss transfer agreements, which increased by 41.2 % to € 74.7 million (€ 52.9 million) in the reporting year. The excellent performance recorded by FERI AG, as well as the significantly higher transferred earnings in this context, had a significant influence on this development. Earnings before tax (EBT) increased to € 55.0 million (€ 44.2 million). Following deduction of income taxes of € 16.0 million (€ 10.8 million), this resulted in net profit of € 38.8 million (€ 33.3 million). No withdrawal (€ 0.0 million) from retained earnings was performed in the reporting year, leaving unappropriated profit at € 39.0 million (€ 33.3 million).

NET ASSETS

As of the balance sheet date on December 31, 2021, the balance sheet total of MLP SE was € 444.5 million (€ 415.9 million).

On the assets side of the balance sheet, the item "Property, plant and equipment" declined slightly to € 26.8 million (€ 29.4 million). This was essentially due to depreciation and amortisation expenses. Tax reserves remained unchanged at € 242.3 million (€ 242.3 million). The receivables and other assets increased markedly to € 98.0 million (€ 79.9 million). This is essentially due to the increase in receivables from affiliated companies to € 97.4 million (€ 76.2 million). This is primarily attributable to receivables from subsidiaries of MLP SE, resulting from profit/loss transfer agreements in place with these companies. Other assets were € 0.6 million (€ 3.7 million).

On the equity side of the balance sheet, shareholders' equity increased to € 391.8 million (€ 378.1 million) as a result of the increase in unappropriated profit. The share capital and capital reserves remained unaltered at € 109.3 million (€ 109.3 million) and € 139.1 million (€ 139.1 million) respectively. At € 104.6 million (€ 96.4 million), retained earnings were above the previous year's level. Unappropriated profit increased to € 38.8 million, following € 33.3 million in the previous year.

Provisions increased to € 50.3 million (€ 31.9 million), with pension provisions and similar obligations rising slightly to € 17.3 million (€ 14.4 million). Provisions for taxes rose to € 23.8 million (€ 10.6 million). Liabilities fell to € 2.4 million (€ 5.9 million), which can be attributed to a decline in other liabilities to € 1.5 million (€ 2.6 million). Liabilities due to affiliated companies also declined to € 0.2 million (€ 2.2 million).

FINANCIAL POSITION AND DIVIDENDS

As of the balance sheet date, December 31, 2021, MLP SE had cash holdings (cash on hand and on deposit with the Deutsche Bundesbank, bank deposits and cheques) of € 77.2 million (€ 64.1 million). This item was reduced by the dividend payout to our shareholders at € 0.23 per share and a total volume of € 25.1 million. The profit transfers from our subsidiaries had the opposite effect.

At 88.1 % (90.9 %), the equity ratio remained at the previous year's level. MLP SE therefore continues to enjoy a very good equity capital backing.

The liabilities of MLP SE declined to € 2.4 million (€ 5.9 million), essentially due to lower tax liabilities and liabilities due to affiliated companies. Almost all liabilities at MLP SE are current liabilities. Cash and cash equivalents therefore exceed current liabilities by more than thirty times.

The dividend payments of MLP SE are made in accordance with the financial and profit situation, as well as future liquidity requirements of the company. As announced, the payout ratio for the financial year 2021 will be between 50 % and 70 % of net profit of the MLP Group. In concrete terms, the Executive Board and Supervisory Board will propose a dividend of € 0.30 per share at the Annual General Meeting on June 04, 2022 This corresponds to a payout ratio of around 52 % of the Group's net profit.

COMPARISON OF ACTUAL AND FORECAST BUSINESS PERFORMANCE

The performance displayed by MLP SE is essentially in line with the performance of the MLP Group.

More specifically, the performance of MLP SE in the last financial year was significantly more positive than we had anticipated at the start of the year and even surpassed the updated Group forecast we provided in August and October 2021. This substantially more positive development in terms of EBT can, in particular, be attributed to a marked increase in the finance cost due to highly positive development at FERI AG and the considerably higher transfer of earnings to MLP SE that is associated with this. Revenue development remained stable and within our planned range.

RESEARCH AND DEVELOPMENT

In its role as the holding company, MLP SE is not actively involved in operations. As a holding company, MLP SE does not engage in any research or development in the classic sense.

EMPLOYEES

As was the case the year 2021, MLP SE employed an average of six employees in the last financial year.

Stipulations for promoting equal participation of women in management positions pursuant to § 76 (4) and § 111 (5) of the German Stock Corporation Act (AktG) apply equally to MLP SE and the MLP Group. We make reference to stipulations of the MLP Group for promoting equal participation of women in management positions pursuant to § 76 (4) and § 111 (5) of the German Stock Corporation Act (AktG) in this regard. You can find details in the Declaration of Corporate Governance of the MLP Group.

COMPENSATION REPORT OF MLP SE

The basic structure and design of the pay system at MLP SE are the same as those of the MLP Group. We therefore make reference to the compensation report of the MLP Group.

RISKS AND OPPORTUNITIES AT MLP SE

The risks and opportunities at MLP SE are essentially the same as the opportunities and risks of the MLP Group. We therefore make reference to the risk report and opportunity report of the MLP Group.

As the parent company of the MLP Group, MLP SE is incorporated in the Group-wide risk management system. You can find further information on this in the section of the MLP Group's risk report entitled "Risk management".

The description of the internal monitoring and risk management system with regard to the accounting process of MLP SE is also the same as that of the MLP Group. We therefore also make reference to the MLP Group's risk report here.

For further information with regard to the financial instruments and their deployment, we also make reference to the MLP Group's risk report and accompanying notes.

FORECAST FOR MLP SE

The development of MLP SE in its role as the holding company is largely dependent on the development and eranings and profit and loss transfer of its investments. Set against this background, we make reference to the forecast for the MLP Group.

In concrete terms, we are anticipating a significant decline in EBT for 2022 following the highly pronounced increase in 2021. This expectation is essentially based on the fact that it will not be possible to maintain the high level of performance fees collected by FERI AG, which rose very sharply in 2021, for the year 2022 and that the profit transfer of FERI AG will therefore be lower for 2022.

In terms of revenue development, we are anticipating a slight increase over the year 2022.

EXPLANATORY REPORT ON THE DISCLOSURES PURSUANT TO §§ 289A (1), 315A (1) OF THE GERMAN COMMERCIAL CODE (HGB)

The explanatory report on acquisition-relevant disclosures applies equally to MLP SE and the MLP Group. Therefore, reference is made to the MLP Group's explanatory report on the disclosures pursuant to § 289 (1) and § 315 (1) of the German Commercial Code (HGB).

DECLARATION OF CORPORATE GOVERNANCE PURSUANT TO § 289F AND § 315D OF THE GERMAN COMMERCIAL CODE (HGB)

The Declaration of Corporate Governance applies equally to MLP SE and the MLP Group. We therefore make reference to the MLP Group's Declaration of Corporate Governance.

EXPLANATORY REPORT ON THE DISCLOSURES PURSUANT TO § 289A (1) AND § 315A (1) OF THE GERMAN COMMERCIAL CODE (HGB)

Composition of issued capital

As of December 31, 2021, the company's share capital amounts to € 109,334,686 and is divided into 109,334,686 ordinary bearer shares with a nominal value of € 1 per share.

Restrictions on voting rights or on the transfer of shares

There are no restrictions on voting rights or on the transfer of MLP SE's shares.

Capital stakes

The German Securities Trading Act (WpHG) requires any investor whose share of voting rights reaches, exceeds or falls below certain thresholds as the result of purchases, disposals or otherwise, to notify the company and the German Federal Financial Supervisory Authority (BaFin) thereof. The lowest threshold for the duty of notification to apply is 3 %. Any stakes that reach or exceed 10 % of voting rights must be recorded in this explanatory report. MLP SE has been notified of three shareholders who directly or indirectly exceeded 10 % of the voting rights:

	Number of shares*	**Shareholding***
Dr. h. c. Manfred Lautenschläger, Gaiberg[1]	29,883,373 [1]	27.33% [1]
Angelika Lautenschläger, Gaiberg[2]	31,883,373 [2]	29.16% [2]
Angelika Lautenschläger Beteiligungen Verwaltungs GmbH, Gaiberg	22,796,771	20.85%
HanseMerkur Krankenversicherung auf Gegenseitigkeit, Hamburg	10,964,000 [3]	10.03% [3]

* Status known to MLP SE as of December 31, 2021

1) Based on information provided by Dr. h.c. Manfred Lautenschläger there is a voting trust and pooling agreement as per § 34 (2) of the German Securities Trading Act (WpHG) between Dr. h. c. Manfred Lautenschläger (2.37 % of voting rights), the company controlled by him, Angelika Lautenschläger Beteiligungen Verwaltungs GmbH (20.85 % of voting rights) and Manfred Lautenschläger Stiftung GmbH (4.11 % of voting rights, controlled by his wife Angelika Lautenschläger). Of the 27.33 % of voting rights, Mr. Lautenschläger is therefore attributed the voting rights of Manfred Lautenschläger Stiftung GmbH and Angelika Lautenschläger Beteiligungen Verwaltungs GmbH as per § 34 (2) of the German Securities Trading Act (WpHG).

2) As per § 34 (1) No. 1 of the German Securities Trading Act (WpHG) and according to information provided by Ms. Lautenschläger herself, of the 29.16 % of voting rights, Ms. Lautenschläger is attributed 0.05 % of the voting rights held by M.L. Stiftung gemeinnützige GmbH, which in turn are attributed 4.11 % of the voting rights of Manfred Lautenschläger Stiftung GmbH as per § 34 (1) No. 1 of the German Securities Trading Act (WpHG). Based on information provided by Angelika Lautenschläger there is a voting trust and pooling agreement as per § 34 (2) of the German Securities Trading Act (WpHG) between Manfred Lautenschläger Stiftung GmbH (4.11 % of voting rights), the husband of Angelika Lautenschläger, Dr. h. c. Manfred Lautenschläger (2.37 of voting rights) and Angelika Lautenschläger Beteiligungen Verwaltungs GmbH, controlled by him (20.85 % of voting rights). The voting rights of Dr. Manfred Lautenschläger, as well as of Angelika Lautenschläger Beteiligungen Verwaltungs GmbH that are attributable to Manfred Lautenschläger Stiftung GmbH as per § 34 (2) are therefore attributed to Ms. Angelika Lautenschläger.

3) Notice for HanseMerkur Krankenversicherung AG as shareholder.

Shares with special control rights

Shares that confer special control rights have not been issued.

System of control of any employee share scheme where the control rights are not exercised directly by the employees

Where MLP SE has in the past issued shares to employees as part of its employee participation programme, these shares were transferred to the employees directly. Said employees can or could then exercise the control rights granted by the shares issued directly in line with the legal requirements and the company's Articles of Association.

Legal stipulations and provisions of the Articles of Association regarding the appointment and replacement of members of the Executive Board

The prerequisites for appointing and dismissing members of the Executive Board, as well as amending the company's Articles of Association, are based on the respective provisions of applicable European and German law, including EC Regulation No. 2157/2001 regarding the Statute for a European Company ("SE Regulation“) and the German Stock Corporation Act. The appointment and dismissal of members of the Executive Board are in particular governed by Art. 46 et seq. of the SE Regulation, as well as Art. 9 of the SE Regulation in connection with § 84 and § 85 of the German Stock Corporation Act (AktG). The company's Articles of Association specify that the Executive Board must comprise at least two people. The members of the Executive Board are appointed for a maximum of five years. A further appointment or extension of the time in office, each for a maximum of five years, is permitted. The Supervisory Board can revoke the appointment of a member of the Board before the time in office expires for an important reason. Such a reason could be a gross breach of duty, inability to manage the company properly or a vote of no confidence by the Annual General Meeting. The Supervisory Board decides on the number of Executive Board members, their appointment and the revocation of their appointment as well as the conclusion, amendment and termination of the employment contracts with Executive Board members. The Supervisory Board may appoint a Chairperson and one or more Vice Chairpersons.

Amendments to the company's Articles of Association

Pursuant to Art. 59 of the SE Regulation in connection with § 179 (1) and (2) p. 1 of the German Stock Corporation Act (AktG), any amendment to the company's Articles of Association requires a resolution of the Annual General Meeting with a majority of at least three quarters of valid votes cast. When making amendments of this kind to the company's Articles of Association, for which only a simple majority is required for stock corporations founded on the basis of German law (AG), § 19 (4) of the company's Articles of Association deviates from § 179 (2) Sentence 1 of the German Stock Corporation Act (AktG) in that resolutions seeking to amend the company's Articles of Association by the Annual General Meeting can be passed with just a simple majority of the share capital votes entitled to vote on the resolution, insofar as a greater majority is not required based on obligatory legal regulations, insofar as at least half of the share capital is represented, otherwise a majority of two thirds of votes cast. However, the Supervisory Board is authorised, pursuant to § 23 of the company's Articles of Association, to make amendments to the company's Articles of Association that affect the version.

Authority of the Executive Board to issue or buy back shares

A resolution passed by the Annual General Meeting on June 14, 2018 authorised the Executive Board, with the Supervisory Board's approval, to increase the company's share capital by up to € 21.5 million in total by June 13, 2023 by issuing on one or more occasions new ordinary bearer shares in exchange for cash or non-cash contributions and, with the Supervisory Board's approval, to exclude the shareholders' subscription rights for the issuance of shares in exchange for non-cash contributions.

If the share capital is increased in return for cash contributions, shareholders must be granted subscription rights. However, the Executive Board has been authorised, with the approval of the

Supervisory Board, to exclude the subscription right of the shareholders if the issue price does not fall significantly short of the stock market price of company shares with the same structure. However, this authorisation is subject to the condition that shares issued in exclusion of subscription rights as per § 186 (3) Sentence 4 of the German Stock Corporation Act (AktG) do not exceed 10 % of the share capital, either at the time of coming into effect or at the time they are exercised (authorised capital).

As per the resolution of the Annual General Meeting from June 24, 2021, the company is also authorised, pursuant to § 71 (1) No. 8 of the German Stock Corporation Act (AktG), to purchase up to € 10,933,468 – i.e. slightly less than 10 % of the company's share capital during the authorisation period up to June 23, 2026. On the basis of this already existing authorisation, approved by the Annual General Meeting of MLP SE on June 29, 2017, MLP Finanzberatung SE – a wholly-owned subsidiary of MLP SE, which was also authorised in this regard by the Annual General Meeting – acquired 543,236 shares in the period from January 4, 2021 until March 12, 2021 on the basis of an Executive Board resolution and with the consent of the Supervisory Board at MLP SE. With the consent of both the Executive Board and the Supervisory Board at MLP SE, the Executive Board at MLP Finanzberatung SE approved the share buyback in 2021. The redeemed shares are to be used to cover consultant entitlements in connection with the 2021 participation programme. MLP Finanzberatung SE still held 20,598 shares on the reporting date of December 31, 2021. These shares and further bought-back shares are then once again to be issued to the commercial agents working for MLP Finanzberatung SE within the scope of a participation programme – this is likely to take place in the second quarter of 2022.

Significant agreements to which the company is a party that take effect in the event of a change of control of the company following a takeover bid

There are no significant agreements that take effect in the event of a change of control of the company following a takeover bid.

Settlement agreements between the company and Executive Board or employees in the event of a takeover bid

The contracts of employment between the company and the Chief Executive Officer, Dr. Uwe Schroeder-Wildberg, and Executive Board members Manfred Bauer and Reinhard Loose contain a clause stating that said members are entitled to terminate their contracts with a notice period of one month in the event that a third party who had a share in MLP SE of less than 10 % at the time at which the contracts were concluded acquires a share of at least 50 % of the voting rights. If any of these Executive Board members chooses to exercise this right to terminate, MLP SE is obliged to pay said member compensation corresponding to four times (4x) the respective fixed annual salary if the contract has not been terminated as a result of the change in control, provided that the respective contract is terminated more than two years before it reaches its normal termination date. For all members of the Executive Board, the compensation to be paid in the event of a "change of control" corresponds to no more than twice the average compensation, based on the total compensation of the last full financial year prior to termination of the contract and the total anticipated compensation for the year still in progress when their contract is terminated. The service contract of Dr. Schroeder-Wildberg is set to run until December 31, 2022, the service contract of Mr. Manfred Bauer is set to run until April 30, 2025 and the service contract of Mr. Reinhard Loose is set to run until January 31, 2024. In the case of a termination of contract within two years of the scheduled termination date, the severance payment will only be paid pro rata temporis.

NON-FINANCIAL REPORT OF BUSINESS ACTIVITIES

Within the scope of our 2021 Sustainability Report, we report on the non-financial aspects of our business activities. The focuses of our sustainability reporting in terms of content result from the materiality analysis performed in 2017, on the basis of which we identified the key aspects for our company. These remain valid.

To ensure our sustainability activities have a comparable and transparent framework at all times, we have aligned our reporting with the reporting standard of the German Sustainability Code (DNK). Please refer to the Declaration of Compliance with the German Sustainability Code for further information and details on our sustainability management. We publish this Declaration of Compliance, as well as our non-financial report on our website at https://mlp-se.com/sustainability. You can also find the sustainability report as part of this Annual Report.

CORPORATE GOVERNANCE REPORT – DECLARATION OF CORPORATE GOVERNANCE (§ 289F, § 315D OF THE GERMAN COMMERCIAL CODE (HGB))

Pursuant to §§ 315d, 289f of the German Commercial Code (HGB), the Executive Board and Supervisory Board submit the Declaration of Corporate Governance for both MLP SE and the Group.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Declaration of Compliance of MLP SE pursuant to § 161 of the German Stock Corporation Act (AktG) (As per: November 10, 2021)

Pursuant to § 161 of the German Stock Corporation Act (AktG), the Executive Board and Supervisory Board of MLP SE hereby declare that the Company has generally complied with the recommendations of the German Corporate Governance Code Government Commission in the version of December 16, 2019 (hereinafter referred to as "GCGC 2019") since the last Declaration of Compliance was issued, and will continue to do so in the future.

With regard to the recommendations of the Government Commission for the German Corporate Governance Code in the version dated December 16, 2019, only recommendations A.1, B.1, B.5, C.1 sentence 2, sentence 4 and sentence 5, C.2, C.4, C.6, C.7, C.8, C.9, C.10, C.14, D.4, G.7 and G.10 have not been applied and will continue to not be applied in the future.

The reasons for these deviations from the recommendations are as follows:

Recommendation A.1 of the GCGC 2019 (considering diversity when making appointments to executive positions)

As per the recommendations of the GCGC 2019, the Executive Board should consider diversity when making appointments to executive positions.

In the current financial year, the Executive Board has intensified its efforts with respect to diversity making appointments to executive positions and, in particular, strives to achieve appropriate consideration of women at managerial levels in the Company. In the past, the Executive Board of MLP SE already took measures directed at reconciling working life and family life. In the financial years 2019 and 2020, the Executive Board again reviewed the effectiveness of these measures and appropriately complemented these where necessary. The Executive Board already adopted an overall concept in November 2013 to ensure that appropriate consideration is given to women in the Company's management ranks, taking into account the Company's specific situation. This concept is currently being tested. Among other things, it should make a contribution, on the basis of objectives, to further improving reconciliation of working and family life, which is set out in a target agreement of the Company that is moderated by the Hertie Foundation in the context of a berufundfamilie® audit. However, no concrete gender-specific guidelines with regard to filling positions have yet been established. Nevertheless, in 2020 the Executive Board at MLP SE approved a target ratio of at least 33 percent for female managers at the first management level below the Executive Board at MLP SE, whereby this percentage is to be achieved by the end of the financial year 2025. Beyond this, MLP SE does not have a second level of management below the Executive Board.

At present these measures are not sufficient enough to meet the requirements laid down in recommendation A.1 of the Code. MLP therefore declares that it will deviate from this recommendation in the financial year 2021 and also in the financial year 2022.

Recommendation B.1 of the GCGC 2019 (diversity in the composition of the Executive Board)

As per the recommendations of the GCGC 2019, the Supervisory Board should pay attention to diversity in terms of the composition of the Executive Board.

The Supervisory Board of MLP SE strives to further intensify its future efforts with respect to diversity and, in particular, an appropriate consideration of women when appointing members of the Executive Board. The Supervisory Board gives specific consideration to applications from suitable female candidates in its selection procedures. For the first time in the financial year 2014 the Supervisory Board reviewed this aspect and will undertake further measures in order to build on the Group-wide overall concept already passed by the Executive Board for the implementation of the respective GCGC 2017 recommendation (considering diversity when making appointments to executive positions) and also achieve an appropriate consideration of women within the Executive Board of the Company, taking into account the Company's specific situation.
In 2020, the Supervisory Board confirmed the target of 25 percent for the proportion of women on the Executive Board – which currently only comprises three persons – and set itself the end of the financial year 2025 as the implementation deadline.

The Supervisory Board is of the opinion that the state of implementation achieved to date is not yet sufficient to meet the requirements set out in recommendation B.1 of the GCGC 2019. MLP therefore declares that it will deviate from this recommendation in the financial year 2021 and in the financial year 2022.

Recommendation B.5 of the GCGC 2019 (age limit for members of the Executive Board and disclosure in the declaration on corporate governance)

As per the recommendations of the GCGC 2019, an age limit is to be specified for members of the Executive Board and disclosed in the declaration on corporate governance.

There is no set age limit for members of the Executive Board at MLP. The appointment of members of the Executive Board should be based solely on their knowledge, skills and specialist experience. MLP has not complied with this recommendation in the financial year 2021 nor will it do so in the financial year 2022.

Recommendation C.1 sentence 2 and sentence 4 GCGC 2019 (Diversity for the composition of the Supervisory Board)

Based on the recommendations of the GCGC 2019, the Supervisory Board shall determine specific objectives regarding its composition, while taking the principle of diversity into account. In compliance with the German Stock Corporation Act, the Supervisory Board is to set out targets for the proportion of women on the Supervisory Board.

In its meetings during the past financial years, the Supervisory Board at MLP SE addressed the topic of setting concrete targets for the composition of the Supervisory Board, paying particular attention to diversity and approved a competency profile. Assuming equivalent professional and personal suitability of candidates, the Supervisory Board has set itself the goal of filling at least 25 % of the positions on the Supervisory Board on the shareholder side with suitable female members. However, largely due to the low number of members that sit on the Supervisory Board as per the Company's Articles of Association, the Supervisory Board does not currently consider it prudent to specify a concrete timetable for implementation of this objective. Therefore, it is currently also not possible to report on any concrete measures for the achievement of objectives in the declaration on corporate governance. Nonetheless, the Supervisory Board once again presented a resolution proposal to the shareholders at the Annual General Meeting in 2018 to approve the appointment of a woman to the Supervisory Board. The resolution was subsequently adopted and the target figure was therefore achieved.

MLP therefore declares it will deviate from this recommendation in the financial year 2021 and also in the financial year 2022, since the Supervisory Board has not approved any gender-specific targets and instead makes appointments of new members solely on the basis of the respective qualification and personality of the individual Supervisory Board candidates.

Recommendation C.2 of the GCGC 2019 (age limit for members of the Supervisory Board and disclosure in the declaration on corporate governance)

As per the recommendations of the GCGC 2019, an age limit is to be specified for members of the Supervisory Board and disclosed in the declaration on corporate governance.

No age limit is set for members of the Supervisory Board at MLP. The election of members of the Supervisory Board should be based solely on their knowledge, skills and specialist experience. MLP has not complied with this recommendation in the financial year 2021 nor will it do so in the financial year 2022.

Recommendation C.4 of the GCGC 2019 (number of non-group mandates)

As per the recommendations of the GCGC 2019, a member of the Supervisory Board that does not hold a position on any Executive Board at a listed company should not assume more than a total of five Supervisory Board mandates at listed companies outside the Group or comparable functions, whereby the position of Chair of the Supervisory Board counts as two mandates.

As per Principle 12 of the GCGC 2019, the Supervisory Board should ensure that all candidates can commit the time likely to be required when making proposals for election of new members to the Supervisory Board. This recommendation was based on the fact that the workload resulting from the individual mandates and other offices, as well as the personal situation of the candidates, can vary quite markedly. § 100 (2) no. 1 of the German Stock Corporation Act (AktG) limits the maximum number of Supervisory Board mandates to ten mandates per person. § 25d of the German Banking Act, which also applies to MLP SE, in turn limits the number of mandates such that anyone who is a member of the Executive or Supervisory Board at more than five companies which are under the supervision of the Federal Financial Supervisory Authority (BaFin) cannot be a member of the Supervisory Board, unless these companies are covered by the same institutional protection scheme. However, a higher number of mandates is also legally permitted based on this regulation. Set against this background, MLP considers that it is adopting the correct approach by having its Supervisory Board ensure that the respective candidate can commit the required amount of time and also reviewing this regularly.

MLP therefore declares it will deviate from this recommendation in the financial year 2021 and also in the financial year 2022.

Recommendation C.1 sentence 5, C.6, C.7, C.8, C.9, C.10 and D.4 of the GCGC 2019 (independence of Supervisory Board members and committee members)

As per recommendation C.1 sentence 5 of the GCGC 2019, the declaration on corporate governance should also report on the number of independent shareholder representatives deemed appropriate on the basis of the assessment performed by the Supervisory Board, as well as stating their names. As per recommendation C.6 of the GCGC 2019, the Supervisory Board should include a number of independent members on the shareholder side that the Supervisory Board itself deems appropriate. The ownership structure should be taken into account here. In the sense of this recommendation, a member of the Supervisory Board can be classed as independent if said person is independent from the Company and its Executive Board, as well as independent from a controlling shareholder.

As per recommendation C.7 of the GCGC 2019, more than half of the shareholder representatives should be independent from the Company and from the Executive Board. As stipulated by the GCGC 2019, a member of the Supervisory Board is independent from the Company and its Executive Board when said person is not engaged in any kind of personal or business relationship with the Company or its Executive Board that could constitute a significant and not only temporary conflict of interests. When assessing the independence of its members from the Company and from the Executive Board, the shareholder side should in particular take into account whether the actual member of the Supervisory Board or one of their close family members

- has already been a member of the Executive Board at the Company in the two years prior to being appointed,
- maintains or has maintained, either currently or in the year up to their appointment, a key business relationship with the Company or one of its subsidiaries/dependent companies (for example as a client, supplier, creditor or consultant) either directly or as a shareholder or in a responsible role at a non-group company,
- is a close family member of a member of the Executive Board or
- has held a position on the Supervisory Board for more than 12 years.

Insofar as one or more of the indicators stated in recommendation C.7 of the GCGC 2019 is met, but the respective member of the Supervisory Board is still considered independent despite this, recommendation C.8 of the GCGC 2019 stipulates that this should be justified in the declaration on corporate governance. In the case of a Supervisory Board with six or fewer members, recommendation C.9 of the GCGC 2019 states that at least one representative of the shareholders should be independent from the controlling shareholder, whereby a member of the Supervisory Board is independent from the controlling shareholder if neither said member nor one of their close family members is a controlling shareholder, sits on a management committee of the controlling shareholder or is in a personal/business relationship with the controlling shareholder that could justify a significant and not only temporary conflict of interests.

As per recommendation C.10 of the GCGC 2019, the Chairman of the Supervisory Board, the Chairman of the Audit Committee and of the committee that addresses Executive Board compensation should all be independent. The independence of the Chairman of the Audit Committee is then once again postulated by recommendation D.4 of the GCGC 2019.

MLP has chosen not to adopt these recommendations for the following reasons: When the Audit Oversight Reform Act (APAReG) came into force on June 17, 2016, the former legal regulations on independence of members of the Supervisory Board were dropped completely. The justification submitted by the government during the legislative procedure stated that "*a generally high degree of independence is already ensured*" through institutional separation of the Supervisory Board and Executive Board. However, recommendation C.6 (2) of the GCGC 2019 now states that members of the Supervisory Board are to be classed as independent if they are independent from the Company and its Executive Board, as well as independent from a controlling shareholder. The fact that recommendation C.7 (2) of the GCGC 2019 contains a (non-exhaustive) list of criteria that the shareholder side should take into account when assessing independence is also new. From MLP's perspective, both this indicator solution and the assessment of individual members of the Supervisory Board involve a certain degree of legal uncertainty for associated declarations of compliance.

Firstly, it uses terminology that is both vague and not defined precisely in terms of legislation or legal practice, such as "close family member" or "independence from the Executive Board".

Secondly, according to the GCGC 2019, it must be taken into account whether the person in question has been a member of the Supervisory Board for more than twelve years. In this respect it already appears questionable whether a long period spent on a Supervisory Board is actually an indicator of a lack of independence. From MLP's perspective, even Supervisory Board mandates that are performed for more than 12 years still allow such members to act independently and remain impartial with regard to the Executive Board. Of course, it is considered good practice for members of the Supervisory Board at companies to maintain at least certain personal and professional distance from the members of the Executive Board, so that they can remain impartial in a critical situation or when reaching decisions on topics that might be considered controversial. MLP will therefore continue to assess the independence of its Supervisory Board members using the same criteria on which this assessment has been based to date.

Applying these criteria, which MLP will continue to use, to the current Supervisory Board members on the shareholder side, it becomes clear that three of these Supervisory Board members should be considered independent in this sense. From the Company's perspective, this appears perfectly adequate. Set against this background, it is superfluous to disclose which of the new independence criteria stipulated by the GCGC 2019 individual members of the Supervisory Board at MLP SE fail to meet. The same applies to the further disclosure recommended in C.9 of the GCGC 2019.

Irrespective of this, MLP declares that it will deviate from above recommendations C.1 sentence 5, C.6, C.7, C.8, C.9, C.10 and D.4 of the GCGC 2019 in the financial year 2021 and will continue to do so in the financial year 2022, since the Supervisory Board has not approved any fixed targets for the number of independent Supervisory Board members, does not agree with the definition of independence in the GCGC 2019, has not stipulated any appropriate number of independent Supervisory Board members in the sense of the GCGC 2019 and also has not provided their names, instead considering appointments on the basis of the respective qualifications.

Recommendation C.14 of the GCGC 2019 (inclusion of a curriculum vitae for candidate proposals)

As per the recommendations of the GCGC 2019, all candidate proposals are to be submitted to the Annual General Meeting together with a CV that provides information on the relevant knowledge, expertise and experience of the respective candidate.

MLP will deviate from this. MLP discloses all legally required information with its candidate proposals to the Annual General Meeting. Indeed, MLP has already published the CVs of members of the Supervisory Board. However, sufficient clarification has yet to be provided in the legal discussion as to whether the ruling to include a CV with all candidate proposals submitted to the Annual General Meeting applies only to the resolution on election of shareholders' representatives or also employees' representatives and which information specifically needs to be included in the CVs in order to provide information on the respective candidate's knowledge, expertise and experience. In addition to this, including CVs with the candidate proposals on the agenda increases the risk of disputes regarding the election of members to the Supervisory Board. From MLP's perspective, posting the corresponding CVs on the homepage should therefore be seen as sufficient.

MLP therefore declares it will deviate from this recommendation in the financial year 2021 and also in the financial year 2022.

Recommendation G.7 of the GCGC 2019 (establishing performance criteria)

As per G.7 of the GCGC 2019, the Supervisory Board should establish performance criteria for the coming financial year for each member of the Executive Board that govern all variable compensation components, which should themselves – alongside operating targets – primarily be based on strategic objectives. The Supervisory Board should set out the scope in which individual targets apply to individual Executive Board members or to all members of the Executive Board together.

The Company's Executive Board compensation system is based uniformly on Group EBIT as a performance criterion in terms of the profit-sharing payments for members of the Executive Board. This is a performance criterion for the Executive Board as a collegial body. In the performance assessment undertaken every year for each individual member of the Executive Board, the personal contributions of individual Executive Board members are considered against the collective performance criterion and, where appropriate, used as justification for rights of adjustment to which the Supervisory Board are contractually entitled.

This recommendation clearly involves both operating and strategic targets. However, there is only one performance criterion at the Company. In addition, no information as to which criterion should be used to differentiate between operating and strategic targets is defined in the GCGC 2019. In fact, this is left completely open.

As a precautionary measure, MLP therefore declares that it will deviate from this recommendation in the financial year 2021 and also in the financial year 2022.

Recommendation G.10 of the GCGC 2019 (share-based compensation; availability of long-term variable payments granted)

Based on recommendation G.10 sentence 1 of the GCGC 2019, the long-term variable compensation elements granted to a member of the Executive Board should predominantly be invested in shares in the Company by said member or granted accordingly on the basis of shares. In addition to this, a member of the Executive Board should only qualify for the long-term variable compensation elements after four years.

MLP does not compensate the members of its Executive Board on the basis of shares. Stipulations applying to the members of the Executive Board regarding what specific form variable compensation is to take after being granted are not deemed necessary. As a general rule, each individual member of the Executive Board can determine this independently. However, any member of the Executive Board is obviously free to invest any compensation received in MLP shares.

Payment of the long-term variable compensation components granted takes place three years and four months after the end of the financial year for which said compensation components were granted. The members of the Executive Board can therefore receive these before four full years have passed. MLP considers this qualifying period of three years and four months to be adequate.

From MLP's perspective, the payment modalities for Executive Board compensation have proven effective, so there is no reason to change the current approach.

MLP therefore declares that it will deviate from these recommendations in the financial year 2021 and will continue to do so in the financial year 2022. As such, it will not introduce any share-based variable compensation or make any stipulations regarding use of the variable compensation granted to members of the Executive Board. The same applies to an extension of the qualifying period for payment of the long-term variable compensation components granted.

Wiesloch, November 2021

MLP SE

The Executive Board   The Supervisory Board

In November 2021, the Executive and Supervisory Boards issued the above Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG) and made it permanently available to shareholders via the company's website. The Declaration of Compliance in the version of November 10, 2021 can also be viewed online at https://mlp-se.com/investors/corporate-governance/declaration-of-compliance/.

You can also find more information on the topic of corporate governance at MLP on the aforementioned homepage.

The compensation report for the last financial year and the notes of the auditor pursuant to § 162 of the German Stock Corporation Act (AktG), the pay system in place pursuant to § 87a (1) and (2) Sentence 1 of the German Stock Corporation Act (AktG) and the last pay decision pursuant to § 113 (3) of the German Stock Corporation Act (AktG) are made publicly accessible at https://mlp-se.com/investors/corporate-governance/declaration-of-compliance/

Responsible and value adding management

By mainly complying with the stipulations of the German Corporate Governance Code (GCGC) in the version of December 16, 2019, MLP SE continues to reinforce the confidence of its shareholders, clients, employees and other stakeholders in the management of the company. Responsible management geared toward long-term added value is a high priority for us. The Executive and Supervisory Boards ensure that MLP continues to review and develop corporate governance across the Group.

Management and control structure

MLP SE is a European stock corporation that is based in Germany and subject to the European SE provisions, the German SE Implementation Act (SEAG) and German stock corporation law. As an SE, the company has a dual management and control structure, comprising an Executive Board and a Supervisory Board. The third corporate body is the Annual General Meeting.

Executive Board

As the management body of an "Aktiengesellschaft" (public limited company), the Executive Board runs the business and is tied to the interests and business principles of the company within the scope of corporation law. The responsibilities and duties of the Executive Board are laid down in the German Stock Corporation Act (AktG), in MLP SE's Articles of Association, as well as in a set of rules of procedures and the schedule of responsibilities of the Executive Board attached to it.

The members of the Executive Board hold joint responsibility for the entire management. Decisions made by the Executive Board are reached during Executive Board meetings held at regular intervals. Resolutions are drafted as ordinary resolutions with majority votes and recorded accordingly.

Composition of the Executive Board

According to MLP SE's Articles of Association, the Executive Board at MLP SE comprises at least two members. The Supervisory Board decides on the number of Executive Board members, their appointment and the revocation of their appointment as well as the conclusion, amendment and termination of the employment contracts with Executive Board members. The members of the Executive Board are Dr. Uwe Schroeder-Wildberg (CEO), Manfred Bauer and Reinhard Loose.

As per the recommendations of the GCGC 2019, an age limit is to be specified for members of the Executive Board and disclosed in the Declaration of Corporate Governance. There is no set age limit for members of the Executive Board at MLP. The appointment of members of the Executive Board should be based solely on their knowledge, skills and specialist experience.

As per Recommendation B.2 of the GCGC 2019, the Supervisory Board should work together with the Executive Board to secure long-term succession planning. As the financial holding company, § 25d (11) of the German Banking Act (KWG) already stipulates that the Supervisory Board at MLP SE must adhere to institutionalised principles when identifying applicants to fill a management position and when preparing election nominations, as well as when checking the basic principles employed by management for selection and appointment of the persons at the upper management level. The Supervisory Board has approved a requirements profile for members of the Executive Board at MLP SE, which addresses the professional and personal aptitude of potential candidates. Alongside this, the Supervisory Board at MLP SE has already been including the topic of long-term succession planning on the agenda of a Supervisory Board meeting at least once a year on a recurring basis since 2014. This focuses on discussion of both conceptual issues associated with succession planning and specific potential candidates. In accordance with above requirement profile, the Supervisory Board reviews whether a defined group of persons regularly possesses adequate theoretical (banking) knowledge and practical (banking) experience or whether targeted development of a group of individual candidates can be achieved through a development programme within the company to acquire the necessary theoretical and practical experience in the form of individual measures.

Supervisory Board

The Supervisory Board advises and monitors the Executive Board. The responsibilities and duties of the Supervisory Board are derived from the German Stock Corporation Act (AktG), MLP SE's Articles of Association and a set of rules of procedures for the Supervisory Board.

Resolutions of the Supervisory Board are made during meetings convened by the Chairman of the Supervisory Board or on his behalf and require a majority vote. The Supervisory Board is informed of particularly important or urgent projects outside of the regular meetings. Where necessary, resolutions can also take the form of circular resolutions or be passed via telephone. A transcript of each meeting is drafted.

Supervisory Board composition

MLP SE's Articles of Association provide for a Supervisory Board that comprises six members, two of whom are employee representatives. Both the size and the tripartite composition of the Supervisory Board are thereby stipulated in MLP SE's Articles of Association. The members of the Supervisory Board at a dualistically structured SE are generally appointed by the Annual General Meeting (Art. 40 (2) of the SE Regulation) becoming effective. MLP SE deviates from this with regard to the employees' representatives. The appointment of the employees' representatives on the Supervisory Board is based on a participation agreement that has been agreed between the company and a negotiation committee established for this purpose. Accordingly, employees' representatives are elected directly through an election in the company. The members of the Supervisory Board are currently Ms. Tina Müller and Dr. Peter Lütke-Bornefeld (Chairman of the Supervisory Board), Dr. Claus-Michael Dill, Matthias Lautenschläger, Alexander Beer (employees' representative) and Ms. Monika Stumpf (employees' representative). Monika Stumpf, the deputy works council chair, joined the Supervisory Board on January 1, 2021 as the successor to Mr. Schlingermann, who resigned from his position on December 31, 2020 having reached the statutory retirement age. Ms. Müller has held a seat on the Supervisory Board since the financial year 2015, Dr. Lütke-Bornefeld since the financial year 2002, Dr. Dill since the financial year 2008, Mr. Lautenschläger since the financial year 2018 and employees' representative Mr. Schlingermann since the financial year 2013, whereby the membership in the periods prior to September 2017 related to MLP AG, as the change in corporate form from MLP AG to MLP SE took place at that time.

As per the recommendations of the GCGC 2019, the Supervisory Board should specify specific targets for its composition and draw up a skills profile for the entire Board. In doing so, the Supervisory Board should also pay attention to diversity. Proposals submitted to the Annual General Meeting by the Supervisory Board should take into account these targets and, at the same time, aim to meet the skills profile for the entire Board.

In its meetings during past financial years, the Supervisory Board at MLP SE addressed the topic of setting specific targets for the composition of the Supervisory Board, paying particular attention to its own target of securing diversity in terms of its composition, as the Supervisory Board has set itself concrete targets for its composition. One item worthy of particular note here is a requirements profile for Supervisory Board candidates, which was passed in the financial year and which summarises the knowledge, skills, professional experience and personal aptitude characteristics necessary for candidates to be considered. You can find statements on the stipulations for promoting equal participation of women in management positions pursuant to § 111 (5) of the German Stock Corporation Act (AktG) within the Declaration of Corporate Governance.

The Supervisory Board also reviewed the knowledge and experience required of the Supervisory Board members and of the Chairman of the Audit Committee under the German Corporate Governance Code with regard to reporting and internal control procedures. The Chairman of the MLP SE Audit Committee fully complies with these requirements.

Independence of the Supervisory Board

As indicated in above Declaration of Compliance, MLP SE declares that it deviates from recommendations C.1 Sentence 5, C.6, C.7, C.8, C.9, C.10 and D.4 of the GCGC 2019, since the Supervisory Board has not approved any fixed targets for the number of independent Supervisory Board members, does not agree with the definition of independence in the GCGC 2019, has not stipulated any appropriate number of independent Supervisory Board members in the sense of the GCGC 2019 and also has not provided their names, instead is considering appointments on the basis of the respective qualifications. When the Audit Oversight Reform Act (APAReG) came into force on June 17, 2016, the former legal regulations on independence of members of the Supervisory Board were dropped completely. The justification submitted by the government during the legislative procedure stated that "a generally high degree of independence is already ensured" through institutional separation of the Supervisory Board and Executive Board. However, recommendation C.6 (2) of the GCGC 2019 now states that members of the Supervisory Board are to be classed as independent if they are independent from the Company and its Executive Board, as well as independent from a controlling shareholder. The fact that recommendation C.7 (2) of the GCGC 2019 contains a (non-exhaustive) list of criteria that the shareholder side should take into account when assessing independence is also new. From MLP SE's perspective, both this indicator solution and the assessment of individual members of the Supervisory Board involve a certain degree of legal uncertainty.

Firstly, it uses terminology that is both vague and not defined precisely in terms of legislation or legal practice, such as "close family member" or "independence from the Executive Board".

Secondly, according to the GCGC 2019, it must be taken into account whether the person in question has been a member of the Supervisory Board for more than twelve years. In this respect it already appears questionable whether a long period spent on a Supervisory Board is actually an indicator of a lack of independence. From MLP SE's perspective, even Supervisory Board mandates that are performed for more than 12 years still allow such members to act independently and remain impartial with regard to the Executive Board. Of course, it is considered good practice for members of the Supervisory Board at companies to maintain at least certain personal and professional distance from the members of the Executive Board, so that they can remain impartial in a critical situation or when reaching decisions on topics that might be considered controversial. MLP SE will continue to assess the independence of its Supervisory Board members using the same criteria on which this assessment has been based to date.

Applying these criteria, which MLP SE has to date used on the basis of the old GCGC and will continue to use, to the current Supervisory Board members on the shareholder side, it becomes clear that three of these Supervisory Board members should be considered independent in this sense. From the Company's perspective, this appears perfectly adequate. Set against this background, it is superfluous to disclose which of the new independence criteria stipulated by the GCGC 2019 individual members of the Supervisory Board at MLP SE fail to meet. The same applies to the further disclosure recommended in C.9 of the GCGC 2019.

Age limit

As per the recommendations of the GCGC 2019, an age limit is to be specified for members of the Supervisory Board and disclosed in the Declaration of Corporate Governance. No age limit is set for members of the Supervisory Board at MLP. In the Supervisory Board's opinion, the election of members of the Supervisory Board should be based solely on knowledge, skills and specialist experience.

Efficiency of the Supervisory Board

In 2021 the Supervisory Board also reviewed the efficiency of its own activities. Particular attention was paid to the efficiency of the procedures in the Supervisory Board, the information flow between the committees and the Supervisory Board and the timeliness and sufficient content of reporting by the Executive Board to the Supervisory Board. To this end, a self-evaluation form containing specific questions is completed and evaluated once a year by all members of the Supervisory Board. On this basis, the Supervisory Board then undertakes intensive and expedient discussion with the aim of developing measures aimed at further increasing efficiency.

Supervisory Board committees

The Supervisory Board of MLP SE has set up committees in order to improve the effectiveness of its work. The Personnel Committee prepares the resolutions on HR issues concerning Executive Board members with the company. The Audit Committee is responsible for auditing the accounting processes, risk management issues and the auditing system itself, as well as ensuring the independence of the auditors, The same applies when selecting the auditor, awarding the audit contract to the auditor, as well as determining the focal points of the audits and agreements on fees. The Committee also discusses the annual financial statements, the consolidated financial statements and the joint management reports of MLP SE and the MLP Group and submits a recommendation for resolution to the Supervisory Board. The Supervisory Board has also formed a Nomination Committee, composed exclusively of shareholder representatives, that proposes suitable Supervisory Board candidates for recommendation to the Annual General Meeting and addresses the requirements that these candidates must meet. The members of the Personnel Committee are Ms. Tina Müller, Dr. Peter Lütke-Bornefeld (Chairman of the Personnel Committee), Matthias Lautenschläger and Ms. Monika Stumpf. The Audit Committee comprises Dr. Claus-Michael Dill (Chairman of the Audit Committee), Matthias Lautenschläger, Dr. Peter Lütke-Bornefeld and Alexander Beer. The Nomination Committee comprises Ms. Tina Müller, Dr. Peter Lütke-Bornefeld (Chairman of the Nomination Committee), Matthias Lautenschläger and Dr. Claus-Michael Dill.

Corporate governance in the Supervisory Board

In 2021, the Executive and Supervisory Boards of MLP SE again dealt intensively with the German Corporate Governance Code and further new legislation significant to the work performed by the Supervisory Board and its committees. The Code and its amendments passed on December 16, 2019, were a subject of discussion by the Supervisory Board. Stipulations were analysed and corresponding adjustments to the internal regulations and procedures followed by the Supervisory Board were either proposed or submitted for verification.

Requirements profile and diversity concept for the Executive Board and Supervisory Board

The Supervisory Board has approved a requirements profile for the composition of the Executive Board in order to secure an orderly selection process, applying objective and comprehensible requirement criteria to the proposals for the appointment of new members of the Executive Board at MLP SE. Accordingly, each member of the Executive Board must display a certain level of indispensable general knowledge and experience. Only those candidates whose personal integrity, independence, commitment, motivation and personality indicates that they are capable of properly performing the duties of a member of the Executive Board at MLP SE, as well as the Financial Holding Group managed by it and its controlled companies, are to be proposed. The Executive Board should be composed in such a way that qualified management of MLP SE is assured at all times. Its members should together possess the knowledge, skills and specialist experience required to perform their respective legal duties properly. Members of the Executive Board must be reliable. As well as meeting the general requirements in terms of personal reliability, personal independence and freedom from conflicts of interest, each member of the Executive Board should also possess the kind of general professional expertise needed in order to execute the respective management role properly. This means that the candidates must possess sufficient theoretical and practical knowledge of the respective business, as well as specific management experience.

The Supervisory Board has also approved a requirements profile that applies to the composition of the Supervisory Board or to the proposals that are to be sent to the Annual General Meeting for appointing the Supervisory Board in order to secure an orderly selection process, applying objective and comprehensible requirement criteria to the proposals for the appointment of new members of the Supervisory Board at MLP SE. Accordingly, each member of the Supervisory Board must possess a certain level of indispensable general knowledge and experience. Only those candidates whose personal integrity, independence, commitment, motivation and personality indicates that they are capable of properly performing the duties of a member of the Supervisory Board at MLP SE, as well as the Financial Holding Group managed by it and its controlled companies, are to be proposed. The composition of the Supervisory Board must ensure qualified advising and monitoring of the Executive Board at MLP SE by the Supervisory Board at all times. Its members should together possess the knowledge, skills and specialist experience required to perform the respective legal duties properly. As well as meeting the general requirements in terms of personal reliability, personal independence and freedom from conflicts of interest, each member of the Supervisory Board should also possess the requisite professional expertise. All members should be capable of both understanding and evaluating the reports presented to the Supervisory Board, as well as drawing their own conclusions regarding the content. Alongside this, they should also display a general understanding of the brokerage, insurance, wealth management and banking business, as well as the real estate agent and real estate project development business and in particular the market environment, the individual business fields, the client requirements and the regions in which MLP SE and its subsidiaries are active and the strategic alignment of both MLP SE and the Group. From the perspective of the Supervisory Board, the ability to judge the correctness, efficiency, legality and expediency of the business decisions to be assessed also represents an absolute qualification requirement for members of the Supervisory Board. Alongside this, candidates should also be capable of understanding and evaluating the annual financial statements and associated documents. The member to be proposed should possess commercial experience gained from having worked in corporate management or as a senior executive and/or member of a Supervisory Board or comparable corporate body.

The legislation on equal participation of women and men in management positions came into force on May 1, 2015. It stipulates an obligation to specify targets for members of supervisory and executive boards, as well as the two upper management levels, although it does not define an actual minimum target. Insofar as the percentage of women is below 30 %, the targets must then not fall below the percentage reached. The deadline for achievement of the first targets was fixed for June 30, 2017. After that deadlines can be up to five years. The targets and deadlines are to be specified in concrete terms. In addition to this, it must be stated whether the specified targets have been achieved and, if not, information as to the reasons must be specified.

The Supervisory Board at MLP SE has set internal rules for the composition of both the Executive Board and Supervisory Board. Assuming equal personal and professional aptitude, these stipulate a minimum 25 % representation of women in both bodies (in the case of the Supervisory Board on the shareholder side). MLP SE has met this quota on the shareholder side of the Supervisory Board. Indeed, as Ms. Müller has been a member of the Supervisory Board since 2015, MLP considers the quota pursuant to the obligation as per the GCGC 2019 as being met. The quota has therefore been met for many years. As such, another explanation of the deviation from the corresponding recommendation of the government commission appears superfluous here, as does any further reporting on the implementation steps with regard to meeting the quota.

In November 2020, the Supervisory Board confirmed the target of at least 25 percent for the proportion of women on the Executive Board – which currently only comprises three persons – and set itself the end of the financial year 2025 as the implementation deadline. Therefore, it is currently also not possible to report on any concrete measures for achieving these objectives in the Declaration of Corporate Governance.

Cooperation between Executive Board and Supervisory Board

Intensive dialogue between the Executive and Supervisory Boards forms the basis of transparent and responsible company management. The Executive Board of MLP SE provides the Supervisory Board with regular, timely and comprehensive information on the Group's position, including information on its risk situation, risk management and compliance. The Supervisory Board is informed of particularly important or urgent projects outside of the regular meetings. Furthermore, the Chairman of the Supervisory Board meets with the Executive Board on a regular basis to discuss specific issues. The Chairman of the Supervisory Board informs the other members of the Supervisory Board in detail about the content of his meetings with the Executive Board. The Supervisory Board discusses the Group's corporate planning and plans for strategic growth with the Executive Board.

Significant legal transactions by the Executive Board require the consent of the Supervisory Board. A set of rules of procedures issued by the Supervisory Board in particular governs the distribution of business, powers of approval outside the Articles of Association and co-operation with the Executive Board. Further details on the co-operation between Executive Board and Supervisory Board can be found in the report by the Supervisory Board.

Further disclosures on the Supervisory Board's activities can be found in the report by the Supervisory Board.

Directors’ Dealings

Pursuant to Art. 19 of the Market Abuse Regulation (MAR), persons assuming executive positions at the issuer of shares must notify the issuer and the Federal Financial Supervisory Authority (BaFin) of transactions in financial instruments. This obligation also applies to natural persons and legal entities that are closely linked to such a person assuming an executive position.

Transactions up to a total value of € 20,000 per calendar year are exempt from the reporting obligation.

No transactions pursuant to Art. 19 of the Market Abuse Regulation (MAR) were reported to us in the financial year 2021. Reported transactions from previous years can be viewed on our website at www.mlp-se.com.

Corporate governance practices Compliance as a management duty

Compliance regulations

The trust of our clients, shareholders and business partners in our capacity to act professionally and responsibly forms the basis of our business operations. Compliance with all relevant legislation and capital market regulations represents the foundation of our business activities and an integral part of our corporate culture. Violations against applicable legislation and regulations not only have the potential to lead to legal disputes and financial losses, but can also have a negative effect on our Group's reputation. The Executive Board at MLP ensures Group-wide compliance with legal provisions and internal company guidelines, while also guaranteeing both a trusting and transparent system of corporate governance.

The basic principles of abidance to laws, integrity and economically successful business practices are firmly anchored in our Code of Business Conduct and Ethics. Our compliance activities are based on a Group-wide compliance strategy, which in particular employs preventive measures to avoid the occurrence of risks due to non-compliance with applicable legislation, internal standards and processes. The focus here is on compliance with legal provisions and corporate policies with regard to the provision of (ancillary) securities services, consumer and data protection, as well as the prevention of money laundering, financing terrorist activities and all other criminal conduct. In the interests of our clients, shareholders and employees, the Compliance department supports and advises the Executive Board in establishing uniform standards for all Group companies. Taking into account the constantly changing regulatory requirements and market conditions, Compliance steers the continuous further development of our internal behavioural standards and monitors implementation of applicable requirements.

On the basis of a Group-wide risk analysis, the Compliance department identifies, analyses and evaluates the compliance risks relevant to MLP SE's business operations. Compliance also collaborates with the specialist departments responsible for developing risk-reducing measures and continuously monitors their effectiveness in our day-to-day business.

Regular training sessions, during which all employees of the MLP Group familiarise themselves with the key regulations as a way of preventing any accidental infractions while also providing support in applying our Code of Business Conduct and Ethics, represent an important element of our risk prevention measures. In particular they include web-based training events on market abuse legislation, securities compliance, data and consumer protection as well as the prevention of money laundering, financing of terrorist activities and criminal conduct. Compliance is also available to all employees as a point of contact for reporting internal suspicious transactions with regard to criminal activities or violations against our compliance regulations. Any violations determined are investigated promptly, comprehensively clarified and then used to eliminate any weaknesses identified. The Executive Board and Supervisory Board are regularly informed of all relevant actions and measures taken by the Compliance department.

The Compliance Policy in the MLP Group also sets out the measures for insider trading prevention and describes the internal guidelines for execution of employee transactions. Our Code of Conduct also ensures that confidential information is handled responsibly at MLP and defines standards for advising and supporting our clients, as well as the policy on giving and accepting invitations and gifts. To prevent any impairment of client interests, we have defined policies regarding the avoidance and monitoring of conflicts of interest and the acceptance of gifts. These policies are regularly reviewed and adapted to changing requirements.

DEFINED COMPANY VALUES

Group vision with mission statement

The MLP Group and its brands Deutschland.Immobilien, DOMCURA, FERI, MLP, RVM and TPC is the financial services provider for private, corporate and institutional clients. Special added value is created by networking the various perspectives and areas of expertise – enabling clients to reach better financial decisions.

In 2021, MLP developed a Group vision as a way of further strengthening the common basis for successful cooperation. In this context, a mission statement was drafted for the MLP Group.

"Our network provides suitable solutions for all financial matters – always committed to our clients. We help individuals and companies reach better decisions."

An intensive transfer of knowledge and expertise takes place within the Group. The specialists support one another in the areas of research and concept development, as well as in client consulting. This valuable and targeted interaction generates additional value for clients, as well as for the company and its shareholders.

The various corporate missions are arranged under the umbrella of a common Group vision, which all companies work to. The mission statement of the MLP brand is: "We motivate people to engage with the topic of finance. We help people reach better financial decisions independently. That is MLP." The corporate mission of MLP with its governing principles is based on various core values, which were defined with input from a large number of employees and consultants. "Performance" and "Trust" were identified as special core values. You can find details on our corporate mission on our homepage at www.mlp-se.com.

On the basis of the corporate mission, new governance principles were then developed in an interactive workshop in the autumn of 2021 with input from managers at all hierarchy levels. These are to be implemented, communicated and anchored in the course of the financial year 2022.

The personnel strategy and its vision represent another part of the corporate governance practices. MLP is an attractive employer and is perceived as such both by its own employees and by potential applicants on the employment market. All employees are proud to work for the company and to make an important contribution to the sustainable success of MLP through their efforts. The employees feel a connection and identify with the MLP mission statement, the management model and in particular the culture of performance and trust that is actively lived out at all levels of MLP.

Various HR fields of action have also been defined on the basis of this. This exemplifies the positioning of the employer brand or the increase in employer attractiveness, in particular for women - among other things also through active expansion and optimisation of the family-friendly framework conditions associated with working at MLP. Another action area revolves around actively working towards greater participation of women at all management levels within the company, which became even more important at MLP in 2021.

An explanation of the business and risk strategy as well as the risk management system can be found in the chapter "Risk and disclosure report" of the Annual Report.

Stipulations for promoting equal participation of women in management positions pursuant to § 76 (4) of the German Stock Corporation Act (AktG)

The legislation on equal participation of women and men in management positions came into force on May 1, 2015. It stipulates an obligation to specify targets for members of supervisory and executive boards, as well as the two upper management levels, although it does not define an actual minimum target. Insofar as the percentage of women is below 30 %, the targets must then not fall below the percentage reached. The deadline for achievement of the first targets was fixed for June 30, 2017. After that deadlines can be up to five years. The targets and deadlines are to be specified in concrete terms. In addition to this, it must be stated whether the specified targets have been achieved and, if not, information as to the reasons must be specified.

MLP places great emphasis on promoting women and helping employees combine a career with a family. The company has therefore already made this topic a focus over the last few years and implemented various measures to promote women into management positions. The concept for example includes measures such as family-friendly meeting arrangements or flexible workplace designs. As a sign of its public commitment to diversity, MLP signed the Diversity Charter in 2014. To help staff more effectively combine their career with a family, MLP opened a parent & child office in February 2015 to provide parents that are struggling to find childcare with the option of taking their children to work with them. In addition to this, the berufundfamilie® audit was successfully performed in 2019. The associated target agreement for the coming three years includes various objectives/ measures to promote the concept of women in management positions, as well as part-time management. In the financial year 2021, the Executive Board launched a programme to help promote more women into management positions, which involves various measures.

In November 2020, the Executive Board at MLP SE approved a target of at least 33 % for female managers at the first management level below the Executive Board at MLP SE, whereby this percentage is to be achieved by the end of the financial year 2025. It is therefore not yet possible to report on the realisation of the targets at this point.

Equal pay for women and men doing the same or equivalent work as per the German Transparency of Pay Act (EntgTranspG)

The Transparency of Pay Act (EntgTranspG) came into force on July 6, 2017 to counteract wage differences between women and men doing the same or equivalent work. The legislation promotes disclosure of company pay systems and prescribes an individual right to information regarding in-house pay structures for staff at enterprises with more than 200 employees.

A "pay system" works agreement was concluded in December 2015 as the basis for establishing improved transparency of pay at MLP. This works agreement applies to MLP SE, MLP Banking AG, as well as MLP Finanzberatung SE in the version dated July 2, 2019. Each job type is assessed independently of the incumbent, i.e. in a gender-neutral way, and then assigned to a salary range. The salary benchmark is then based on this assignment when hiring new staff and redeploying existing staff. Private employers that generally have more than 500 employees are called upon to use operational audit procedures to regularly review the application of their pay systems and the various pay components paid for compliance with the equal pay requirement in the meaning of this legislation. MLP has decided to perform these audits for MLP SE, MLP Banking AG and MLP Finanzberatung SE in 2018.

A report on the current status and the provisions determined to establish equal pay and equality will be included with the joint management report for the financiAl yer 2020 as an appendix and also published in the Federal Gazette (Bundesanzeiger).

Special legal provisions

As per Recommendation F.4 of the GCGC 2019, the Supervisory Board and Executive Board at listed companies that are subject to special legal provisions should specify in the Declaration of Corporate Governance which recommendations of the Code could not be applied due to statutory provisions. It is the opinion of the Executive Board and Supervisory Board that the provisions of the Ordinance on the Supervisory Requirements for Institutions' Pay Systems (InstitutsVergV) take precedence over the provisions of the German Stock Corporation Act (AktG) or the GCGC in certain cases.

MLP CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

Consolidated income statement for the period from January 1 to December 31, 2021

All figures in €'000	Notes	2021	2020
Revenue	(9)	907,297	745,524
Other revenue	(10)	27,219	21,799
Total revenue		934,516	767,323
Inventory changes	(11)	16,881	7,284
Commission expenses	(12)	-482,461	-397,040
Interest expenses	(13)	-323	-412
Valuation result/loan loss provisions	(14)	1570	-3,021
Personnel expenses	(15)	-180,479	-14,971
Depreciation and impairments	(16)	-30,390	-27,691
Other expenses	(17)	-166,807	-142,838
Earnings from investments accounted for using the equity method	(18)	4,306	3,729
Earnings before interest and taxes (EBIT)		**96,812**	**59,363**
Other interest and similar income		700	1,311
Other interest and similar expenses		-4,855	-4,126
Valuation result not relating to operating activities		596	-213
Finance cost	**(19)**	**-3,559**	**-3,028**
Earnings before taxes (EBT)		**93,253**	**56,335**
Income taxes	(20)	-30,427	-13,093
Net profit		**62,826**	**43,241**
Of which attributable to			
owners of the parent company		62,632	43,253
minority interests		195	-11
Earnings per share in €[1,2]	**(21)**		
basic/diluted		**0.57**	**0.40**

[1] Basis of calculation basic: average number of ordinary shares outstanding as of December 31, 2021: 109,239,404

[2] Basis of calculation diluted: average number of ordinary shares outstanding as of December 31, 2021: 109,334,686

Consolidated statement of comprehensive income for the period from January 1 to December 31, 2021

All figures in €'000	Notes	2021	2020
Net profit		**62,826**	**43,241**
Gains/losses due to the revaluation of defined benefit obligations		4,897	-4,975
Deferred taxes on non-reclassifiable gains/losses	(20)	-1,449	1,528
Non-reclassifiable gains/losses		**3,449**	**-3,447**
Gains/losses due to currency translation differences		-59	-
Deferred taxes on reclassifiable gains/losses	(20)	-	-
Reclassifiable gains/losses		**-59**	**-**
Other comprehensive income		**3,390**	**-3,447**
Total comprehensive income		**66,216**	**39,794**
Of which attributable to			
owners of the parent company		66,022	39,805
minority interests		195	-11

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets as of December 31, 2021

All figures in €'000	**Notes**	**Dec. 31, 2021**	**Dec. 31, 2020**
Intangible assets	(22)	226,780	178,872
Property, plant and equipment	(23)	128,099	125,069
Investments accounted for using the equity method	(18)	6,087	5,426
Deferred tax assets	(20)	11,115	9,580
Receivables from clients in the banking business	(24)	961,402	880,649
Receivables from financial institutions in the banking business	(25)	478,263	751,466
Financial assets	(26)	195,248	197,623
Inventories	(27)	34,606	17,817
Tax refund claims	(20)	12,088	9,733
Other receivables and assets	(28)	261,888	199,753
Cash and cash equivalents	(29)	1,377,807	859,041
Total		**3,693,383**	**3,235,028**

Liabilities and shareholders' equity as of December 31, 2021

All figures in €'000	**Notes**	**Dec. 31, 2021**	**Dec. 31, 2020**
Equity attributable to MLP SE shareholders		495,245	453,243
Minority interests		986	776
Total shareholders' equity	**(30)**	**496,231**	**454,019**
Provisions	(31)	137,048	115,799
Deferred tax liabilities	(20)	11,295	9,167
Liabilities due to clients in the banking business	(32)	2,516,098	2,271,919
Liabilities due to banks in the banking business	(32)	129,288	107,471
Tax liabilities	(20)	33,131	10,932
Other liabilities	(33)	370,292	265,722
Total		**3,693,383**	**3,235,028**

CONSOLIDATED STATEMENT OF CASH FLOW

Statement of cash flow for the period from January 1 to December 31, 2021

All figures in €'000	2021	2020
Net profit (total)	**62,826**	**43,241**
Income taxes paid/reimbursed	-8,877	-15,746
Interest received	9,943	15,297
Interest paid	-1,975	-2,568
Earnings from investments accounted for using the equity method	-4,306	-3,729
Dividends received from investments accounted for using the equity method	3,645	3,441
Depreciation/impairments/write-ups of intangible assets and property, plant and equipment	30,390	27,691
Depreciation/impairments/write-ups of financial assets	-4,435	365
Allowances for bad debts	3,392	2,734
Earnings from the disposal of intangible assets and property, plant and equipment	-7	-192
Earnings from the disposal of financial assets	-	-46
Adjustments from income taxes, interest and other non-cash transactions	7,503	-4,484
Changes in operating assets and liabilities		
- Increase/+ decrease of receivables from banks in the banking business	273,203	-23,381
+ Increase/- decrease of liabilities due to banks in the banking business	21,817	9,062
- Increase/+ decrease of receivables from clients in the banking business	-84,145	-11,208
+ Increase/- decrease of liabilities due to clients in the banking business	244,180	377,076
- Increase /+ decrease of rights of use IFRS 16	-15,981	-8,493
- Increase/+ decrease of inventories	-16,789	-7,284
- Increase/+ Decrease of other assets	-57,734	-36,406
+ Increase/- decrease of other liabilities	63,881	28,502
+ Increase/- decrease of provisions	19,818	14,203
Cash flow from operating activities	**546,350**	**408,075**
Purchase of intangible assets and property, plant and equipment	-10,063	-9,291
Proceeds from disposal of intangible assets and property, plant and equipment	742	326
Repayment of /investment in other investments (fixed and time deposits)	-41	-5,000
Repayment of/investment in fixed income securities	7,519	-11,849
Payments/proceeds from purchase/disposal of other financial assets	-3,626	-2,509
Cash outflows from the acquisition of a subsidiary less (net of cash acquired)	-39,901	-
Cash flow from investing activities	**-45,371**	**-28,323**
Dividends paid to shareholders of MLP SE	-25,142	-22,959
Acquisition of treasury stock	-12	-
Cash inflow from borrowings	54,600	3,507
Cash outflows from the repayment of borrowings	-2,480	-
Principal payments of leasing liabilities	-12,950	-12,036

Cash flow from financing activities	**14,016**	**-31,488**
Cash and cash equivalents at beginning of period	**855,797**	**510,778**
Change in cash and cash equivalents	514,995	348,264
Change in cash and cash equivalents from changes to the scope of consolidation	3,705	-
Changes in cash and cash equivalents due to exchange rate movements	66	-
Changes in liabilities to banks due on demand (excluding the banking business)	-610	-3,244
Cash and cash equivalents at end of period	**1,373,953**	**855,797**
Composition of cash and cash equivalents		
Cash and cash equivalents	1,377,807	859,041
Liabilities to banks due on demand (excluding the banking business)	-3,854	-3,244
Cash and cash equivalents at end of period	**1,373,953**	**855,797**

The disclosures on the statement of cash flow appear in Note 34.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity for the period from January 1 to December 31, 2021

All figures in €'000	Sub-scribed capital	Capital reserves	Revaluation gains/losses related to defined benefit obligations after taxes	Currency changes	Retained earnings	Total shareholders' equity	Minority interests	Total shareholders' equity
As of Jan. 1, 2020	**109,334**	**149,853**	**-17,547**	**-**	**194,966**	**436,605**	**787**	**437,392**
Acquisition of treasury stock	-8	-	-	-	-266	-274	-	-274
Share-based payment	-	65	-	-	-	65	-	65
Dividend	-	-	-	-	-22,958	-22,958	-	-22,958
Changes to minority interests	-	-	-	-	-	-	-	-
Transactions with owners	**-8**	**65**	**-**	**-**	**-23,225**	**-23,168**	**-**	**-23,168**
Net profit	-	-	-	-	43,253	43,253	-11	43,241
Other comprehensive income	-	-	-3,447	-	-	-3,447	-	-3,447
Total comprehensive income	**-**	**-**	**-3,447**	**-**	**43,253**	**39,805**	**-11**	**39,794**
As of Dec. 31, 2020	**109,326**	**149,918**	**-20,995**	**-**	**214,994**	**453,243**	**776**	**454,019**
As of Jan. 1, 2021	**109,326**	**149,918**	**-20,995**	**-**	**214,994**	**453,243**	**776**	**454,019**
Acquisition of treasury stock	-12	-	-	-	-59	-71	-	-71
Share-based payment	-	528	-	-	-	528	-	528
Dividend	-	-	-	-	-25,142	-25,142	-	-25,142
Changes to minority interests	-	-	-	-	-268	-268	16	-252
Transactions with owners	**-12**	**528**	**-**	**-**	**-25,469**	**-24,953**	**16**	**-24,938**
Net profit	-	-	-	-	62,632	62,632	195	62,826
Other comprehensive income	-	-	3,449	-59	-	3,390	-	3,390
Total comprehensive income	**-**	**-**	**3,449**	**-59**	**62,632**	**66,022**	**195**	**66,216**
Changes to the scope of consolidation (RVM GmbH)	-	-	-		934	934	-	934
As of Dec. 31, 2021	**109,314**	**150,445**	**-17,546**	**-59**	**253,091**	**495,245**	**986**	**496,231**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Information about the company

The consolidated financial statements were prepared by MLP SE, Wiesloch , Germany, the 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, 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 properties and banking services.

2 Principles governing the preparation of the financial statements

The consolidated financial statements of MLP SE have been prepared in accordance with International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standard Board (IASB), taking into account the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as they apply in the European Union (EU). In addition, the commercial law regulations to be observed pursuant to § 315e (1) of the German Commercial Code (HGB) were also taken into account. The financial year corresponds to the calendar year.

MLP prepares its consolidated balance sheet based on liquidity in descending order. This form of presentation offers information that is more relevant than if it were based on the time-to-maturity factor. The consolidated financial statements are prepared on a going concern basis.

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 section of the report, encompasses the branch office managers at MLP Finanzberatung SE and the sales agents at MLP Banking AG. We use the term "MLP consultants" to refer to all consultants of the MLP Group.

3 Amendments to the accounting policies

The accounting policies applied are the same as those used in the previous year, with the following exceptions:

In the financial year 2021, the following new or amended accounting principles from the IFRS standards are to be used for MLP for the first time:

- Amendments to IFRS 4 Insurance Contracts: application of IFRS 9
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: phase of the reform of reference interest rates
- 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.

Adoption of the following new or revised standards and interpretations was not yet binding for the financial year commencing on January 1, 2021:

IFRS 17 Insurance Contracts [3] Amendments to IFRS 17 Comparative Information IFRS 17 & IFRS 9 [2,3]	Insurance Contracts
Amendments to IAS 1 [2, 3]	Classification of liabilities as current or non-current Disclosure obligations in accordance with the accounting principles
Amendments to IAS 8 [2, 3]	Amendments to the definition of accounting estimates
Amendments to IAS 12 [2, 3]	Amendment to Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements to IFRS 2018-2020 Cycle[1]	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, and Annual Improvements to IFRS 2018-2020 Cycle

[1] To be applied for financial years beginning on or after January 1, 2022.
[2] To be applied for financial years beginning on or after January 1, 2023.
[3] 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. The amendments to the standards are not expected to have any significant effects on the consolidated financial statements of MLP SE.

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.

Changes to the scope of consolidation:

In the context of the company acquisitions disclosed in Note 6, the companies RVM Versicherungsmakler GmbH, RISConsult GmbH and Jahn & Sengstack GmbH were included as subsidiaries for the first time in the financial year.

In addition to this, FERI (Schweiz) AG and RVM GmbH (formerly MLP Assekuranzmakler Holding GmbH), which were not included as subsidiaries in the previous year due to immateriality, were consolidated for the first time in the financial year.

With the purchase contract from October 18, 2021, Projekte Deutschland.Immobilien GmbH acquired 100 % of the shares in Neunte Projekte 2 Deutschland.Immobilien GmbH and 100 % of the shares in Zwölfte Projekte 2 Deutschland.Immobilien GmbH from Projekte 2 Deutschland.Immobilien GmbH. The two companies were included as 100 % subsidiaries in the consolidated financial statements of the financial year 2021.

In December 2021, Projekte Deutschland.Immobilien GmbH sold the majority of its shares in eight real estate project enterprises which have to date been fully consolidated in the MLP consolidated financial statements. In four cases 89.0 % of the shares were sold, in three cases 89.9 % and in one case 100 %. However, the respective real estate projects had not yet been completed or sold at the time of the divestment. Alongside the share purchase agreement and purchase contract, further agreements were reached with the purchasers. These were, in particular, cooperation agreements which grant MLP significant opportunities to influence the relevant business activities of the project enterprises and also allow MLP to participate disproportionately in the opportunities and risks from the continuation of the real estate projects in relation to the share transfer. Despite the material transfer of the shares in the project enterprises, the agreements reached with the purchasers mean that MLP retains control of these project enterprises and therefore continues to include them as fully consolidated enterprises in its consolidated financial statements.

Alongside MLP SE as the parent company, some 44 (previous year: 37) fully consolidated domestic subsidiaries, as well as two fully consolidated foreign subsidiaries (previous year: one) and two associates (same as previous year) were included in the consolidated financial statements as of December 31, 2021.

On March 5, 2021, the Annual General Meeting of DOMCURA Aktiengesellschaft 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 2021. The company is included in the 2021 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 and liability and DOMCURA Aktiengesellschaft to the transfer of profit as per § 302 of the German Stock Corporation Act (AktG).

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

As of December 31, 2021	Registered office	Share of capital in %
Fully consolidated subsidiaries		
MLP Finanzberatung SE (100 % subsidiary of MLP Finanzberatung SE)	Wiesloch	100.00 %
MLPdialog GmbH (100 % subsidiary of MLP Finanzberatung SE)	Wiesloch	100.00 %
ZSH GmbH financial services (100 % subsidiary of MLP Finanzberatung SE)	Heidelberg	100.00 %
DI Deutschland.Immobilien AG (75 % subsidiary of MLP Finanzberatung SE)	Hannover	75.10 %
IT Deutschland.Immobilien GmbH (100 % subsidiary of DI DEUTSCHLAND.Immobilien AG)	Hannover	100.00 %
Vertrieb Deutschland.Immobilien GmbH (100 % subsidiary of DI DEUTSCHLAND.Immobilien AG)	Hannover	100.00 %
Web Deutschland.Immobilien GmbH (100 % subsidiary of DI DEUTSCHLAND.Immobilien AG)	Hannover	100.00 %
Projekte Deutschland.Immobilien GmbH (100 % subsidiary of DI DEUTSCHLAND.Immobilien AG)	Hannover	100.00 %
22. Projekte Deutschland.Immobilien GmbH (100 % subsidiary of DI DEUTSCHLAND.Immobilien AG)	Bocholt	100.00 %
32. Projekte Deutschland.Immobilien GmbH (100 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00 %
33. Projekte Deutschland.Immobilien GmbH (80 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	80.00 %
41. Projekte Deutschland.Immobilien GmbH (100 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00 %
53. Projekte Deutschland.Immobilien GmbH (100 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00 %
54. Projekte Deutschland.Immobilien GmbH (80 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	80.00 %
62. Projekte Deutschland.Immobilien GmbH (100 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00 %
Neunte Projekte 2 Deutschland.Immobilien GmbH (100 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00 %
Pflegeprojekt Haus Netzschkau GmbH (100 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00 %
Pflegeprojekt Rosenberg UG (94 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Minden	94.00 %
Projekte 2 Deutschland.Immobilien Lauben GmbH (75 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	75.00 %
Projekte Deutschland.Immobilien Bad Münder GmbH (100 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00 %
Projekte Deutschland.Immobilien Balingen GmbH & Co. KG (100 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00 %
Projekte Deutschland.Immobilien Göggingen GmbH (100 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00 %
Projekte Deutschland.Immobilien Waldmössingen GmbH & Co. KG (100 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00 %
Zwölfte Projekte 2 Deutschland.Immobilien GmbH (100 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00 %

Projekte Deutschland.Immobilien Kißlegg GmbH (11 % subsidiary of Projekte Deutschland.Immobilien GmbH)*	Hannover	11.00 %
Projekte Deutschland.Immobilien Stetten GmbH (10 % subsidiary of Projekte Deutschland.Immobilien GmbH)*	Hannover	10.10 %
Sechste Projekte Deutschland.Immobilien GmbH (10 % subsidiary of Projekte Deutschland.Immobilien GmbH)*	Hannover	10.10 %
20. Projekte Deutschland.Immobilien GmbH (0 % subsidiary of Projekte Deutschland.Immobilien GmbH)*	Bocholt	0.00 %
Seniorenzentrum Albstadt GmbH (formerly 21. Projekte Deutschland.Immobilien GmbH) (11 % subsidiary of Projekte Deutschland.Immobilien GmbH)*	Bocholt	11.00 %
STW Magdeburg GmbH (formerly Projekte Deutschland.Immobilien Magdeburg GmbH) (11 % subsidiary of Projekte Deutschland.Immobilien GmbH)*	Bocholt	11.00 %
Projekte Deutschland.Immobilien Moosthenning GmbH (11 % subsidiary of Projekte Deutschland.Immobilien GmbH)*	Bocholt	11.00 %
Zehnte Projekte 2 Deutschland.Immobilien GmbH (10 % subsidiary of Projekte Deutschland.Immobilien GmbH)*	Hannover	10.10 %

* Despite holding fewer than 50 % of the share-based voting rights, MLP exercises control of these real estate project enterprises on the basis of contractual agreements in place regarding the development and sale of the respective real estate projects.

nordias GmbH Versicherungsmakler (100 % subsidiary of MLP Finanzberatung SE)	Kiel	100.00 %
DOMCURA Aktiengesellschaft (100 % subsidiary of MLP Finanzberatung SE)	Kiel	100.00 %
NORDVERS GmbH (100 % subsidiary of DOMCURA Aktiengesellschaft)	Kiel	100.00 %

FERI AG (100 % subsidiary of MLP Finanzberatung SE)	Bad Homburg v.d. Höhe	100.00 %
FERI (Schweiz) AG (100 % subsidiary of FERI AG)	Zürich	100.00 %
FERI Trust (Luxembourg) S.A. (100 % subsidiary of FERI AG)	Luxemburg	100.00 %
FERI Trust GmbH (100 % subsidiary of FERI AG)	Bad Homburg v.d. Höhe	100.00 %

RVM GmbH (formerly MLP Assekuranzmakler Holding GmbH) (100 % subsidiary of MLP Finanzberatung SE)	Wiesloch	100.00 %
RVM Versicherungsmakler GmbH (formerly MLP Assekuranzmakler Holding GmbH) (100 % subsidiary of RVM GmbH)	Stuttgart	100.00 %
Jahn & Sengstack GmbH (100 % subsidiary of RVM GmbH (formerly MLP Assekuranzmakler Holding GmbH))	Hamburg	100.00 %
RISConsult GmbH (100 % subsidiary of RVM Versicherungsmakler GmbH)	Stuttgart	100.00 %

MLP Banking AG (100 % subsidiary of MLP Finanzberatung SE)	Wiesloch	100.00 %

Associates consolidated at equity

MLP Hyp GmbH (50 % subsidiary of MLP Finanzberatung SE)	Wiesloch	49.80 %

Projekte 2 Deutschland.Immobilien GmbH (50 % subsidiary of DI DEUTSCHLAND.Immobilien AG)	Hannover	50.00 %

Subsidiaries not consolidated and not included under the at-equity method due to immateriality		
DIFA Research GmbH (49 % subsidiary of MLP Finanzberatung SE)	Berlin	49.00 %
Uniwunder GmbH (40 % subsidiary of MLP Finanzberatung SE)	Dresden	39.70 %

amaravia GmbH (20 % subsidiary of DI DEUTSCHLAND.Immobilien AG)	Überlingen	20.00 %
Convivo Wohnparks Deutschland Immobilien GmbH (50 % subsidiary of DI DEUTSCHLAND.Immobilien AG)	Hannover	50.00 %
WD Wohnungsverwaltung Deutschland GmbH (100 % subsidiary of DI DEUTSCHLAND.Immobilien AG)	Hannover	100.00 %
WiD Wohnungen in Deutschland GmbH & Co. KG (50 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Mainz	50.00 %
30. Projekte Deutschland.Immobilien GmbH (50 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	50.00 %
Convivo Wohnparks Deutschland.Immobilien Wittmund GmbH & Co. KG (50 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	50.00 %
CP 135. Grundstücks GmbH & Co. KG (50 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Bremen	50.00 %
Grundstücksgesellschaft Berlin Methfesselstraße 29/31 GmbH & Co. KG (50 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Berlin	50.00 %
Patricius Wohnbaugesellschaft mbh (40 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Bocholt	40.00 %
Projekt Deutschland.Immobilien Tengen GmbH (50 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Saarbrücken	50.00 %
Projekte Deutschland.Immobilien Bad Goegging GmbH (50 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Neustadt an der Donau	50.00 %
Achte Projekte 2 Deutschland.Immobilien GmbH (100 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	37.55 %
Care Beteiligungsgesellschaft mbh (50 % subsidiary of Projekte 2 Deutschland.Immobilien GmbH)	Gießen	18.78 %
Seniorenresidenz „Dr.-Unruh-Str. Wismar“ Immobilien GmbH & Co. KG (41 % subsidiary of Projekte 2 Deutschland.Immobilien GmbH)	Gießen	15.40 %
Seniorenresidenz Velten GmbH & Co. KG (41 % subsidiary of Projekte 2 Deutschland.Immobilien GmbH)	Gießen	15.40 %

DIEASS GmbH (100 % subsidiary of DOMCURA Aktiengesellschaft)	Kiel	100.00 %
innoAssekuranz GmbH (50 % subsidiary of DOMCURA Aktiengesellschaft)	Kiel	50.00 %

AIF Komplementär GmbH (25 % subsidiary of FERI AG)	Munich	25.00 %
AIF Register Treuhand GmbH (100 % subsidiary of FERI AG)	Bad Homburg v.d. Höhe	100.00 %
FERI Private Equity GmbH & Co. KG (100 % subsidiary of FERI Trust GmbH)	Munich	100.00 %
FERI Private Equity Nr.2 GmbH & Co KG (100 % subsidiary of FERI Trust GmbH)	Munich	100.00 %
FPE Direct Coordination GmbH	Munich	100.00 %

(100 % subsidiary of FERI Trust GmbH)		
FPE Malip GmbH & Co. Beteiligungs KG (100 % subsidiary of FPE Direct Coordination GmbH)	Munich	100.00 %
FPE Private Equity Beteiligungs-Treuhand GmbH (100 % subsidiary of FERI Trust GmbH)	Munich	100.00 %
FPE Verwaltungs GmbH & Co. KG (formerly Target Global Growth Fund GmbH & Co. - geschlossene Investment KG) (100 % subsidiary of FPE Private Equity Beteiligungs-Treuhand GmbH)	Munich	100.00 %
FPE Private Equity Koordinations GmbH (100 % subsidiary of FERI Trust GmbH)	Munich	100.00 %
Limmat Wealth AG (100 % subsidiary of FERI (Schweiz) AG)	Zurich	100.00 %

Hans L. Grauerholz GmbH (100 % subsidiary of RVM GmbH (formerly MLP Assekuranzmakler Holding GmbH))	Hamburg	100.00 %
RVM Verwaltungs GmbH (100 % subsidiary of RVM GmbH (formerly MLP Assekuranzmakler Holding GmbH))	Stuttgart	100.00 %
Allkuranz Versicherungsmakler GmbH & Co. KG (28 % subsidiary of RVM Versicherungsmakler GmbH)	Münster	27.80 %
BIG Versicherungsmakler GmbH (25 % subsidiary of RVM Versicherungsmakler GmbH)	Mannheim	25.00 %
Vetter Versicherungsmakler GmbH (25 % subsidiary of RVM Versicherungsmakler GmbH)	Ulm	25.00 %
Erich Schulz GmbH (100 % subsidiary of Jahn & Sengstack GmbH)	Hamburg	100.00 %
Hartmann Versicherungsmakler GmbH (50 % subsidiary of Jahn & Sengstack GmbH)	Mannheim	100.00 %

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 € 3,633 thsd as of December 31, 2021 (previous year: € 51 thsd). In the financial year 2021, MLP SE recorded an income of € 610 thsd from non-consolidated structured entities (previous year: € 1,395 thsd).

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

5 Business combinations

MLP made two acquisitions during the financial year. On February 8, 2021, RVM GmbH (formerly: MLP Assekuranzmakler Holding GmbH) signed the acquisition agreement for 100 % of the shares in RVM Versicherungsmakler GmbH & Co. KG., including its main subsidiaries ("RVM"). The acquisition was closed on April 1, 2021 (acquisition date).

With its well-established business model, the industrial insurance broker RVM has a strong focus on small and medium-sized enterprises and supports more than 2,500 companies in this segment. The acquisition constitutes the essential basis for developing the commercial and industrial insurance market segment. The objective with the acquisition of RVM is to lay the foundations for the systematic expansion of the new industrial broker segment.

On May 12, 2021, MLP made another acquisition and thereby further strengthened the Industrial Broker segment. Accordingly, RVM GmbH has taken over 100 % of the shares in Adolph Jahn GmbH & Co. KG and Ed. Sengstack & Sohn GmbH & Co. KG (in the meantime merged and renamed to Jahn und Sengstack GmbH) and in Hans L. Grauerholz GmbH including its subsidiaries and affiliates (Jahn Group). The acquisition was completed on August 1, 2021 (acquisition date). The transaction costs were € 615 thsd.

The total purchase price paid by MLP to the sellers includes a mechanism which links a portion of the purchase price to the quality of business performance up to the end of 2022 and which might result in a repayment claim. The composite revenue of the financial year 2022 represents the assessment basis for the potential repayment claim. Here, composite revenue is defined as the revenue generated in a financial year from a company's typical business activities. The bandwidth of a potential repayment claim is between € 0 and € 11,200 thsd. In addition to this, a repayment claim can result from qualitative criteria, such as premature departure of the managing directors. However, MLP does not currently expect such a repayment claim to arise against the vendors as of December 31, 2022. The transaction costs were € 1,497 thsd.

On May 12, 2021, MLP made another acquisition and thereby further strengthened the Industrial Broker segment. Accordingly, RVM GmbH has taken over 100 % of the shares in Jahn und Sengstack GmbH & Co. KG, including its material subsidiaries (Jahn Group). The acquisition was completed on August 1, 2021 (acquisition date). The transaction costs were € 615 thsd.

This corporate alliance has a great deal of expertise in the field of transport insurance and generates annual sales revenue of € 2,000 thsd with an overall workforce of 15 employees.

With effect from May 12, 2021, MLP Finanzberatung SE granted RVM GmbH a loan in the mid-single-digit million range in order to finance this acquisition.

For further details of the acquisition, please refer to Note 37.

The processes required in order to identify and value the acquired assets and debts of the Jahn Group have not yet been completed. The values stated within the scope of the purchase price allocation should therefore be considered as provisional.

The following section presents the method for determining goodwill on the basis of the purchase price allocation performed.

Net assets acquired

All figures in €'000	Carrying amount before purchase	Adjustment	Fair value[2]
Intangible assets	98	37,026	37,124
Property, plant and equipment	214	2,398	2,612
Deferred tax assets	0	3,384	3,384
Financial assets	1,593	1,644	3,237
Tax refund claims	85	-	85
Other receivables and assets	5,470	-	5,470
Cash and cash equivalents	18,989	-	18,989
Assets	**26,449**	**44,453**	**70,901**
Provisions	-1,431	-	-1,431
Liabilities	-19,295	-2,405	-21,700
Deferred tax liabilities	-	-	-
Debts	**-20,726**	**-2,405**	**-23,131**
Net assets	5,723	42,048	47,770
Acquired goodwill[1]			13,458
Purchase price			61,228
Cash outflow from the acquisition			60,606

[1] Deductible for tax purposes

[2] In the provisional PPA of Jahn the Group, the fair value was measured at the carrying amount

Goodwill essentially comprises anticipated synergies from the business combinations and staff bases.

The acquisitions contributed annual earnings (EBIT) of € –5,043 thsd, as well as revenue of € 9,353 thsd to Group net profit in 2021. If the company acquisitions had been made at the start of the year, based on greatly simplified assumptions Group net profit would have increased by € 6,638 thsd from € 58,922 thsd to € 65,560 thsd, while sales revenues would have risen by € 11,976 thsd from € 897,322 thsd to € 909,298 thsd.

6 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
  – Definition of the group of consolidated companies
  – Inclusion of special purpose entities
  Note 5
  –Measurement of assets and debts within the scope of a purchase price allocation
- Notes 7 and 9
  – Recognition of revenue at a point in time or over time, as well as determination of the revenue level with variable transaction prices
- Notes 7 and 22
  – Measurement of intangible assets
  – Impairment test (discounted cash flow forecasts and significant assumptions applied)
- Notes 7, 24, 25, 26, 28, 29, 31, 33 and 37
  – Classification and measurement of financial instruments, as well as fair value disclosures
  – Allowances for bad debts
- Notes 7 and 27
  – Measurement of inventories
- Notes 7, 31 and 36
  – Provisions and corresponding refund claims as well as contingent assets and liabilities
- Notes 7 and 31
  – Measurement of pension and jubilee provisions
- Note 7
  – Measurement of leasing liabilities
- Note 20
  – Recognition of tax receivables/tax reserves
- Note 29
  – Cash and cash equivalents
  – Composition of cash and cash equivalents

7 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.

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. 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.

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.

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 achieved in the respective accounting period (performance-linked compensation). 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** where revenue is realised when signing the notarised purchase contract. When **selling portfolio properties**, 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, 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

Foreign currencies are converted to the corresponding functional currency of the Group companies at the spot rate on the day of the transaction. The Group operates virtually exclusively in Germany, Switzerland and Luxembourg.

Monetary assets and debts held in a foreign currency on the closing date are converted to the functional currency using the market price on the reporting date. Non-monetary assets and debts which are measured at fair value in a foreign currency are converted using the rate that is applicable at the time of determining the fair value. Non-monetary items that are measured at historical costs in a foreign currency are converted using the exchange rate in place on the day of the transaction. Currency translation differences are generally recorded as profit or loss for the period and disclosed under other expenses and other income.

Assets and debts of foreign operations, including goodwill and fair value adjustments arising from the acquisition are converted to € using the exchange rate on the closing date. The income and expenses of foreign operations are converted using the exchange rate in place at the time of the respective transaction. Any currency translation differences occurring are recognised under other expenses and other income and are disclosed under currency translation reserve in shareholders' equity, insofar as the currency translation difference is not assigned to the non-controlling interest.

The relevant closing rate / average exchange rate of the Swiss Franc used for the currency translation was € 1.0334 as of December 31, 2021 and € 1.0408 for the year 2021.

Fair value

A range of accounting policies and Group disclosures require determination of the fair value.

For the determination of the fair value, 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 respective valuation object (quoted market prices).
2. The fair values at hierarchy level 2 are either determined using prices on active markets for comparable but not identical valuation objects 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 determine the fair value 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 37.

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 trademarks 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, 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. Trademarks are re-allocated on the basis of sustainable revenue or relative earnings 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 16.

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 income or other 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 22.

Inventories

Inventories essentially comprise developed and undeveloped land that is held for resale. 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.

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 19.

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 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 either the extended term of the basic leasing agreement or the asset's useful life, whichever is shorter.

MLP sublet a small number of properties in the financial year. For further details, please refer to Note 23.

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 18.

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 a de minimes effect on contractual cash flows 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 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. 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 (FVPL).

Financial assets whose cash flows do not exclusively comprise interest and principal payments, such as shares, units in investment funds and derivatives, are measured at fair value through profit or loss (FVPL). 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 December 31, 2021, the option is not being exercised for any assets, as was the case in the previous year. IFRS 9.4.1.5 allows the optional measurement of assets at fair value to avoid or significantly reduce an accounting mismatch. MLP did not make any use of the Fair Value Option (FVO) as of December 31, 2020 as was the case on the previous year's closing date.

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 since their initial recognition, 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
- Transferral to intensified loan management

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. As was the case in the previous year, the loss rate calculation was based again on an extended review period of portfolios, in which MLP anticipates effects resulting from the COVID-19 pandemic in the financial year. 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). In the financial year 2021, only insignificant modifications were performed at MLP and only in a very limited scope. The modifications performed are contractual period extensions, as well as deferred redemption payments. In these cases, the contractual revisions will thus 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. At MLP, legally substantiated contract adjustments do not automatically lead to intensified loan management. This ensures that those clients that are receiving intensified loan management services 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 and through the amortisation process. 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 in the income statement.

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, approval is 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 in the income statement.

Further details of pension provisions can be found in Note 31.

Provisions for jubilee benefits

Various companies of the MLP Group offer their active employees anniversary bonuses every 5 years. The measurement as of 31 December 2021 is performed using the projected unit credit method stipulated pursuant to IAS 19. Please refer to Note 31 for a more detailed explanation.

Provisions for lifetime working accounts

MLP allows its employees to take compensation components that have not been paid out (for example overtime worked but not paid or holiday days not taken) and assign these to lifetime working accounts, which can then be used to shorten the total duration of their working life, to take a sabbatical or similar. When certain conditions are met, MLP also grants a subsidy on the amounts paid in, although in some cases only when the credit balance is actually redeemed. With the exception of forfeitable subsidies, the money is invested with Allianz Versicherung using a trustee model with insolvency protection. Changes in the present value of the liabilities are recognised in the income statement in the financial year. The provision stated in the balance sheet corresponds to the balance of the present value of the liabilities and the insolvency-protected portion of plan assets.

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 (expected 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 income.

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 approved 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 2021, as well as to MLP consultants and MLP branch office managers whose contracts remained unterminated and in place on December 31, 2021. The compensation to be made in the form of MLP SE 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 2021 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 35.

8 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
- Industrial Broker
- Holding & 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, FERI (Schweiz) AG 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 Aktiengesellschaft, Nordvers GmbH, and nordias GmbH Versicherungsmakler.

The object of the new reportable Industrial Broker business segment is to provide consulting services and insurances for industrial and commercial clients as well as the brokerage of insurance policies. This segment comprises RVM GmbH (formerly: MLP Assekuranzmakler Holding GmbH), RVM Versicherungsmakler GmbH, RISConsult GmbH and Jahn & Sengstack GmbH.

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

Intrasegment supplies and services are settled in principle at normal market prices. In the case of intra-group allocations, an appropriate general overhead surcharge is levied on the direct costs actually incurred.

The management makes decisions on the allocation of resources and determines segment performance on the basis of the income statement for that segment. MLP employs the accounting policies applied in the consolidated financial statements to determine financial information on the segments.

To date, the DI Group that was acquired in 2019 has been controlled and reported via two channels. As a result of its increasing share of revenue and the profitable realisation of further real estate projects currently in planning, the business model of the DI Group is becoming increasingly important. As of January 1, 2022, the DI Group is therefore to be monitored and controlled independently in the new, reportable **DEUTSCHLAND.Immobilien** segment.

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

In the business segments of Financial Consulting and FERI at least 10 % of aggregated revenue of € 173,906 thsd was generated with one product partners in the financial year. In the previous year, revenue of € 234,329 thsd was generated with two product partners in the business segments of Financial Consulting, Banking, FERI and DOMCURA.

Information regarding reportable business segments

	Financial Consulting		Banking		FERI		DOMCURA		Industrial Broker		Holding & Others		Consolidation		Total	
All figures in €'000	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenue	422,606	377,382	105,090	87,601	269,860	194,193	100,244	97,937	9,353	-	21,529	4,491	-21,385	-16,081	907,297	745,524
of which total inter-segment revenue	14,535	10,797	6,850	5,284	-	-	-	-	-	-	-	-	-21,385	-16,081	-	-
Other revenue	29,181	24,118	3,959	7,507	5,137	3,544	1,878	1,694	595	-	16,268	13,771	-29,799	-28,835	27,219	21,799
of which total inter-segment income	12,963	13,110	2,731	2,833	-	-	0	8	-	-	14,105	12,884	-29,799	-28,835	-	-
Total revenue	**451,787**	**401,500**	**109,048**	**95,108**	**274,997**	**197,738**	**102,122**	**99,631**	**9,948**	**-**	**37,797**	**18,262**	**-51,184**	**-44,916**	**934,516**	**767,323**
Inventory changes	-	-	-	-	-	-	-	-	-	-	16,881	7,284	-	-	16,881	7,284
Commission expenses	-220,489	-193,827	-47,362	-36,905	-137,236	-107,126	-64,050	-63,353	-297	-	-34,660	-10,146	21,633	14,317	-482,461	-397,040
Interest expenses	-	-	-92	-268	-	-	-	-	-	-	-	-	-231	-144	-323	-412
Valuation result/loan loss provisions	-309	-448	-1,119	-2,202	3,286	-229	-71	-22	-	-	-217	-120	-	-	1,570	-3,021
Personnel expenses	-84,309	-72,779	-13,959	-12,461	-43,303	-37,114	-18,695	-17,908	-9,402	-	-10,811	-7,709	-	-	-180,479	-147,971
Depreciation and impairments	-20,140	-20,186	-385	-382	-2,661	-2,296	-2,556	-2,392	-1,570	-	-3,079	-2,436	-	-	-30,390	-27,691
Other expenses	-112,771	-105,283	-38,345	-36,354	-12,233	-9,154	-9,334	-8,487	-2,253	-	-19,667	-11,670	27,796	28,111	-166,807	-142,838
Earnings from investments accounted for using the equity method	4,322	3,645	-	-	-	-	-	-	-	-	-17	85	-	-	4,306	3,729
Earnings before interest and taxes (EBIT)	**18,093**	**12,622**	**7,787**	**6,535**	**82,851**	**41,819**	**7,416**	**7,469**	**-3,575**	**-**	**-13,773**	**-6,450**	**-1,986**	**-2,631**	**96,812**	**59,363**
Other interest and similar income	1,080	261	32	1,028	-137	-77	-176	-116	-12	-	595	275	-682	-60	700	1,311
Other interest and similar expenses	-3,014	-3,038	2	-53	-470	-519	-29	-36	-537	-	-3,302	-2,400	2,495	1,920	-4,855	-4,126
Valuation result not relating to operating activities	-51	-187	-	-	657	-25	-	-	-	-	-10	-1	-	-	596	-213
Finance cost	**-1,986**	**-2,965**	**34**	**976**	**50**	**-621**	**-205**	**-152**	**-549**	**-**	**-2,717**	**-2,126**	**1,813**	**1,860**	**-3,559**	**-3,028**
Earnings before taxes (EBT)	**16,107**	**9,657**	**7,821**	**7,511**	**82,900**	**41,198**	**7,212**	**7,317**	**-4,124**	**-**	**-16,490**	**-8,576**	**-172**	**-772**	**93,253**	**56,335**
Income taxes															-30,427	-13,093
Net profit															**62,826**	**43,241**
of which attributable to																
owners of the parent company															62,632	43,253
minority interests															195	-11
Investments accounted for using the equity method	**5,961**	**5,283**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**126**	**143**	**-**	**-**	**6,087**	**5,426**
Major non-cash expenses:																
Impairment/reversal of impairments on receivables	309	448	2,463	1,916	331	22	71	229	-	-	217	120	-	-	3,392	2,734
Increase/decrease of provisions/accrued liabilities	79,776	57,258	6,563	4,174	25,697	3,775	4,651	814	802	-	19,515	10,467	-	-	137,005	76,489

Notes to the consolidated income statement

9 Revenue

All figures in €'000	2021	2020
Wealth management	356,094	262,067
Old-age provision	241,684	214,590
Non-life insurance	149,509	137,229
Real estate brokerage*	62,842	39,453
Health insurance	54,353	50,589
Loans and mortgages	24,982	21,827
Other commissions and fees	5,172	4,607
Total commission income	**894,637**	**730,362**
Interest income	12,660	15,162
Total	**907,297**	**745,524**

*Includes real estate development of € 17,944 thsd (previous year: € 2,573 thsd)

The commission income disclosed under revenue is recognised on a regular and point-in-time basis. Revenue recognised over time totalling € 417,091 thsd (previous year: € 306,125 thsd) was generated from the old-age provision business in the Financial Consulting segment, from the health insurance business in the Financial Consulting and DOMCURA segments, from the wealth management business in the Financial Consulting, Banking and FERI segments and from the real estate brokerage business in the Holding and Others segment.

Interest income includes negative interest from lending and money market transactions of € 4,777 thsd (previous year: € 3,180 thsd).

10 Other revenue

All figures in €'000	2021	2020
Income from the adjustment of variable purchase price liabilities	5,772	1,479
Cost transfer to MLP consultants and branch office managers	5,240	4,751
Income from investments	4,015	1,749
Income from the reversal of deferred obligations	2,083	1,333
Offset remuneration in kind	1,505	1,436
Income from the reversal of provisions	652	711
Rent	424	383
Compensation of management	378	528
Income from currency translation	239	41
Own work capitalised	225	110
Income from the disposal of fixed assets	8	289
Income from the sales tax (VAT) adjustment	-	3,361
Sundry other income	6,676	5,629
Total	**27,219**	**21,799**

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

Income from investments results from dividends from non-consolidated subsidiaries.

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

Offset remuneration in kind results from non-cash benefits granted to employees.

For more information on income from the reversal of provisions, please refer to Note 31. Income from the reversal of provisions for economic loss, which is offset by expenses from the derecognition of liability insurance refund claims, is disclosed net under income from the reversal of provisions. . Income from the reversal of provisions does not contain any income from provisions for the lending business or provisions for anticipated losses from the lending business. These are part of the loan loss provisions. We make reference to Note 14 here.

Rental income results from the subletting of real estate.

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

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

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

11 Inventory changes

Inventory changes result from construction work and divestment of residential units in the DI Group. Please refer to Note 27 for information on the composition of inventories.

12 Commission expenses

Commission expenses mainly consist of the commission payments and other compensation components for the self-employed MLP consultants as well as the compensation for sales partners at the remaining subsidiaries. For further details, please refer to the "Results of operations" section in the joint management report.

13 Interest expenses

All figures in €'000	2021	2020
Interest and similar expenses IFRS 9		
Financial instruments measured at amortised cost	323	412
Liabilities due to clients from the banking business	-53	75
Liabilities due to banks from banking business	376	337
Total	**323**	**412**

14 Valuation result/loan loss provisions

All figures in €'000	2021	2020
Provisions for risks from potential bad debts	-3,052	-2,871
Provisions for risks from the lending business	-340	137
Valuation result	4,962	-287
Total	**1,570**	**-3,021**

As of December 31, 2021, loan loss provisions of € -3,392 thsd (previous year: € -2,734 thsd) were recognised in accordance with IFRS 9. The figure is made of expenses for the recognition of impairments of receivables of € -3,052 thsd (previous year: € -2,871 thsd) and expenses as a result of changes in provisions for anticipated losses from the lending business of € -340 thsd (previous year: € 137 thsd).

Write-ups of financial instruments measured at fair value through profit or loss led to remeasurement gains of € 4,962 thsd (previous year: € -287 thsd).

See Notes 24, 25, 26, 28, 29 and 31 for detailed explanations on the development of loan loss provisions. See Note 26 for details on remeasurement gains from financial instruments measured at fair value through profit or loss.

15 Personnel expenses

All figures in €'000	2021	2020
Salaries and wages	156,710	127,246
Social security contributions	20,333	17,069
Expenses for old-age provisions and benefits	3,436	3,656
Total	**180,479**	**147,971**

Personnel expenses essentially include salaries and wages, compensation and other payments to employees. The social security contributions include the statutory contributions to be borne by the company in the form of social security insurance premiums. Expenses for old-age provisions and benefits mainly include the employer's shares of supplementary occupational pension provision.

16 Depreciation and impairments

All figures in €'000	2021	2020
Depreciation	**29,786**	**27,646**
of which property, plant and equipment	19,119	17,763
of which intangible assets	10,668	9,882
Impairment	**603**	**45**
Total	**30,390**	**27,691**

In the financial year 2021, the depreciation of property, plant and equipment include amortisation of rights of use as per IFRS 16 of € 12,811 thsd (previous year: € 11,657 thsd), some € 11,222 thsd of which (previous year: € 10,522 thsd) can be attributed to amortisation of rights of use for real estate, € 1,516 thsd (previous year: € 1,135 thsd) can be attributed to amortisation of rights of use for vehicles and € 72 thsd (previous year: € 0 thsd) can be attributed to the depreciation of other operating and office equipment, in particular IT. The item Impairment comprises impairment charges for property, plant and equipment of € 603 thsd (previous year: impairment of right-of-use assets as per IFRS 16 of € 45 thsd).

17 Other expenses

All figures in €'000	2021	2020
IT operations	53,434	51,970
Consultancy	32,004	19,002
Other external services	12,113	9,867
Administration operations	11,535	10,673
External services – banking business	10,301	10,474
Representation and advertising	7,519	6,147
Premiums and fees	6,496	4,768
Insurance	3,995	3,467
Maintenance	3,832	2,831
Goodwill and damages	2,965	3,329
Expenses for MLP consultants and branch office managers	2,657	4,979
Other employee-related expenses	2,453	2,048
Training and further education	1,847	2,467
Audit	1,469	1,361
Travel expenses	1,457	1,705
Entertainment	1,170	1,253
Supervisory Board compensation	1,083	988
Rental and leasing	979	388
Sales tax (VAT) expense	66	371
Sundry other operating expenses	9,432	4,750
Total	**166,807**	**142,838**

IT operation expenses are mainly attributable to IT services and computer centre services that have been outsourced to external service providers. These include expenses for low-value leases of € 87 thsd (previous year € 63 thsd) that do not require capitalisation according to IFRS 16.

The consulting expenses are made up of IT consulting fees as well as tax advice, legal advice and general advice fees.

Other external services essentially comprise expenses for the online acquisition of potential new clients, client support services, expenses for managing the Group HQ, expenses for data protection services, as well as expenses for implementation of the sustainability goals.

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

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

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

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

The expenses for MLP consultants and office managers essentially comprise the expenses for sales campaigns, costs relating to retired consultants and expenses for recruiting measures.

Rental and lease expenses comprise expenses that do not require capitalisation according to IFRS 16. This includes expenses for short-term leases of € 50 thsd (previous year: € 42 thsd) and expenses for low-value leases of € 338 thsd (previous year: € 4 thsd). In the financial year 2021, expenses for variable lease payments, which were not included in the measurement of leasing liabilities (for example payments at the end of a vehicle leasing agreement) were € 28 thsd (previous year: € 37 thsd).

Sundry other operating expenses include costs such as for other taxes, cancellations of conferences and events as a result of the coronavirus pandemic, purchasing of masks, lateral flow tests and disinfectants, depreciation/amortisation expenses relating to non-consolidated entities, as well as expenses for donations and vehicles.

18 Earnings from investments accounted for using the equity method

Earnings from investments accounted for using the equity method were € 4,306 thsd in the financial year (previous year: € 3,729 thsd) and are made up from the share of earnings in MLP Hyp GmbH of € 4,322 thsd (previous year: € 3,645 thsd) and in Projekte 2 Deutschland.Immobilien GmbH of € -17 thsd (previous year: € 85 thsd).

Investments accounted for using the equity method relate to the 49.8 % stake in MLP Hyp GmbH, Wiesloch and the 50 % stake in Projekte 2 Deutschland.Immobilien GmbH, Hannover. MLP Hyp GmbH operates the joint mortgage financing business of MLP Finanzberatung SE, Wiesloch, and Interhyp AG, Munich. Projekte 2 Deutschland.Immobilien GmbH is an intermediate holding company within the DI Group. It holds shares in project enterprises in which real estate developments are executed.

The shares of MLP Hyp developed as follows:

All figures in €'000	2021	**2020**
Share as of Jan. 1	**5,283**	**4,630**
Dividend payouts	-3,645	-2,991
Pro rata profit after tax	4,322	3,645
Share as of Dec. 31	**5,961**	**5,283**

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

All figures in €'000	Dec. 31, 2021	**Dec. 31, 2020**
Non-current assets	**185**	**205**
Current assets	16,158	13,979
Non-current liabilities	-	-
Current liabilities	**7,008**	**5,821**
Net assets (100 %)	9,335	8,363
of which MLP's share in net assets	4,649	4,165
Incidental acquisition costs	151	151
Dividend payout	**-5,282**	**-4,308**
Cumulative disproportionate profit	**6,444**	**5,276**
Carrying amount of the investment	**5,961**	**5,283**
Revenue	**34,107**	**29,606**
Total comprehensive income (100 %)	6,335	5,363
MLP's share in total comprehensive income	**4,322**	**3,645**

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

All figures in €'000	2021	2020
Share as of Jan. 1	**143**	**508**
Dividend payouts	-	-450
Pro rata profit after tax	-17	85
Share as of Dec. 31	**126**	**143**

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

All figures in €'000	Dec. 31, 2021	Dec. 31, 2020
Non-current assets	38	88
Current assets	214	197
Non-current liabilities	-	-
Current liabilities	1	-
Net assets (100 %)	252	285
of which MLP's share in net assets	126	143
Incidental acquisition costs	**-**	**-**
Dividend payout	**-**	**-**
Carrying amount of the investment	**126**	**143**
Revenue	**-**	**0**
Total comprehensive income (100 %)	-34	169
MLP's share in total comprehensive income	**-17**	**85**

19 Finance cost

All figures in €'000	2021	2020
Other interest and similar income	**700**	**1,311**
Interest expenses from financial instruments	-3,672	-2,629
Interest expenses from net obligations for defined benefit plans	-362	-431
Other interest costs	-821	-1,066
Other interest and similar expenses	**-4,855**	**-4,126**
Valuation result not relating to operating activities	**596**	**-213**
Finance cost	**-3,559**	**-3,028**

Other interest and similar income of € 0 thsd (previous year: € 5 thsd) is attributable to interest income from deposits with financial institutions which were not included in the banking business segment and € 180 thsd (previous year: € 18 thsd) is attributable to income from the discounting of provisions. Other interest and similar income includes negative interest on bank deposits of € -694 thsd (previous year: € -468 thsd).

Other interest and similar expenses include expenses from the accrued interest of other provisions totalling € 265 (previous year: € 287 thsd).This item also includes interest expenses on borrowings of € 1,648 thsd (previous year: € 184 thsd).

In addition, the item comprises expenses from the accrued interest of leasing liabilities pursuant to IFRS 16 of € 300 thsd (previous year: € 544 thsd). For further details, please refer to Note 7.

20 Income taxes

All figures in €'000	2021	2020
Income taxes	30,427	13,093
of which current taxes on income and on profit	27,924	15,414
of which deferred taxes	2,503	-2,321

Current taxes on income and profit include expenses of € 399 thsd (previous year: € 585 thsd) which relate to previous periods.

The current and deferred tax is calculated using the relevant country-specific income tax rate. The anticipated combined income tax rate for domestic companies is 29.25 % (previous year: 29.42 %) and is made up of corporation tax at 15.0 % (previous year: 15.0 %), solidarity surcharge at 5.5 % (previous year: 5.5 %) and an average municipal trade tax rate of 13.42 % (previous year: 13.6 %).

The taxation rates likely to be applicable at their time of implementation should be used to calculate deferred income taxes. The taxation rates used here are those that are valid or have been announced for the periods in question as of the balance sheet date.

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

All figures in €'000	2021	2020
Earnings before tax	93,253	56,335
Group income tax rate	**29.25 %**	**29.42 %**
Calculated income tax expenditure in the financial year	27,277	16,574
Tax-exempt earnings and permanent differences	-2,670	-3,325
Non-deductible expenses	1,402	1,002
Divergent trade taxation charge	811	423
Effects of other taxation rates applicable abroad	-1,321	-786
Income tax not relating to the period (current and deferred)	-141	-475
Change in impairments of unused losses	5,078	-293
Other	-9	-27
Income taxes	**30,427**	**13,093**

The effective income tax rate applicable to the earnings before tax is 32.63 % (previous year: 23.24 %).

The item of tax-exempt earnings and permanent differences in earnings includes profit contributions from the FERI Group, the RVM Group and the tax-free dividends of MLP Hyp GmbH and Uniwunder GmbH.

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

As of December 31, 2021, the MLP Group recognised deferred tax assets from temporary differences of € 27 thsd (previous year: € 241 thsd) that exceed deferred tax liabilities in entities which have suffered a loss in either the current or preceding period.

At companies with taxable unrecognised differences, deferred tax assets were recorded on tax loss carryforwards, taking into account the minimum level of taxation. Legal or economic restrictions were in place with regard to the usability of corporation tax losses of € 8,699 thsd (previous year: € 2,387 thsd) and business tax losses of € 8,599 thsd (previous year: € 1,939 thsd).No deferred tax assets were therefore recognised. If full utilisation of the losses had been possible, it would have theoretically been necessary to recognise deferred tax assets of € 2,513 thsd (previous year: € 673 thsd).

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

All figures in €'000	Deferred tax assets		Deferred tax liabilities	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Intangible assets	2,180	725	11,625	11,361
Property, plant and equipment	-	-	5,341	5,094
Financial assets	18	43	1,963	44
Other assets	5,668	2,531	5,677	4,895
Provisions	16,147	15,119	82	27
Liabilities	3,706	3,319	1,950	511
Tax loss carryforwards	3,856	1,398	-	-
Impairment of loss carryforwards	-2,513	-673	-	-
Impairment of unrecognised differences	-2,501	-	-	-
Other liabilities	-	-	103	117
Gross value	**26,561**	**22,462**	**26,741**	**22,049**
Netting of deferred tax assets and liabilities	15,446	12,882	15,446	12,882
Total	**11,115**	**9,580**	**11,295**	**9,167**

Deferred tax expenses recognised under other comprehensive income outside the income statement were € 1,449 thsd (previous year: deferred tax income of € 1,528 thsd).

Tax refund claims include € 7,556 thsd (previous year: € 6,186 thsd) of corporation tax and € 4,532 thsd (previous year: € 3,546 thsd) of trade tax. Tax refund claims of € 357 thsd (previous year: € 1,030 thsd) are attributable to MLP SE, € 11,414 thsd (previous year: € 8,475 thsd) to MLP Finanzberatung SE, € 0 thsd (previous year: € 20 thsd) to FERI Trust (Luxembourg) S.A., € 206 thsd (previous year: € 208 thsd) to the DI DEUTSCHLAND.Immobilien AG Group and € 110 thsd (previous year: € 0 thsd) to the RVM Group.

Tax liabilities include € 17,921 thsd (previous year: € 5,830 thsd) of corporation tax and € 15,209 thsd (previous year: € 5,102 thsd) of trade tax. Tax liabilities of € 23,780 thsd (previous year: € 10,634 thsd) are attributable to MLP SE, € 1,077 thsd (previous year: € 0 thsd) to MLP Finanzberatung SE, € 4,568 thsd (previous year: € 183 thsd) to FERI Trust (Luxembourg) S.A., € 503 thsd (previous year: € 0 thsd) to FERI (Schweiz) AG, € 2,357 thsd (previous year: € 116 thsd) to the DI DEUTSCHLAND.Immobilien AG Group and € 845 thsd (previous year: € 0 thsd) to the RVM GmbH Group.

The tax liabilities are due to taxes on the income and profit of the individual companies based on the corresponding national tax regime. Contingent tax liabilities are shown under deferred tax liabilities.

As of December 31, 2021, MLP had undistributed profits of subsidiaries of around € 71,458 thsd (previous year: € 63,951 thsd), for which no deferred tax liabilities were formed, as MLP is in a position of controlling the timing of the reversal of the temporary difference and it is unlikely that the temporary difference will be reversed in the foreseeable future.

21 Earnings per share

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

All figures in €'000	2021	2020
Basis of the basic net profit per share	62,632	43,253

All figures in number of units	2021	2020
Weighted average number of shares for the basic net profit per share	109,239,404	109,206,759

The basic earnings per share is € 0.57 (previous year: € 0.40).

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

All figures in €'000	2021	2020
Basis of the diluted net profit per share	62,632	43,253

All figures in number of units	2021	2020
Weighted average number of shares for the diluted net profit per share	109,334,686	109,334,686

The diluted earnings per share is € 0.57 (previous year: € 0.40).

22 Intangible assets

All figures in €'000	Goodwill	Software (developed in-house)	Software (purchased)	Advance payments and developments in progress	Other intangible assets	Total
Acquisition/manufacturing costs						
As of Jan. 1, 2020	**122,502**	**18,014**	**103,481**	**549**	**58,995**	**303,541**
Additions	-	-	1,929	3,864	2	5,795
Disposals	-	-	-2,123	-3	-3	-2,129
Transfers	-	99	843	-942	-	-
As of Dec. 31, 2020	**122,502**	**18,113**	**104,130**	**3,468**	**58,994**	**307,207**
Additions	-	225	1,711	3,242	18	5,197
Addition to the scope of consolidation*	16,260	-	92	-	37,026	53,378
Disposals	-	-	-199	-	-57	-256
Transfers	-	1,206	446	-1,712	60	-
As of Dec. 31, 2021	**138,762**	**19,544**	**106,180**	**4,998**	**96,041**	**365,526**
Depreciation and impairments						
As of Jan. 1, 2020	**3**	**13,735**	**82,612**	**-**	**24,122**	**120,471**
Depreciation	-	1,064	7,138	-	1,680	9,882
Impairment	-	-	-	-	-	-
Disposals	-	-	-2,015	-	-3	-2,018
As of Dec. 31, 2020	**3**	**14,799**	**87,735**	**-**	**25,798**	**128,335**
Depreciation	-	1,233	7,045	-	2,389	10,668
Impairment	-	-	-	-	-	-
Disposals	-	-	-199	-	-57	-256
As of Dec. 31, 2021	**3**	**16,032**	**94,580**	**-**	**28,131**	**138,747**
Carrying amount Jan. 1, 2020	**122,500**	**4,279**	**20,869**	**549**	**34,873**	**183,070**
Carrying amount Dec. 31, 2020	**122,500**	**3,314**	**16,395**	**3,468**	**33,195**	**178,872**
Carrying amount Jan. 1, 2021	**122,500**	**3,314**	**16,395**	**3,468**	**33,195**	**178,872**
Carrying amount Dec. 31, 2021	**138,760**	**3,512**	**11,600**	**4,998**	**67,910**	**226,780**

Intangible assets comprise definite-lived and indefinite-lived assets. Depreciation/amortisation and impairment of intangible assets are presented in Note 16.

Useful lives of intangible assets

	Useful life as of Dec. 31, 2021	Useful life as of Dec. 31, 2020
Acquired software/licences	3-7 years	3-7 years
Software created internally	3-5 years	3-5 years
Acquired trademark rights	-	-
Client relations / contract inventories	5; 10-25 years; 40 years	5; 10-25 years
Goodwill / trademarks	undefinable	undefinable

The goodwill originating from company acquisitions was allocated by MLP at the level of the cash-generating units. The reportable Financial Consulting business segment contains the following groups of cash-generating units: (1) financial consulting, (2) occupational pension provision, (3) ZSH and (4) DI Sales. No goodwill has been allocated to the reportable Banking business segment. The reportable FERI business segment includes the cash-generating unit FERI Assetmanagement. The first-time consolidation of FERI (Schweiz) AG led to goodwill, which was assigned to the cash-generating unit FERI Assetmanagement. The reportable DOMCURA business segment contains one DOMCURA cash-generating unit. The goodwill resulting from the acquisition of RVM and the Jahn Group (provisional for the Jahn Group) was assigned to the cash-generating unit RVM. The cash-generating unit RVM is presented in the new, reportable Industrial Broker operating segment. The cash-generating unit DI Projekte is included in the Holding & Others segment. Cash-generating units were allocated the following goodwill values arising from business combinations:

All figures in €'000	Dec. 31, 2021	Dec. 31, 2020
Financial Consulting	22,042	22,042
Occupational pension provision	9,955	9,955
ZSH	4,072	4,072
DI Sales	12,974	12,974
Financial Consulting	**49,043**	**49,043**
FERI Asset Management	56,032	53,230
FERI	**56,032**	**53,230**
DOMCURA	5,663	5,663
DOMCURA	**5,663**	**5,663**
RVM (partly provisionally)	**13,458**	**-**
Industrial Broker (partly provisionally)	13,458	-
DI Projects	**14,564**	**14,564**
Holding & Others	**14,564**	**14,564**
Total	**138,760**	**122,500**

The partly preliminary goodwill resulting from the company acquisitions in the financial year (see Note 5) was also subjected to an impairment test. As was already the case in the previous year, there was no need for an impairment of capitalised goodwill in the financial year 2021. The significant assumptions presented in the following were based on the impairment test performed.

Reportable Financial Consulting business segment

Financial Consulting		
Weighted average (in %)	**2021**	**2020**
Discount rate (before tax)	8.5	9.2
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	39.2	*

Occupational pension provision		
Weighted average (in %)	**2021**	**2020**
Discount rate (before tax)	8.8	9.5
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	5.1	26.4

ZSH		
Weighted average (in %)	**2021**	**2020**
Discount rate (before tax)	8.4	9.5
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	41.2	1.6

DI Sales		
Weighted average (in %)	**2021**	**2020**
Discount rate (before tax)	8.4	9.0
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	55.7	120.7

* Growth rates cannot be arithmetically determined due to a negative starting basis.

Reportable FERI business segment

FERI Asset Management		
Weighted average (in %)	**2021**	**2020**
Discount rate (before tax)	12.7	12.8
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	-15.0	-4.5

Reportable DOMCURA business segment

DOMCURA		
Weighted average (in %)	**2021**	**2020**
Discount rate (before tax)	8.8	9.5
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	6.3	5.5

Reportable Industrial Broker business segment

RVM		
Weighted average (in %)	**2021**	**2020**
Discount rate (before tax)	8.4	-
Growth rate of the terminal value	1.0	-
Planned EBT growth rate (relative average EBT increase per year)	*	-

* Growth rates cannot be arithmetically determined due to a negative starting basis.

Holding & Others segment

DI Projects		
Weighted average (in %)	**2021**	**2020**
Discount rate (before tax)	13.5	13.6
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	144.9	*

* Growth rates cannot be arithmetically determined due to a negative starting basis.

In terms of the assumptions on which the statements are based, MLP does not expect any significant restrictions as a result of the global COVID-19 pandemic. With regard to the planned EBT values, MLP anticipates further recovery of the German economy in 2022.The capitalisation rate is made up of a risk-free interest rate of 0.20 % (previous year: 0.10 %), a market risk premium of 7.19 % (previous year: 7.60 %), as well as an individual beta for each cash-generating unit in the range from 0.85 to 1.21 (previous year: 0.88 to 1.17).

Within the scope of its impairment testing MLP conducted sensitivity analyses. A so-called adverse scenario was developed in order to simulate an economic downturn that potentially continues beyond the year 2022. This scenario leads to a 25 % reduction in the planned EBT growth rate. As such, a reduction in the planned EBT growth rate of 25 % (previous year 30 %) was analysed. In addition to this, the effects of increasing the discount interest rates by one percentage point were analysed (previous year 100 BP). The reduction in planned EBT growth and the rise in discount interest rates would only mean that the carrying amount would only exceed the fair value in the case of the cash-generating unit RVM which was newly established in the financial year 2021; However, this would not account for a significant proportion of total goodwill.

The items software (in-house), software (purchased), advance payments and developments in progress contain own work performed within the context of developing and implementing software. In the financial year 2021, own services with a value of € 225 thsd were capitalised (previous year: € 110 thsd). All development and implementation costs incurred complied in full with the criteria for capitalisation pursuant to IAS 38 "Intangible assets".

The item "Other intangible assets" essentially contains acquired trademark rights, client relationships/contract inventories with a defined term, as well as indefinite-lived trademark names acquired within the scope of company acquisitions. In view of the recognition of these trademarks, at present no definite end of their useful lives can be specified.

The acquired trademarks are attributed to the following cash-generating unit:

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

All figures in €'000	**2021**	**2020**
FERI Asset Management	15,829	15,829
FERI	15,829	15,829

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

All figures in €'000	**2021**	**2020**
DOMCURA	7,023	7,023

There are no restraints on disposal or pledges with regard to intangible assets. Contractual obligations for the purchase of intangible assets have a net total of € 279 thsd as of December 31, 2021 (previous year: € 174 thsd).

23 Property, plant and equipment

All figures in €'000	Land, leasehold rights and buildings*	Other fixtures, fittings and office equipment*	Payments on account and assets under construction*	Total
Acquisition/manufacturing costs				
As of Jan. 1, 2020	**92,393**	**51,765**	**614**	**144,772**
Additions	350	2,911	234	3,495
Addition to the scope of consolidation*	-	-	-	-
Disposals	-199	-1,658	-1	-1,859
Transfers	294	429	-723	-
As of Dec. 31, 2020	**92,838**	**53,446**	**124**	**146,408**
Additions	662	3,678	527	4,867
Addition to the scope of consolidation*	13	228	-	241
Disposals	-369	-1,960	-6	-2,335
Transfers	108	12	-120	-
As of Dec. 31, 2021	**93,252**	**55,404**	**524**	**149,181**
				-
Depreciation and impairments				**-**
As of Jan. 1, 2020	**30,361**	**36,771**	**-**	**67,132**
Depreciation	2,205	3,902	-	6,106
Addition depreciation	-	-	-	-
Impairment	-	-	-	-
Disposals	-181	-1,655	-	-1,835
As of Dec. 31, 2020	**32,385**	**39,017**	**-**	**71,403**
Depreciation	2,185	4,123	-	6,308
Addition depreciation	-	-	-	-
Impairment	603	-	-	603
Disposals	-369	-1,941	-	-2,310
As of Dec. 31, 2021	**34,804**	**41,200**	**-**	**76,005**
				-
Carrying amount Jan. 1, 2020	62,032	14,994	614	77,640
Carrying amount Dec. 31, 2020	**60,453**	**14,429**	**124**	**75,005**
Carrying amount Jan. 1, 2021	60,453	14,429	124	75,005
Carrying amount Dec. 31, 2021	**58,448**	**14,204**	**524**	**73,176**

*Carrying amounts do not included leases

Useful lives of property, plant and equipment

	Useful life/residual value Dec. 31, 2021	Useful life/residual value Dec. 31, 2020
Administration buildings	33 years to residual value (30 % of original cost)	33 years to residual value (30 % of original cost)
Land improvements	15-25 years	15-25 years
Leasehold improvements	10 years or duration or the respective tenancy agreement	10 years or duration or the respective tenancy agreement
Furniture and fittings	8-25 years	8-25 years
IT hardware	3-11 years	3-13 years
Office equipment, office machines	3-23 years	3-23 years
Cars	2-6 years	2-6 years
Works of art	15-20 years	15-20 years

Depreciation/amortisation and impairment of property, plant and equipment are disclosed in Note 16.

The payments on account and assets under construction refer exclusively to acquired property, plant and equipment. There are no restraints or pledges with regard to property, plant and equipment. Contractual obligations for the purchase of property, plant and equipment amount to € 248 thsd net as of December 31, 2021 (previous year: € 273 thsd).

Leases

Rights of use from leases are disclosed under the "property, plant and equipment" item. As of December 31, 2021, rights of use of € 54,923 thsd are in place (previous year: € 50,063 thsd), € 52,186 thsd (previous year: € 48,079 thsd) thereof is attributable to rented properties, € 2,351 thsd (previous year: € 1,984 thsd) to vehicle leases and € 386 thsd (previous year: € 0 thsd) to operating and office equipment.

In the financial year, the acquisition costs of the rights of use from leases developed as follows. There were additions of € 18,379 thsd (previous year: € 9,104 thsd) and disposals of € 2,338 thsd (previous year: € 2,247 thsd). Amortisation of rights of use from leases of € 1,630 thsd (previous year: € 1,636 thsd) were recognised in the financial year. The changes are mainly due to rented properties.

Depreciation/amortisation and impairment are disclosed in Note 16.

In the financial year 2021 some properties were sublet, resulting in an income of € 367 thsd (previous year: € 343 thsd).

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

All figures in €'000	Up to 1 year	1 – 5 years	>5 years	Total
Sublettings 2021	140	252	-	392
Sublettings 2020	146	154	10	310

24 Receivables from clients in the banking business

Receivables from clients in the banking business

All figures in €'000	Dec. 31, 2021	Dec. 31, 2020
Originated loan	666,139	543,223
Corporate bond debts	180,540	231,065
Receivables from credit cards	94,655	87,421
Receivables from current accounts	21,864	22,411
Receivables from wealth management	1,153	1,126
Other	8,051	4,884
Total, gross	**972,401**	**890,130**
Impairment	-10,999	-9,481
Total, net	**961,402**	**880,649**

As of December 31, 2021 receivables (net) with a term of more than one year remaining to maturity are € 787,263 thsd (previous year: € 712,850 thsd).

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

Reconciliation statement for gross carrying amounts of receivables from clients in the banking business for 2021

All figures in €'000	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL – not credit impaired)	Stage 3 (lifetime ECL – impaired credits)	Purchased or originated credit-impaired financial instruments (POCI)	Total
As of Jan. 1, 2021	**818,466**	**59,325**	**12,300**	**39**	**890,130**
Transfer to Stage 1	26,102	-26,092	-10	-	-
Transfer to Stage 2	-26,071	26,073	-2	-	-
Transfer to Stage 3	-669	-187	856	-	-
Allocation	228,883	13,360	18	-	242,261
of which newly acquired or issued financial assets	152,056	11,878	-	-	163,934
of which existing business	-	-	-	-	-
Disposals	-151,343	-6,509	-2,130	-8	-159,990
of which derecognised financial assets	-100,815	-3,866	-1,155	-8	-105,844
of which existing business	-50,528	-2,643	-475	-	-53,646
of which write offs	-	-	-500	-	-500
As of Dec. 31, 2021	**895,368**	**65,970**	**11,032**	**31**	**972,401**

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

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

Receivables from clients in the banking business to collect contractual cash flows held by MLP are carried at amortised costs using the effective interest method. Assuming no bad debts are in place, all financial assets are recorded in Stage 1 on their date of acquisition and then written down over the next twelve months with an anticipated default.

If the credit risk increases significantly, a transfer from Stage 1 to Stage 2 is performed. This involves a calculation of the impairment on the basis of the expected credit loss over the entire remaining term. If there are objective indications of a credit impairment or a default status, the financial asset is recognised in Stage 3. See Note 7 for further details on the impairment methods used and calculation of the impairment.

A modification to one contract (previous year: 25) was performed in the reporting year. This represents a suspension of the next repayment due in return for a moderately raised interest rate, and thereby a non-substantial modification. The modification gain resulting from recalculating the present value of the receivable throughout the contractual period is not presented in the statement of comprehensive income, as it is not significant.

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

Reconciliation of expected losses 2021

All figures in €'000	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL – not impaired)	Stage 3 (lifetime ECL – impaired credits)	Purchased or originated credit-impaired financial instruments (POCI)	Total
As of Jan. 1, 2021	**1,879**	**3,261**	**4,339**	**2**	**9,481**
Transfer to Stage 1	83	-83	-	-	0
Transfer to Stage 2	-131	131	-	-	0
Transfer to Stage 3	-4	-22	26	-	0
Allocation	916	2,963	989	-	4,868
of which newly acquired or issued financial assets	437	785	-	-	1,222
of which existing business	479	2,178	989	-	3,646
Disposals	-684	-1,777	-889	-	-3,350
of which usage	-1	-	-277	-	-278
of which reversal	-684	-1,777	-611	-	-3,071
As of Dec. 31, 2021	**2,060**	**4,473**	**4,464**	**2**	**10,999**

Reconciliation of expected losses 2020

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

Loan loss provisions increased from € 9,481 thsd to € 10,999 thsd in the financial year. Loan loss provision on existing business increased by € 989 thsd (previous year: € 2,543 thsd) as a result of credit rating downgrades, as well as transfers to Stage 3. Corona-related loan loss provisions account for € 0 thsd (previous year: € 2,400 thsd). Allocations to Stage 2 of € 2,963 thsd (previous year: € 1,971 thsd) are mainly attributable to credit rating downgrades resulting in a transfer from Stage 1 to Stage 2. These are offset by Stage 2 reversals of € -1,777 thsd (previous year: € -1,553 thsd) and Stage 3 reversals of € -889 thsd (previous year: € -1,217 thsd) as a result of credit rating upgrades.

Taking into account direct write-offs of € 500 thsd (previous year: € 184 thsd) as well as income recovered from written off receivables of € -273 thsd (previous year: € -241 thsd), allocations of € 4,868 thsd (previous year: € 5,180 thsd) and reversals of € -3,071 (previous year: € -3,103 thsd) recognised in income resulted in a net loan loss provision of € 2,023 thsd in the reporting year (previous year: € 2,020 thsd).

Qualitative and quantitative information on contributions from anticipated losses 2021

All figures in €'000	Max. default risk without taking into account collateral or other measures aimed at enhancing credit ratings as of Dec. 31, 2021	Financial instruments of Stage 3 and POCI	
		of which max. default risk of Stage 3 / POCI	of which risk reduction by collateral
Receivables from clients in the banking business (AC)	961,402	6,601	465
Receivables from banks in the banking business (AC)	478,263	-	-
Financial assets (AC)	163,525	-	-
Other receivables (AC)	229,875	497	-
Contingent liabilities	2,838	-	-
Irrevocable credit commitments	144,452	-	-
Total	**1,980,356**	**7,098**	**465**

Qualitative and quantitative information on contributions from anticipated losses 2020

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

As of the balance sheet date, the maximum default risk corresponds to the carrying amount after impairment of each of the categories of financial assets listed above. Credit impaired or defaulted receivables from clients in the banking business disclosed in Stage 3 as of December 31, 2020 of € 6,601 thsd (previous year: € 7,998 thsd) are secured by land charges of € 465 thsd (previous year: € 925 thsd). The maximum default risk of contingent liabilities and irrevocable credit commitments corresponds to the face value of € 147,290 thsd (previous year: € 73,018 thsd).

The Group holds forwarded loans of € 125,665 thsd (previous year: € 106,089 thsd) in the form of collateral for liabilities due to refinancing banks.

Due to defaults of debtors, ownership of financial and non-financial assets of € 158 thsd (previous year: € 47 thsd) serving as collateral for originated loans and receivables, was acquired. The assets mainly concern receivables from claimed life insurance policies.

Information on the fair value of financial assets is provided in Note (37).

25 Receivables from banks in the banking business

All figures in €'000	Dec. 31, 2021	Dec. 31, 2020
Due on demand	106,188	113,621
Other receivables	372,075	637,845
Total	**478,263**	**751,466**

All receivables from banks in the banking business are due from domestic credit institutions. As of December 31, 2021 receivables with a term of more than one year remaining to maturity are € 164,637 thsd (previous year: € 147,324 thsd). The receivables are not collateralised. At the closing date there are no receivables from banks which are overdue. As was the case in the previous year, there are no receivables with a high risk of default which are assigned to Stage 2 as of the closing date .All receivables from banks totalling to € 478,263 thsd (previous year: € 751,466 thsd) are disclosed in Stage 1 and an anticipated 12-month loss is determined. The anticipated losses on receivables from banks are € 185 thsd in the financial year (previous year: € 195 thsd).This leads to a net loan loss provision expense of € -10 thsd (previous year: net loan loss provision income of € 8 thsd).

Further information on receivables from financial institutions in the banking business is disclosed in Note 37.

26 Financial assets

All figures in €'000	Dec. 31, 2021	Dec. 31, 2020
By public-sector issuers	14,979	14,964
By other issuers	93,716	96,941
Debenture and other fixed income securities	**108,695**	**111,905**
Shares and certificates	481	359
Investment fund shares	9,098	6,725
Shares and other variable yield securities	**9,579**	**7,084**
Other investments (fixed and time deposits)	**64,888**	**69,949**
Investments in non-consolidated subsidiaries	**5,391**	**7,973**
Shares in associates (not at equity)	**2,817**	**660**
Investments	**3,878**	**51**
Total	**195,248**	**197,623**

As of December 31, 2021, there are debentures and other fixed income securities of € 92,933 thsd (previous year: € 88,945 thsd), one promissory note bond of € 10,000 thsd (previous year: € 10,000 thsd), as well as fixed-term deposits of € 20,000 thsd (previous year: € 0 thsd) with more than twelve months remaining to maturity.

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

All figures in €'000	Dec. 31, 2021	Dec. 31, 2020
AC	98,637	101,849
FVPL	10,057	10,056
Debenture and other fixed income securities	**108,695**	**111,905**
Shares and other variable yield securities (FVPL)	**9,579**	**7,084**
Fixed and time deposits (AC)	**64,888**	**69,949**
Investments in non-consolidated subsidiaries (N/A)	**5,391**	**7,973**
Shares in associates (not at equity) (N/A)	**2,817**	**660**
Investments (FVPL)	**3,878**	**51**
Total	**195,248**	**197,623**

Debentures and other fixed income securities of € 98,637 thsd (previous year: € 101,849 thsd) are measured at amortised costs. The anticipated 12-month loss on debentures and other fixed income securities measured at amortised costs is € 41 thsd in the financial year (previous year: € 48 thsd). As of the closing date, two debentures are in place with increased default risk in Stage 2 and a lifetime expected loss of € 65 thsd (previous year: € 33 thsd). These result in total loan loss provisions of € 25 thsd to be recognised in income (previous year: € 41 thsd).

Debentures and other fixed income securities of € 10,057 thsd (previous year € 10.056 thsd) are also measured at fair value through profit or loss in the financial year. This leads to valuation differences from exchange losses of € -2 thsd (previous year: € -40 thsd), which are also recognised in the valuation result. The fair value changes to fixed income securities triggered by a change in creditworthiness are € 9 thsd (previous year: € 5 thsd).

In the financial year 2021, shares and other variable yield securities of € 9,579 thsd (previous year: € 7,084 thsd) are measured at fair value through profit or loss. These are debt instruments that do not fulfil the cash flow criterion and therefore need to be measured at fair value through profit or loss. The figure includes investment funds of € 5,852 thsd (previous year: € 4,509 thsd), which are assigned to the "Hold and Sell" business model. Calculation of the fair value results in valuation differences from price gains of € 1,347 thsd (previous year price losses: € 247 thsd), which are recognised as remeasurement gains or losses.

An unscheduled write-down of € 1,103 thsd was performed on the shares in non-consolidated subsidiaries. The impairment was recorded under other expenses.

The investments essentially comprised private equity investments. These are assigned to the "Hold" business model. They are debt instruments which do not satisfy the cash flow criterion and are measured at fair value of € 3,878 thsd (previous year: € 51 thsd). This results in gains from valuation differences of € 3,617 thsd (previous year: € 0 thsd), which are recognised as remeasurement gains or losses.

Assets pledged as collateral

As at the closing date, the availability of liquidity facilities provided by Deutsche Bundesbank is collateralised by marketable securities of € 45,539 thsd (previous year: € 35,297 thsd) with a face value of € 49,950 thsd (previous year: € 38,450 thsd).

For further disclosures regarding financial assets, please refer to Note 37.

27 Inventories

Inventories break down as follows:

All figures in €'000	2021	2020
Inventories – land	13,850	10,069
Inventories – buildings	20,754	7,621
Inventories – finished goods	-	126
Total	**34,606**	**17,817**

Due to the sale of residential units, € 13,789 thsd (previous year € 3,076 thsd) of inventories were accounted for as an expense in the item "Inventory changes" in the last financial year.

28 Other receivables and assets

All figures in €'000	Dec. 31, 2021	Dec. 31, 2020
Trade accounts receivable	139,822	92,997
Contractual assets	42,296	40,700
Refund receivables from recourse claims	21,149	20,161
Receivables from underwriting business	19,576	13,202
Receivables from MLP consultants	5,385	6,056
Advance payments	862	45
Other assets	37,934	31,230
Total, gross	**267,025**	**204,390**
Impairment	-5,136	-4,637
Total, net	**261,888**	**199,753**

As of December 31, 2021 receivables (net) with a term of more than one year remaining to maturity are € 40,715 thsd (previous year: € 41,782 thsd).

The main items included in trade accounts receivable are commission receivables from insurance companies. They are generally non-interest-bearing and have an average term of payment of 30 days.

Refund receivables from recourse claims are due to MLP consultants and branch office managers, as well as insurance companies.

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

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

All figures in €'000	2021	2020
As of Jan. 1	**37,453**	**39,805**
Additions from new contracts	7,254	7,279
Payments received	-9,076	-9,593
Change of transaction price	-	-
Gross receivable as of Dec. 31	35,632	37,491
Impairment pursuant to IFRS 9	**-36**	**-37**
As of Dec. 31	**35,596**	**37,453**

The contractual assets relating to DI projects developed as follows:

All figures in €'000	2021	2020
As of Jan. 1	**3,209**	**-**
Additions from new contracts including contract initiation costs	18,109	3,307
Payments received	-14,653	-
Gross receivable as of Dec. 31	6,665	3,307
Impairment pursuant to IFRS 9	**-1,172**	**-98**
As of Dec. 31	**5,493**	**3,209**

Figure includes contract initiation costs of € 907 thsd (previous year: € 964 thsd).

Other receivables and assets are usually not collateralised. With regard to receivables and other assets, which are neither impaired nor overdue, there are no signs at the closing date that debtors will not meet their payment obligations. On the closing date there were no receivables and other assets for which new terms were agreed and which would otherwise have been overdue or written down.

The allowances for other receivables and other assets have developed as follows in the financial year:

Development of impairments on other receivables and assets 2021

All figures in €'000	Stage 2	Stage 3	Total
As of Jan. 1, 2021	**2,097**	**2,540**	**4,637**
Change in scope of consolidation	-	418	418
Allocation	552	346	898
Disposals	-160	-657	-817
of which usage	-55	-373	-428
of which reversal	-105	-284	-389
As of Dec. 31, 2021	**2,489**	**2,647**	**5,136**

Development of impairments on other receivables and assets 2020

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

MLP uses the simplified approach described in IFRS 9.5.5.15 to determine the loan loss provisions on anticipated losses from other receivables. Based on this, these receivables are already assigned to Stage 2 during initial recognition and no estimate is performed regarding a significant increase of the credit risk. If the assets display any objective indications of credit impairments, they are transferred to Stage 3.

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

In cases where MLP institutes enforcement or where insolvency proceedings are imminent or have already started, receivables are written down based on empirical values. The same applies to receivables which are disputed and where legal action is pending.

Taking into account direct write-offs of € 423 thsd (previous year: € 535 thsd), allocations of € 898 thsd (previous year: € 569 thsd) and reversals of € 389 (previous year: € 221 thsd) recognised in income resulted in a net loan loss provision of € 932 thsd in the reporting year (previous year: € 817 thsd).

As of December 31, 2021, the total volume of receivables recognised in Stage 2 is € 222,821 thsd (previous year: € 152,092 thsd).An impairment loss of € 2,489 thsd (previous year: € 2,097 thsd) was recognised for this.

As of December 31, 2021, the total volume of receivables recognised in Stage 3 is € 3,243 thsd (previous year: € 3,867 thsd). There are objective indications of an impairment or default status for these receivables. An impairment loss of € 2,647 thsd was recognised for this (previous year: € 2,540 thsd.)

Additional disclosures on other receivables and assets can be found in Note 37.

29 Cash and cash equivalents

All figures in €'000	Dec. 31, 2021	Dec. 31, 2020
Bank deposits and cash on hand	295,582	83,296
Deposits at Deutsche Bundesbank	1,082,225	775,746
Total	**1,377,807**	**859,041**

All cash and cash equivalents are assigned to Stage 1 and do not contain any inventories with increased default risk. As was the case in previous years, cash and cash equivalents include deposits at the Deutsche Bundesbank. In the financial year 2021, holding funds with commercial banks were transferred to the Bundesbank. This leads to an increase in cash and cash equivalents. Changes in cash and cash equivalents during the financial year are shown in the statement of cash flow.

30 Shareholders' equity

All figures in €'000	Dec. 31, 2021	Dec. 31, 2020
Share capital	109,335	109,335
Treasury stock	-21	-9
Subscribed capital	**109,314**	**109,326**
Capital reserves	150,445	149,918
Retained earnings	235,486	193,999
Statutory reserves	3,129	3,129
Other retained earnings and net profit	249,903	211,865
Revaluation gains/losses related to defined benefit obligations after taxes	-17,546	-20,995
Equity attributable to MLP SE shareholders	**495,245**	**453,243**
Minority interests	**986**	**776**
Total shareholders' equity	**496,231**	**454,019**

Share capital

As of December 31, 2021, the share capital of MLP SE is made up of 109,314,088 (previous year: 109,326,186) no-par-value shares with a par value of € 1 per share. 543,236 own shares were acquired in the financial year. These will be issued to MLP consultants and branch office managers within the scope of a share-based payment.

Authorised capital

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

Acquisition of treasury stock

The Annual General Meeting on June 29, 2017 authorised the Executive Board to buy back own shares on one or more occasions with a pro rata amount of capital stock represented by such shares of up to € 10,933,468 until June 28, 2022. On November 16, 2020, the Executive Board at MLP SE approved a share buyback, which was carried out by MLP Finanzberatung SE. The shares were to be used for share-based payments under the 2020 participation programme. The buyback of shares for the 2021 participation programme starts in 2022. Please refer to Note 35 for further details.

Capital reserves

The capital reserves include increases/decreases in capital stock in MLP SE from previous years. The capital reserves are subject to the restraints on disposal as per § 150 of the German Stock Corporation Act (AktG). The change in capital reserves in the financial year is the result of recording share-based payment in line with IFRS 2. For further details, please refer to Note 35.

Other retained earnings and net profit

Other retained earnings comprise retained earnings of the MLP Group and a reserve for treasury shares of € 326 thsd (previous year: € 267 thsd).

Revaluation gains/losses related to defined benefit obligations after taxes

The retained earnings contain losses from the revaluation of defined benefit obligations of € 24,919 thsd (previous year: € 29,816 thsd) and deferred taxes attributable to these of € 7,373 thsd (previous year: € 8,822 thsd).

Minority interests

Minority interests comprise equity interests subsidiaries of MLP SE.

Proposed appropriation of profit

The Executive Board and Supervisory Board of MLP SE will propose a dividend of € 32,800 thsd (previous year: € 25,147 thsd) for the financial year 2021. This corresponds to € 0.30 (previous year: € 0.23) per share.

31 Provisions

Pension provisions

At MLP, executive members of staff have been granted direct pension benefits subject to individual contracts in the form of defined benefit plans which guarantee the beneficiaries the following pension payments:

- Old-age pension upon reaching 60, 62 or 65 years of age
- Disability pension
- Widow’s and widower's pension of 60 % of the pension of the original recipient
- Orphan’s benefit of 10 % of the pension of the original recipient

The benefit obligations are partially financed through reinsurance policies, which essentially fulfil the prerequisites of pension scheme assets.

The defined benefit obligation for retirement income, funded only by means of provisions, amounts to € 20,451 thsd (previous year: € 20,574 thsd).Reinsurance policies are in place for all other pension obligations (defined benefit obligation of € 38,240 thsd; previous year: € 36,573 thsd).

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

All figures in €'000	Defined benefit obligation		Fair value of pension scheme assets		Net liability from defined benefit plans	
	2021	2020	2021	2020	2021	2020
As of Jan. 1	60,879	56,933	-26,407	-26,234	34,472	30,699
Current service cost	456	330	-	-	456	330
Past service cost	1,652	-	-	-	1,652	-
Interest expenses (+)/ income (-)	405	625	-204	-293	201	331
Recognised in profit or loss	2,512	954	-204	-293	2,308	661
Actuarial gains (-)/ losses (+) from:						
financial assumptions	-3,635	4,658	-	-	-3,635	4,658
experience adjustments	-14	-101	-	-	-14	-101
Gains (-)/ losses (+) from pension scheme assets without amounts recognized as interest income	-	-	-420	-620	-420	-620
Gains (-)/ losses (+) from revaluations*	**-3,649**	**4,557**	**-420**	**-620**	**-4,069**	**3,937**
Contributions paid by the employer	-	-	-605	50	-605	50
Payments made	-1,645	-1,565	784	690	-861	-875
Other	**-1,645**	**-1,565**	**178**	**740**	**-1,466**	**-826**
As of Dec. 31	**58,097**	**60,879**	**-26,852**	**-26,407**	**31,245**	**34,472**

*Recognised in other comprehensive income

In addition to this, one asset value of € 241 thsd (previous year: € 294 thsd) does not satisfy the prerequisite for pension scheme assets as per IAS 19. To this end, matching coverage has been capitalised.

In total, € 3,389 thsd (previous year: € 2,029 thsd) of net liabilities recognised in the balance sheet are attributable to members of the Executive Board that were active on the reporting date.

With regard to net pension provisions, payments of € 1,696 thsd are anticipated for 2022 (previous year: € 1,671 thsd).Some € 982 thsd of this total (previous year: € 961 thsd) is attributable to direct, anticipated pension payments of the company, while € 714 thsd (previous year: € 710 thsd) is attributable to anticipated premiums for reinsurance policies.

Actuarial calculations incorporate the following assumptions:

	2021	2020
Assumed interest rate	1.00 %	0.65 %
Anticipated annual pension adjustment	1.7 %/2.5 %	1.7 %/2.5 %

The assumptions made regarding future mortality are based on published statistics and mortality tables (2018 G Heubeck mortality tables).

On December 31, 2021, the weighted average term of defined benefit obligations was 18 years (previous year: 18 years).

Sensitivity analysis

If the other assumptions all remained the same, changes to one of the key actuarial assumptions, which would have been realistically possible on the closing date, would have influenced the defined benefit obligations by the following amounts:

All figures in €'000	Change of parameter	Reduction/ increase of defined obligation
	0.5 %	-4,689
Assumed interest rate	-0.5 %	5,327
	0.5 %	4,546
Pension trend	-0.5 %	-4,086
Mortality	80.0 %	5,233

In order to define the sensitivity of mortality, all mortality rates stated in the mortality table were reduced to 80 %. By extending life expectancy, this leads to an increase in the scope of defined benefit obligations. Although the analysis does not take into account the full distribution of anticipated cash flow based on the plan, it does provide an approximation of the sensitivity of the assumptions presented. No staff turnover was taken into account in the calculation.

Alongside defined benefit plans, defined contribution plans are also in place. With these types of plans the company pays premiums to state or private pension insurance institutions in line with legal or contractual regulations or on a voluntary basis. The regular premiums paid for employees are disclosed as personnel expenses. In the financial year 2021 they total € 13,098 thsd (previous year: € 11,748 thsd).

Other provisions are made up as follows:

All figures in €'000	Dec. 31, 2021			Dec. 31, 2020		
	Current	Non-current	Total	Current	Non-current	Total
Cancellation risks	14,283	21,360	35,643	13,288	20,217	33,505
Bonus schemes	33,233	-	33,233	26,013	2,165	28,177
Litigation risks/ costs	4,331	16,324	20,655	3,390	397	3,787
Share-based payment	1,469	2,010	3,479	823	2,257	3,081
Anniversaries	226	3,115	3,341	235	409	644
Claim settlement contributions/commission reductions	2,524	-	2,524	1,517	-	1,517
Provisions for expected credit losses	487	511	998	422	231	653
Phased retirement	358	346	704	261	416	676
Economic loss	520	-	520	700	-	700
Rent	57	-	57	121	34	155
Other	3,577	833	4,410	7,281	825	8,106
Total	**61,065**	**44,499**	**105,564**	**54,051**	**26,950**	**81,001**

Other provisions have changed as follows:

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All figures in €'000	01.01.2021	Utilisation	Reversal	Com-pounding/ Discounting	Allocation	Allocation scope of consoli-dation	Netting	Dec. 31, 2021
Cancellation risks	33,505	-12,911	-	79	14,970	-	-	35,643
Bonus schemes	28,177	-27,806	-371	-	33,233	-	-	33,233
Litigation risks/ costs	3,787	-571	-25	-	17,465	-	-	20,655
Share-based payment	3,081	-1,452	-39	-17	1,905	-	-	3,479
Anniversaries	644	-163	-6	37	2,829	-	-	3,341
Claim settlement contributions/com-mission reductions	1,517	-224	-3	-	1,234	-	-	2,524
Provisions for expected credit losses	653	-	-438	-	783	-	-	998
Phased retirement	676	-278	-	9	297	-	-	704
Economic loss	700	-501	-15	-	338	-	-	520
Rent	155	-81	-48	-	31	-	-	57
Other	8,106	-7,625	-144	21	4,448	1,420	-1,815	4,410
Total	**81,001**	**-51,613**	**-1,091**	**129**	**77,533**	**1,420**	**-1,815**	**105,564**

The provisions for cancellation risks cover the risk of having to refund earned commissions due to a premature loss of brokered insurance policies. Should this be the case, commissions already paid will be reclaimed from MLP consultants and branch office managers. See Note 28 for further details regarding reimbursement rights resulting from recourse claims.

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

Provisions for litigation risks/costs are recognized to cover any remaining points relating to the purchase price settlement in connection with the acquisition of the DI Group and other risks as a result of current or pending litigation and legal disputes.

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

Special provisions are established for jubilee benefits for members of staff. The actuarial calculations are based on an assumed interest rate of 1.0 %.

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

The provision for anticipated losses from the lending business is recognised as a result of the impairment regulations pursuant to IFRS 9.

The provision for phased retirement is established for obligations resulting from partial retirement agreements.

Provisions for economic loss due to liability risks are offset by claims for reimbursement from liability insurance policies with a value of € 275 thsd (previous year: € 573 thsd).

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

The provisions classed as short-term are likely to be utilised within the next financial year. Payments for long-term provisions are essentially likely to be incurred within the next 2 to 45 years.

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

All figures in €'000	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL - not impaired)	Stage 3 (lifetime ECL - impaired credits)	Total
As of Jan. 1, 2021	**283**	**341**	**29**	**653**
Transfer to Stage 1	10	-10	0	-
Transfer to Stage 2	-12	12	0	-
Transfer to Stage 3	-0	-1	1	-
Allocation	233	368	183	783
of which newly acquired or issued financial assets	161	216	-	377
of which existing business	72	151	183	406
Disposals	-142	-268	-28	-438
of which usage/consumption	-	-	-	-
of which reversals	-142	-268	-28	-438
As of Dec. 31, 2021	**371**	**442**	**185**	**998**

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

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

32 Liabilities due to banking business

This summary includes the balance sheet items Liabilities due to clients in the banking business and Liabilities due to banks in the banking business.

All figures in €'000			Dec. 31, 2021			Dec. 31, 2020
	Current	Non-current	Total	Current	Non-current	Total
Liabilities due to clients	2,506,834	9,264	2,516,098	2,265,389	6,529	2,271,919
Liabilities due to banks	6,913	122,375	129,288	3,913	103,557	107,471
Total	**2,513,747**	**131,639**	**2,645,386**	**2,269,303**	**110,086**	**2,379,389**

The change in liabilities due to banking business is essentially attributable to the increase in short-term client deposits in current accounts.

As of December 31, 2021, liabilities due to clients from savings deposits with an agreed notice period of three months amounted to € 28,211 thsd (previous year: € 22,357 thsd).

The liabilities due to clients or due to other banks do not comprise any large individual items.

Further information on liabilities due to banking business is disclosed in Notes 37 and 38.

33 Other liabilities

All figures in €'000	Dec. 31, 2021			Dec. 31, 2020		
	Current	Non-current	Total	Current	Non-current	Total
Liabilities due to MLP consultants and branch office managers	62,177	15,798	77,975	49,352	17,695	67,047
Trade accounts payable	64,537	-	64,537	33,760	-	33,760
Liabilities due to banks	5,539	56,537	62,076	3,244	5,007	8,251
Leasing liabilities	12,543	43,644	56,187	10,473	40,684	51,157
Personnel-related liabilities	33,086	3,091	36,177	32,858	-	32,858
Liabilities due to underwriting business	30,270	-	30,270	28,056	-	28,056
Purchase price liabilities	2,452	-	2,452	-	19,063	19,063
Liabilities due to other taxes	7,883	-	7,883	9,243	-	9,243
Contract liabilities	421	-	421	-	-	-
Liabilities due to social security contributions	47	-	47	7	-	7
Other liabilities	25,143	7,125	32,268	13,771	2,510	16,281
Total	**244,098**	**126,195**	**370,292**	**180,763**	**84,959**	**265,722**

Liabilities due to MLP consultants and branch office managers represent unsettled and future commission claims. Usually they are non-interest-bearing and due on the 15th of the month following the settlement with the insurance company.

Leasing liabilities of € 56,187 thsd (previous year: € 51,157 thsd) include liabilities for lease payments on real estate of € 53,452 thsd (previous year: € 49,184 thsd), liabilities for lease payments on vehicles of € 2,348 thsd (previous year: € 1,973 thsd) and liabilities for lease payments for operating and office equipment of € 387 thsd (previous year: € 0 thsd). The total outflow of cash and cash equivalents for leases was € 12,950 thsd in the financial year 2021 (previous year: € 12,036 thsd)

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

Due to the period with relevance to the purchase price, the variable purchase price liability in connection with the acquisition of the DI Group was adjusted in the financial year 2021. This resulted in the recognition of other income. The purchase price liabilities as of December 31, 2021 comprise the variable purchase price liability resulting from the acquisition of Limmat Wealth AG of € 1,452 thsd, as well as the fixed purchase price liability resulting from the acquisition of the Jahn Group of € 1,000 thsd. For further details, please refer to Note 37.

Other liabilities essentially comprise deferred obligations of € 15,535 thsd (previous year: € 6,755 thsd), deferred income of € 7,114 thsd (previous year: € 4,114 thsd) and commissions withheld from MLP consultants for cancellations of € 2,655 thsd (previous year: € 2,359 thsd). Commissions withheld are charged with interest. Their term is mainly indefinite.

MLP has agreed-upon and non-utilised lines of credit amounting to € 160,562 thsd (previous year: € 160,029 thsd).

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

Notes to the consolidated statement of cash flow

34 Notes to the statement of cash flow

Changes in liabilities from financing activities

The liabilities from financing activities essentially comprise the long-term liabilities from the assumption/repayment of financing loans of € 58,221 thsd (previous year: € 5,007 thsd), as well as from leasing liabilities of € 56,187 thsd (previous year: € 51,157 thsd). The change in liabilities from the assumption/repayment of financing loans of € 53,214 thsd contains cash-relevant assumptions less repayments of € 52,120 thsd and non-cash interest of € 1,094 thsd. The change in leasing liabilities of € 5,030 thsd contains cash-relevant repayments of leasing liabilities of € -12,950 thsd, as well as other changes resulting from new leases and interest rate effects of € 17,980 thsd.

Cash and cash equivalents with a term to maturity of not more than three months are recorded under cash and cash equivalents. Cash equivalents are short-term financial assets which can be converted into cash at any time and which are only subject to minor value fluctuation risks.

Cash and cash equivalents

All figures in €'000	Dec. 31, 2021	Dec. 31, 2020
Cash and cash equivalents	1,377,807	859,041
Liabilities to banks due on demand (excluding the banking business)	-3,854	-3,244
Cash and cash equivalents	1,373,953	855,797

Receivables of MLP Banking AG due from banks are included in cash and cash equivalents, insofar as they are separable as own-account investing activities. Inseparable elements are allocated to the operating business of the Banking business segment and therefore to cash flow from operating activities. All deposits at the Deutsche Bundesbank are disclosed under cash and cash equivalents.

35 Share-based payment

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).

All figures in €'000	Tranche 2008	Tranche 2009	Tranche 2010	Tranche 2011	Total
Holdings as of Jan. 1, 2021 (units)	**-**	**83,940**	**58,916**	**90,527**	**233,383**
SARs expired in 2021 (units)			-1,274	-1,552	-2,826
Paid out in 2021 (units)	-	-83,940			-83,940
Holdings as of Dec. 31, 2021 (units)	**-**	**-**	**57,642**	**88,975**	**146,617**
Expenses recognised in 2021 (€'000)	-	649	397	859	1,905
Income recognised in 2021 (€'000)	-	-31	-5	-2	-39
	-	618	392	857	1,867
Expenses recognised in 2020 (€'000)	327	75	70	70	542
Income recognised in 2020 (€'000)	-26	-1	-4	-5	-36
	301	**73**	**66**	**66**	**506**
Provision as of Dec. 31, 2020 (€'000)	-	823	1,084	1,174	3,081
Provision as of Dec. 31, 2021 (€'000)	-	-	1,469	2,010	3,479

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 SE share, the number of SARs issued and the length of the remaining vesting period.

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

Assuming all eligibility requirements are met, those MLP consultants entitled to participate are each granted a number of bonus shares, determined pursuant to the provisions of the 2020 participation programme (taking into account income tax effects where applicable). This number is calculated by dividing the "2020 bonus amount" by the average closing price of the MLP SE share. The "2020 bonus amount" is calculated on the basis of the MLP consultant's annual commission, as well as various performance factors. The key average closing auction price used for determining the number of bonus shares to be awarded is the arithmetic mean of the closing auction prices of the MLP SE share in XETRA trading on the Frankfurt Stock Exchange (or a comparable successor system that replaces XETRA) in the reference period comprising all trading days on the Frankfurt Stock Exchange from the start of January up to and including the end of February 2021. In the financial year, 531,138 shares were issued (previous year: 557,886).An expense of € 3,719 thsd (previous year: € 3,191 thsd) was recognised for the 2021 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 operating in different lines of business, MLP is exposed to a variety of legal risks. These include, in particular, risks in the fields of warranty, taxes and litigation. The outcome of currently pending or future legal actions cannot be forecast with any degree of certainty and it follows that expenses could be incurred as a result of unexpected decisions, which has not been fully covered by loan loss provisions or insurance policies and which is liable to have a material impact on the business and its results. In MLP's opinion, decisions producing a major negative effect on the net assets, financial position and results of operations at the Group's expense are not anticipated with regard to the currently pending legal actions.

Reinsurance has been arranged for benefit obligations for branch office managers. Final liability for the benefit obligation lies with MLP in accordance with § 1 (1) Sentence 3 of the German Company Pension Law (BetrAVG). MLP does not currently anticipate any financial consequences as a result of this.

MLP Banking AG is a member in the depositors' guarantee fund of the Association of German Banks (BdB e.V.), Berlin, and in the Compensation Scheme of German Banks (EdB GmbH), also in Berlin. Obligations to make additional payments could potentially arise from the allocation obligation here.

On the balance sheet date, there are € 2,838 thsd (previous year: € 5,356 thsd) in contingent liabilities on account of sureties and warranties (face value of the obligation) and irrevocable credit commitments (contingent liabilities) of € 144,452 thsd (previous year: € 67,662 thsd). In terms of sureties and warranties, any utilisation remains unlikely as in the past. The irrevocable credit commitments are generally utilised. In addition to this, MLP has committed to taking over the properties in question itself if necessary as part of the real estate sales process. However, no significant outflow of cash and cash equivalents is anticipated in this regard.

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

All figures in €'000	Up to 1 year	1 – 5 years	>5 years	Total
Outsourcing IT technology	22,425	33,563	-	55,988
Project development for ongoing building projects	19,278	-	-	19,278
Licence contracts	19,271	39,371	8,972	67,614
Land purchases contracted under a condition precedent	4,552	569	-	5,121
Other obligations	6,148	3,737	258	10,143
Purchase commitments	1,843	-	-	1,843
Total	**73,517**	**77,240**	**9,230**	**159,987**

As of December 31, 2020, other financial commitments were as follows:

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

Lease contracts concluded in the financial year 2021 which were not included in the leasing liability as of December 31, 2021, as the lease only commences in the following year, will lead to future outflows of cash and cash equivalents of € 502 thsd (previous year: € 209 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.

							Dec. 31, 2021
	Carrying amount	Fair value					No financial instruments according to IFRS 9
All figures in €'000		Carrying amount corresponds to fair value	Stage 1	Stage 2	Stage 3	Total	
Financial assets at fair value through profit or loss (FVPL)	**23,515**	**1,394**	**6,333**	**10,057**	**5,731**	**23,515**	**8,208**
Financial assets (structured bonds)	10,057	-	-	10,057	-	10,057	-
Financial assets (investment fund shares)	9,579	-	6,333	-	3,247	9,579	-
Investments	3,878	1,394	-	-	2,485	3,878	-
Investments in non-consolidated subsidiaries	-	-	-	-	-	-	5,391
Shares in associates (not at equity)*	-	-	-	-	-	-	2,817
Financial assets measured at amortised cost (AC)	**3,207,677**	**1,896,564**	**53,109**	**416,505**	**873,511**	**3,239,689**	**35,209**
Receivables from banking business – clients	961,402	121,000	-	-	873,511	994,511	-
Receivables from banking business – banks	478,263	106,189	-	370,839	-	477,028	-
Financial assets (fixed and time deposits)	54,890	54,890	-	-	-	54,890	-
Financial assets (loans)	9,998	9,998	-	-	-	9,998	-
Financial assets (bonds)	98,637	-	53,109	45,666	-	98,776	-
Other receivables and assets	226,680	226,680	-	-	-	226,680	35,209
Cash and cash equivalents	1,377,807	1,377,807	-	-	-	1,377,807	-
Financial liabilities measured at fair value	**2,452**	**-**	**-**	**-**	**2,452**	**2,452**	**-**
Other liabilities	2,452	-	-	-	2,452	2,452	-
Financial liabilities measured at amortised cost	**2,947,116**	**2,800,200**	**-**	**161,248**	**-**	**2,961,448**	**66,111**
Liabilities due to banking business – clients	2,516,098	2,494,812	-	37,737	-	2,532,549	-
Liabilities due to banking business – banks	129,288	3,658	-	123,511	-	127,169	-
Other liabilities	301,730	301,730	-	-	-	301,730	66,111
Sureties and warranties*	**2,838**	**2,838**	**-**	**-**	**-**	**2,838**	**2,838**
Irrevocable credit commitments *	**144,452**	**144,452**	**-**	**-**	**-**	**144,452**	**144,452**

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

	Carrying amount	Fair value					Dec. 31, 2020 No financial instruments according to IFRS 9
All figures in €'000		Carrying amount corresponds to fair value	Stage 1	Stage 2	Stage 3	Total	
Financial assets at fair value through profit or loss (FVPL)	**17,191**	**1,816**	**5,320**	**10,056**	**-**	**17,191**	**8,633**
Financial assets (structured bonds)	10,056	-	-	10,056	-	10,056	-
Financial assets (investment fund shares)	7,084	1,764	5,320	-	-	7,084	-
Investments	51	51	-	-	-	51	-
Investments in non-consolidated subsidiaries	-	-	-	-	-	-	7,973
Shares in associates (not at equity)*	-	-	-	-	-	-	660
Financial assets measured at amortised cost (AC)	**2,822,587**	**1,316,016**	**54,889**	**684,939**	**815,715**	**2,871,559**	**40,121**
Receivables from banking business – clients	880,649	113,767	-	-	815,715	929,482	-
Receivables from banking business – banks	751,466	113,626	-	637,336	-	750,962	-
Financial assets (fixed and time deposits)	59,951	59,951	-	-	-	59,951	-
Financial assets (loans)	9,998	9,998	-	-	-	9,989	-
Financial assets (bonds)	101,849	-	54,889	47,603	-	102,493	-
Other receivables and assets	159,632	159,632	-	-	-	159,632	40,121
Cash and cash equivalents	859,041	859,041	-	-	-	859,041	-
Financial liabilities measured at amortised cost	**2,586,665**	**2,440,878**	**-**	**138,214**	**-**	**2,579,092**	**58,447**
Liabilities due to banking business – clients	2,271,919	2,232,221	-	29,306	-	2,261,527	-
Liabilities due to banking business – banks	107,471	1,382	-	108,908	-	110,290	-
Other liabilities	207,275	207,275	-	-	-	207,275	58,447
Sureties and warranties	**5,356**	**5,356**	**-**	**-**	**-**	**5,356**	**5,356**
Irrevocable credit commitments	**67,662**	**67,662**	**-**	**-**	**-**	**67,662**	**67,662**

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

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. Insofar as fair values for investments in companies cannot be reliably determined, they are measured at their cost of acquisition 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.

On the reporting date, MLP held financial guarantees valued pursuant to IFRS 9 in the form of sureties and warranties of € 2,688 thsd (previous year: € 3,535 thsd).These financial guarantees are measured on the basis of the impairment provisions defined in IFRS 9. Impairments of € 88 thsd (previous year: € 125 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 shares in private equity companies that are disclosed under financial investments and holdings, the fair value is determined on the basis of the so-called net asset values of the respective investments as at the balance sheet date, which are determined and provided by the capital and fund management companies. For private equity companies with variable returns, the measurement is performed in line with the International Private Equity and Venture Capital (IPEV) Valuation Guidelines under the assumption of a full liquidation hypothesis.

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).
Variable purchase price refund in connection with the acquisition of the RVM Group	Calculated on the basis of contractual agreements	• Business performance of RVM, on the basis of 2022 composite revenue	The purchase price refund can develop as follows: • If the 2022 composite revenue is 90 % higher than that of 2019, there is no repayment claim. • If the 2022 composite revenue is 90 % lower than that of 2019 composite, there is a repayment claim of € 11,200 thsd.
Variable purchase price liability resulting from the acquisition of Limmat Wealth AG	Calculated on the basis of contractual agreements	• Growth in sales revenue as of December 31, 2023	The purchase price liability can develop as follows: • With growth in sales revenue < 23 %, the fair value is zero • 23 % to 30 % maximum € 1,000 thsd • With growth in sales revenue >30 %, the maximum fair value is € 1,452 thsd
Determining the fair value of private equity investments with variable returns	As per the IPEV Valuation Guidelines, measurement is performed at the net asset value under the assumption of a full liquidation hypothesis.	Net asset values of the respective investments	Direct correlation between change in net asset value and fair value
Determining the fair value of private equity investments	Measurement at the pro rata net asset value	Net asset values of the respective investments	Direct correlation between change in net asset value and fair value

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	**2021**	**2020**
Assets measured at amortised cost	9,428	12,378
Assets measured at fair value	8,054	1,870
Liabilities measured at amortised cost	-2,439	-3,304
Liabilities measured at fair value	3,967	-

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 € 12,852 thsd (previous year: € 15,149 thsd) and interest expenses of € 2,524 thsd (previous year: € 3,304 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), 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 37.

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

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

Total cash flow (principal and interest) in €'000 as of Dec. 31, 2021	**Dec. 31, 2021**	**Dec. 31, 2020**
Financial liabilities	2,962,952	2,584,917
Liabilities due to banking business – clients	2,504,076	2,261,824
Liabilities due to banking business – banks	129,288	107,471
Other liabilities	273,401	162,525
Leasing liabilities	56,187	53,098
Financial guarantees and credit commitments	147,290	73,018
Sureties and warranties	2,838	5,356
Irrevocable credit commitments	144,452	67,662
Total	**3,110,242**	**2,657,935**

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

The Executive Board and Supervisory Board have 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 shareholders on its website at https://mlp-se.com/investors/corporate-governance/declaration-of-compliance/ and in the corporate governance report included in this Annual Report.

40 Related parties

MLP has identified the persons listed in the following as management in key positions:

Executive Board	Mandates in other statutory Supervisory Boards of companies based in Germany	Memberships in comparable domestic and foreign supervisory 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. Höhe (Chairman) • MLP Finanzberatung SE, Wiesloch (since January 1, 2022) (Chairman since January 12, 2022)	–
Reinhard Loose, Berlin Responsible for Compliance, Controlling, Internal Audit, IT, Human Resources, Accounting, Legal Affairs, Risk Management	• DOMCURA Aktiengesellschaft, Kiel • DI DEUTSCHLAND.Immobilien AG, Hannover	–
Manfred Bauer, Leimen Responsible for Product Purchasing and Product Management, Services	• DOMCURA Aktiengesellschaft, Kiel (Chairman) • DI DEUTSCHLAND.Immobilien AG, Hannover (Chairman)	• 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 supervisory 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, Hanover (until June 1, 2021) • MLP Banking AG, Wiesloch (Chairman) • MLP Finanzberatung SE, Wiesloch (Chairman) (until December 31, 2021)	–
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-Unterstützungskasse kraftfahrender Beamter Deutschlands a. G., Coburg • HUK-COBURG-Allgemeine Versicherung AG, Coburg • HUK-COBURG Lebensversicherung AG, Coburg • HUK-COBURG Krankenversicherung AG, Coburg	• CONVEX Group Ltd., Hamilton, Bermuda (Independent Non-Executive Director) • CONVEX Re Ltd., Hamilton, Bermuda (Independent Non-Executive Director) • CONVEX Insurance UK Ltd, London, UK (Independent Non-Executive Director) • CONVEX Europe SE, Luxembourg (Chairman) (since September 1, 2021)
Tina Müller, Chief Executive Officer (CEO) at Douglas GmbH, Düsseldorf	–	• The Nu Company GmbH, Leipzig (Member of the Advisory Board) (since September 1, 2021)
Matthias Lautenschläger, Heidelberg Managing Partner at USC Heidelberg Spielbetrieb GmbH, Heidelberg Managing Partner at LEC Capital GmbH, Heidelberg	• wob AG, Viernheim • PREIG AG, Berlin (since June 4, 2021)	–
Monika Stumpf, Schriesheim Employees' representative (since January 1, 2021) Employee of MLP Finanzberatung SE, Wiesloch Deputy Chairperson of the Works Council at MLP SE and MLP Finanzberatung SE, Wiesloch	• MLP Finanzberatung SE, Wiesloch (Employees' representative) (since January 1, 2021)	–
Alexander Beer, Karlsruhe Employees' representative Employee of MLP Banking AG, Wiesloch	–	–

Related persons

Within the scope of the ordinary business, legal transactions were made between individual Group companies and members of the Executive Board and the Supervisory Board of MLP SE in line with market conditions.

There were no significant changes in comparison with December 31, 2020.

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 of MLP SE as well as related parties. The legal transactions are deposits received of € 8,058 thsd (previous year: € 6,243 thsd).The legal transactions were completed under standard market or employee conditions.

As of December 31, 2021, members of the Executive Bodies had current account credit lines, surety loans and loans totalling € 3,003 thsd (previous year: € 582 thsd). Surety loans are charged an interest rate of 1.0 % (previous year: 1.0 %), current account debits 6.25 % to 8.5 % (previous year: 6.25 % to 8.50 %) and loans 0.90 %.

The total compensation for members of the Executive Board active on the reporting date is made up of

- regular pay including fixed and variable components € 2,186 thsd (previous year: € 2,061 thsd);
- post-employment benefits € 751 thsd (previous year: € 624 thsd);
- other long-term benefits € 921 thsd (previous year: € 803 thsd).

In the financial year no members retired from the Executive Board. As of December 31, 2021, pension provisions of € 19,476 (previous year: € 20,290 thsd) were in place for former members of the Executive Board.

The members of the Supervisory Board received non-performance-linked compensation of € 572 thsd for their activities in 2021 (previous year: € 500 thsd). In addition, € 13 thsd (previous year: € 15 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 of MLP SE, please refer to the compensation report in the joint management report of MLP SE.

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 2021

All figures in €'000	Receivables	Liabilities	Income	Expenses
MLP Hyp GmbH, Wiesloch (associate)	3,257	71	20,161	1,050
Uniwunder GmbH, Dresden	-	190	303	5,504
FPE Private Equity Beteiligungs-Treuhand GmbH, Munich	1	-	61	-
FPE Private Equity Koordinations GmbH, Munich	-	-	40	-
FERI Private Equity GmbH & Co. KG, Munich	-	-	-	6
FERI Private Equity Nr. 2 GmbH & Co. KG, Munich	-	-	-	5
DIEASS GmbH, Kiel	-	14	11	14
innoAssekuranz GmbH, Kiel	101	-	1,299	-
DIFA Research GmbH, Berlin	1	640	5	646
WD Wohnungsverwaltung Deutschland GmbH, Hannover	198	-	7	-
Projekt Deutschland.Immobilien Tengen GmbH, Saarbrücken	446	360	2	-
Convivo Wohnparks Deutschland.Immobilien Wittmund GmbH & Co. KG, Hannover	29	-	0	-
Projekte Deutschland.Immobilien Bad Goegging GmbH, Neustadt a.d. Donau	12,136	-	446	-
30. Projekte Deutschland.Immobilien GmbH, Hanover	2,067	-	138	-
Grundstücksgesellschaft Berlin Methfesselstraße 29/31 GmbH & Co. KG, Berlin	1,517	-	155	-
Limmat Wealth AG, Zurich	12	-	-	-
Achte Projekte 2 Deutschland.Immobilien GmbH, Hanover	138	-	-	-
BIG Versicherungsmakler GmbH, Mannheim	-	-	114	-
Vetter Versicherungsmakler GmbH, Ulm	-	-	45	-
Allkuranz Versicherungsmakler GmbH & Co. KG, Münster	-	-	20	-
CP 135. Grundstücks GmbH & Co. KG, Bremen	44	-	44	-
Total	**19,946**	**1,275**	**22,852**	**7,225**

Related companies 2020

All figures in €'000	Receivables	Liabilities	Income	Expenses
MLP Assekuranzmakler Holding GmbH, Wiesloch	-	-	3	-
MLP Hyp GmbH, Wiesloch (associate)	2,769	4	17,236	346
Uniwunder GmbH, Dresden	-	548	104	4,971
FERI (Schweiz) AG, Zurich	10	213	114	789
FPE Private Equity Beteiligungs-Treuhand GmbH, Munich	1	-	61	2
FPE Private Equity Koordinations GmbH, Munich	-	-	40	-
FERI Private Equity GmbH & Co. KG, Munich	-	-	-	6
FERI Private Equity Nr. 2 GmbH & Co. KG, Munich	-	-	-	5
DIEASS GmbH, Kiel	-	14	11	14
innoAssekuranz GmbH, Kiel	-	54	578	-
DIFA Research GmbH, Berlin	-	716	1	-
WD Wohnungsverwaltung Deutschland GmbH, Hannover	138	-	41	-
Projekt Deutschland.Immobilien Tengen GmbH, Saarbrücken	1	-	1	-
Convivo Wohnparks Deutschland.Immobilien Wittmund GmbH & Co. KG, Hannover	30	1	3.153	-
Projekte Deutschland.Immobilien Bad Goegging GmbH, Neustadt a.d. Donau	3.374	-	284	-
30. Projekte Deutschland.Immobilien GmbH, Hanover	1,835	0	143	-
Total	8,158	1,550	21,771	6,133

41 Auditor's fees

The total fees for services performed by the auditing firm BDO AG Wirtschaftsprüfungsgesellschaft in the financial year 2021 (2020 KPMG AG Wirtschaftsprüfungsgesellschaft) (including expenses, but excluding statutory value added tax) are as follows:

All figures in €'000	2021	2020
Audit services	682	655
Other audit-related services	0	182
Other services	0	14
Total	**682**	**851**

The item Audit services contains the fees 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.

42 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, MLP has 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, FEREAL 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) retention of a portion of the earnings (III) making transfers to the statutory reserve to strengthen Tier 1 common capital.

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

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).

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 % (previous year: 10.5 %) eligible own funds (equity ratio).

As in the previous year, the backing of risk assets with eligible own funds for Tier 1 common capital requires a minimum ratio of 4.5 % and a total capital ratio of 8 % throughout. Core capital backing is also required for the additional regulatory capital buffer requirements of 2.5 % (previous year: 2.5 %).

As in the previous year, MLP has fulfilled all legal requirements relating to the minimum core capital backing during the financial year 2021. The relationship between core capital requirement and core capital as of the reporting deadline is illustrated below.

All figures in €'000	2021	2020
Tier 1 common capital	**276,113**	**261,741***
Tier 1 additional capital	**-**	**-**
Tier 2 capital	-	-
Eligible own funds	**276,113**	**261,741***
Capital adequacy requirements for counterparty default risks	**104,442**	**89,784***
Capital adequacy requirements for operational risk	**18,777**	**23,477**
Core capital ratio (at least 10.5 %) (at least 8 % + 2.5 % capital conservation buffer)	**17.93**	**18.49***
Tier 1 common capital ratio (at least 4.5 %)	**17.93**	**18.49***

* Adjusted values

According to the German Central Bank, the European Banking Authority (EBA) has lifted the provisional suspension of the application of Q&A 2018 4085 from May 2020 for reporting deadlines after December 31, 2021. Due to the new legal/supervisory requirements resulting from this, MLP is deviating from previous years in the sense that it is disclosing the following figures as at the reporting date of December 31, 2021 without net profit for the financial year and not, as was the case on the past, including net profit for the financial year. The previous year's values have also been adjusted to offer a comparison.

43 Number of employees

The average number of staff employed at the MLP Group increased from 1,850 in the financial year 2020 to 2,058 in the financial year 2021.

	2021			2020		
		of which executive employees	of which marginal part-time employees		of which executive employees	of which marginal part-time employees
Financial Consulting	1,132	33	24	1,097	32	25
Banking	201	6	2	193	6	2
FERI	235	8	32	221	9	29
DOMCURA	304	11	23	293	9	20
Industrial Broker	132	6	7	-	-	-
Holding & Others	55	1	5	46	1	4
Total	**2,058**	**65**	**93**	**1,850**	**57**	**80**

An average of 107 people (previous year: 91) underwent vocational training in the financial year.

44 Events after the balance sheet date

On February 2, 2022, DOMCURA Aktiengesellschaft concluded a share purchase agreement with Bayerische Prokunde AG, Munich, based on which asspario Versicherungsdienst AG, Bad Kreuznach, will in future be managed as a joint affiliated company. As per the purchase object of the agreement, DOMCURA Aktiengesellschaft acquired 51 % of the shares in asspario Versicherungsdienst AG previously held by Bayerische Prokunde AG in asspario Versicherungsdienst AG. The agreement was executed on February 10, 2022. As such, DOMCURA Aktiengesellschaft now holds 51 % of the shares in asspario Versicherungsdienst AG.

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

45 Release of consolidated financial statements

The Executive Board prepared the consolidated financial statements on March 18, 2022 and will present them to the Supervisory Board on March 23, 2022 for publication.

Wiesloch, March 18, 2022

MLP SE

Executive Board

Dr. Uwe Schroeder-Wildberg

Manfred Bauer

Reinhard Loose

46 Responsibility statement

"To the best of our knowledge and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the company, and the joint management report gives a fair view of the performance of the business including business results and the overall position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company."

Wiesloch, March 18, 2022

MLP SE

Executive Board

Dr. Uwe Schroeder-Wildberg

Manfred Bauer

Reinhard Loose

Independent Auditor's report

To MLP SE, Wiesloch

Report on the audit of the consolidated financial statements and of the joint management report

Opinions

We have audited the consolidated financial statements of MLP SE, Wiesloch, and its subsidiaries (the Group), which comprise the consolidated balance sheet as of December 31, 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from January 1, 2021 to December 31, 2021 as well as the notes to the consolidated financial statements, including a summary of significant accounting policies.

In addition, we have audited the joint management report (report on the situation of the Company and of the Group) of MLP SE for the financial year from January 1, 2021 to December 31, 2021. In accordance with the German legal requirements, we have not audited the content of the components of the joint management report referred to under "Other Information".

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB), and in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of December 31, 2021, and of its financial performance for the financial year from January 1, 2021 to December 31, 2021, and the accompanying joint management report as a whole provides an appropriate view of the Group's position. In all material respects, this joint management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the joint management report does not cover the content of the components of the joint management report referred to under "Other information".

Pursuant to Section 322 (3) Sentence 1 of the German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the joint management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the joint management report in accordance with Section 317 of the German Commercial Code (HGB) and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW). Our responsibilities under those requirements and principles are further described in the section "Auditor's responsibilities for the audit of the consolidated financial statements and of the joint management report" of our auditor's report. We are independent of the Group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements.

In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the joint management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from January 1, 2021 to December 31, 2021. These audit matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

We have identified the following matters as key audit matters:

1. Recoverability of goodwill
2. Realisation of commission income
3. Consolidation of project enterprises

Recoverability of goodwill

Audit matter

Goodwill of EUR 138.8 million is disclosed in the consolidated financial statements of MLP SE under the "Intangible assets" balance sheet item. This figure represents 3.8 % of the consolidated balance sheet total. The goodwill was assigned to cash-generating units.

Cash-generating units with goodwill are subjected to an impairment test by the Company at least once a year, as well as whenever there are indications of an impairment. Measurement is based on a valuation model using the so-called discounted cash flow method. If the carrying amount of a cash-generating unit is higher than the recoverable amount, an impairment loss is recorded at the level of the difference between the two figures.

Assessment of the recoverability of investments and goodwill is complex and requires numerous estimates and discretionary decisions on the part of the legal representatives, above all with regard to the level of the future cash flow surpluses, the growth rate for forecasting the cash flow beyond the detailed planning period and the discount interest rate to be employed. Due to the significance of the level of goodwill for the consolidated financial statements of MLP SE and the considerable uncertainties associated with its valuation, it represents a particularly important audit matter.

The disclosures made by MLP SE regarding goodwill are provided in Note 7 "Accounting policies" and Note 22 "Intangible assets" of the notes to the consolidated financial statements.

Audit approach

Within the scope of our audit, we assessed the appropriateness of the valuation method applied and of the key measurement assumptions for deriving the recoverable amount, as well as correct and continuous application of the valuation method, for which we incorporated our own valuation specialists.

To this end, we acquired an understanding of both the planning system and the planning process employed and can confirm its appropriateness. We checked the forecast of future cash flow surpluses for the financial year 2022 against the corporate planning drafted by the legal representatives and approved by the Supervisory Board. We discussed significant assumptions used in the planning with the legal representatives, as well as further persons responsible for planning. We confirmed the company's planning history based on an analysis of plan/actual deviations in the past and in the current financial year. We gained an understanding of the assumptions on which the planning is based and the growth rates assumed for the perpetual annuity prognosis by comparing them with past developments and current sector-specific market expectations. In addition to this, we critically scrutinised the discount interest rates used on the basis of the average capital costs of a peer group. Our audit also encompassed the sensitivity analyses performed by MLP SE. We also performed our own sensitivity analyses with regard to the effects of possible changes in capital costs and the growth rates assumed. In addition to this, we confirmed the completeness and correctness of the notes on the recoverability of investments and goodwill.

Realisation of commission income

Audit matter

Revenue of EUR 907.3 million is disclosed in the consolidated financial statements of MLP SE for the period from January 1, 2021 to December 31, 2021. Alongside interest income of EUR 12.7 million and revenue from real estate development of EUR 17.9 million, this figure also includes commission income of EUR 876.7 million. The range and level of commission income is largely taken from the notifications/statements of numerous insurance companies, fund companies, real estate developers and other external parties. The approach for reporting contractual data to the Group varies significantly between the various insurance companies, which leads to a complex handling process with various interfaces. The recognition of revenue is then performed either with reference to a point in time or a time period, depending on the respective contract arrangement and the pattern of receipt of the benefit of services provided to clients. The Group recognises revenue from pure brokerage services at a point in time, while revenue for services (particularly for sustainable services such as portfolio management, fund management) is recorded over a time period. In the case of time period-based services, manual commission accruals are performed as at the balance sheet date.

In the case of premature loss of brokered insurance contracts, the commission that has been earned must be refunded in part (lapse risk). In this respect, there is a variable transaction price, whose level is estimated on the basis of statistical empirical values for the risk of termination and death.

The materiality of commission income for presenting the results of operations in the consolidated financial statements, the complexity of the handling process, as well as the estimation uncertainties in terms of the level of commission income, represent a particularly important audit matter.

The disclosures of MLP SE on the realisation of commission income are presented in Note 7 "Accounting policies" and Note 9 "Revenue" of the notes to the consolidated financial statements.

Audit approach

Within the scope of our audit, we used a test of design to gain extensive understanding of the processes and the internal control/monitoring system with regard to ensuring the existence and level of commission income and assessed the related control/monitoring measures to ensure their appropriateness and actual implementation. To this end, we analysed the process documentation and corresponding records, and also conducted surveys with employees from Commission Settlement and Accounting. At significant Group companies we then reviewed the effectiveness of selected control/monitoring measures for determining and ensuring the existence and the correct level of commission income, using performance tests.

In addition to this, we gained an understanding of the development of commission income over time on the basis of our analytical audit procedures within the scope of the statement-based audit procedures. In this regard, we formed our own expected values, set out limits for acceptable deviations and checked whether the recognised commission income in the reporting year is within a tolerable bandwidth - in particular on the basis of year-on-year comparisons and ratios. In addition to this, we collected a random sample of external confirmations for individual commission statements from insurance companies. We also took random samples and compared individual revenue transactions with the underlying invoicing data, as well as incoming payments. In the cases in which no commission statements from insurance companies were yet available at the time of preparing the consolidated financial statements, we confirmed the manual accrual postings for a conscious selection of transactions as at the balance sheet date.

We gained an understanding of how provisions for cancellation risks are calculated and the corresponding level of commission income is adjusted. We also assessed the relevant calculation parameters, in particular the cancellation rate applied, in terms of their appropriateness and compared them with information made available by the insurance companies.

Consolidation of project enterprises

Audit matter

In December 2021, an indirect subsidiary of MLP SE, Projekte Deutschland.Immobilien GmbH that is based in Hannover (referred to simply as "the vendor" in the following) drafted and had notarised share transfer and purchase agreements with two acquirers to transfer the majority of its shares (89 %, 89.9 % and in one case 100 %) to eight project enterprises, whose construction projects were not yet completed. Alongside the notarised purchase agreements, further agreements with relevance in terms of the opportunity to exert influence on business activities, yet also the distribution of opportunities and risks resulting from continuation of the construction projects, were concluded with the acquirers. Pursuant to the holistic overall assessment as per IFRS 10, a decision was to be made on the balance sheet date as to whether the material transfer of the shares to the project enterprises represented a deconsolidation or whether MLP SE continues to exert a controlling influence on the project enterprises, meaning that the companies would still need to be consolidated.

Deconsolidation would have a significant impact on Group net profit and would also involve an adjustment of the assessment basis for the purchase price liability resulting from the acquisition of the majority of shares in DI Deutschland.Immobilien AG and its subsidiaries in 2019 that is in place with the vendor, who continues to hold a position on the Executive Board at DI Deutschland.Immobilien AG.

Following final assessment by the Executive Board at MLP SE, the project enterprises continue to be incorporated in the consolidated financial statements by way of full consolidation. Due to the significance of a deconsolidation for the consolidated financial statements of MLP SE, as well as the purchase price liability to the vendor of DI Deutschland.Immobilien AG and the significant discretion exercised by the Executive Board at MLP SE in the context of interpreting the consolidation criteria of IFRS 10, this represents a particularly important audit matter.

The disclosures of MLP SE on exercising discretion and the assumptions with regard to the control and consolidation of companies in which MLP SE holds fewer than half of the voting rights are presented in Note 4 "Scope of consolidation, as well as shares in associates and disclosures on non-consolidated structured entities" of the notes to the consolidated financial statements.

Audit approach

We examined the contract documents and further written correspondence in connection with the sale of the majority of shares in the project enterprises by Projekte Deutschland.Immobilien GmbH and consulted the legal representatives of the vendor, as well as the Chief Financial Officer at MLP SE regarding the sale of shares. Having gained an understanding of the transactions concluded, we performed a comprehensive legal assessment, incorporating our internal specialists in the field of company and contract law. Our legal assessment also focused on statements made by the legal department at MLP SE, as well as the external lawyers commissioned by MLP SE.

Based on this, we undertook a comprehensive audit of all contract documents and agreements of the parties, and investigated whether the control of the project enterprises in the sense of IFRS 10 had been transferred to the acquirers. We examined the assessment of the vendor's legal representatives and of MLP SE here with regard to the relevant activities at the project enterprises, as well as the potential transfer of significant opportunities and risks to the acquirers. To this end, we focused in particular on assessing the further agreements reached (in addition to the notarised purchase contracts that had been concluded) with regard to the opportunity to exert influence on the business activities and the distribution of opportunities and risks. Finally, we then examined the presentation of the transactions in the consolidated financial statements of MLP SE in line with IFRS 10, as well as the necessity of an adjustment to the fair value of the financial liabilities resulting from the variable purchase price component pursuant to IFRS 3.58 (b).

In addition to this, we confirmed the completeness and correctness of the notes pursuant to IFRS 3 and 12.

Other information

The legal representatives or the Supervisory Board are responsible for the other information. Other information comprises:

- the separately drafted non-financial report pursuant to Section 289b (3) of the German Commercial Code (HGB) which is referred to in the management report and which will in all likelihood not be available to us until after the date of this audit opinion
- the Group's declaration of Corporate Governance, provided in the section "Corporate Governance Report – Declaration of Corporate Governance (Section 289f, Section 315d of the German Commercial Code (HGB)") in the Joint management report
- the non-management report disclosures listed in the joint management report and in the appendix to the audit opinion
- the remaining parts of the annual report, with the exception of the audited consolidated financial statements and the joint management report and our audit opinion

Our opinions on the consolidated financial statements and on the joint management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the joint management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Should we conclude on the basis of the work we have conducted that there is a material misstatement of this other information, we are obliged to report on this fact. We have nothing to report in this connection.

Responsibilities of the legal representatives and of the Supervisory Board for the consolidated financial statements and the joint management report

The legal representatives are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB) and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the legal representatives are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the legal representatives are responsible for the preparation of the joint management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the legal representatives are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a joint management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the joint management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the joint management report.

Auditor's responsibilities for the audit of the consolidated financial statements and for the audit of the joint management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and whether the joint management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, whether it complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the joint management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 of the German Commercial Code (HGB) and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this joint management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements and of the joint management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the joint management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of estimates made by the legal representatives and related disclosures.
- conclude on the appropriateness of the legal representatives use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the joint management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB).
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the joint management report. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our opinions.
- evaluate the consistency of the joint management report with the financial statements, its conformity with law, and the view of the company's position it provides.
- perform audit procedures on the prospective information presented by the legal representatives in the joint management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the legal representatives as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance, inter alia regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current reporting period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on assurance in accordance with Section 317 (3a) of the German Commercial Code (HGB) on electronic reproductions of the consolidated financial statements and the joint management report prepared for publication purposes.

Opinion

We have performed assurance work in accordance with Section 317 (3a) of the German Commercial Code (HGB) to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the joint management report (hereafter the "ESEF documents) contained in the file "MLP_SE_KA_2021.zip" (SHA256-Hash value: d8474080f460682e11afdb43f397aa71b943ed82c 4489e593fc3669ff2809549) and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) of the German Commercial Code (HGB) for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the joint management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the joint management report contained in the above-mentioned electronic file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) of the German Commercial Code (HGB) for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying joint management report for the financial year from January 1, 2021 to December 31, 2021 contained in the "report on the audit of the consolidated financial statements and the joint management report" above.

Basis for the opinion

We conducted our audit of the reproductions of the consolidated financial statements and the joint management report contained in the above-mentioned file in accordance with Section 317 (3a) of the German Commercial Code (HGB) and in compliance with the IDW Assurance Standard: Assurance in accordance with Section § 317 (3a) of the German Commercial Code (HGB) on the electronic reproduction of financial statements and management reports prepared for publication purposes (IDW AsS 410 (10.2021)). Accordingly, our responsibilities are further described in the section "Auditor’s responsibilities for the audit of the consolidated financial statements and of ESEF documents". Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Assurance applicable to German Auditing Practices (IDW QS 1).

Responsibilities of the legal representatives and of the Supervisory Board for the ESEF documents

The Company's legal representatives are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the joint management report in accordance with Section 328 (1) Sentence 4 No. 1 of the German Commercial Code (HGB) and for the tagging of the consolidated financial statements in accordance with Section 328 (1) Sentence 4 No. 2 of the German Commercial Code (HGB).

In addition, the Company's Management is responsible for the internal controls they consider necessary to enable the preparation of ESEF documents that are free from material – intentional or unintentional – non-compliance with the requirements of Section 328 (1) of the German Commercial Code (HGB) for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements and of ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material – intentional or unintentional – non-compliance with the requirements of Section 328 (1) of the German Commercial Code (HGB). We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material – intentional or unintentional – non-compliance with the requirements of Section 328 (1) of the German Commercial Code (HGB), design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- obtain an understanding of internal control relevant to the assurance of the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the electronic file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited joint management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction in accordance with Articles 4 and 6 of the Commission Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date.

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on June 24, 2021. We were engaged by the Chairman of the Supervisory Board on June 25, 2021. We have been the group auditor of MLP SE without interruption since the financial year 2021.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other matters – use of the auditor's report

Our auditor's report should always be read in conjunction with the audited consolidated financial statements and the audited joint management report as well as the audited ESEF documents. The consolidated financial statements and the joint management report converted to ESEF format – including the versions to be published in the Federal Gazette (Bundesanzeiger) – are merely electronic reproductions of the audited consolidated financial Statements and the audited joint management report and do not replace them. In particular, the ESEF report and our assurance opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

German public auditor responsible for the engagement

The German public auditor responsible for the engagement is Alexander Gebhardt.

Appendix to the audit opinion

Unaudited components of the joint management report

We did not audit the content of the following components of the joint management report:

- S. 1: The MLP Group – The partner for all financial matters

- S. 1: The MLP Group and its trademarks Deutschland.Immobilien, DOMCURA, FERI, MLP, RVM and TPC is the financial services provider for private, corporate and institutional clients. Special added value is created by networking the various perspectives and areas of expertise – enabling clients to reach better financial decisions.

- S. 1: An intensive transfer of knowledge and expertise takes place within the MLP Group

- S. 2: MLP places great emphasis on the use of objective and transparent criteria and the independence of our product partners when selecting partners and products.

- S.3: As the underwriting agency, DOMCURA AG offers comprehensive non-life insurance coverage concepts for private and freelance clients and has established business relations with all relevant insurance companies/risk carriers in the German market. In this market, it is the largest underwriting agency for private non-life insurance.

- S. 4: MLP Finanzberatung SE is a leading German financial services provider that operates as a broker. As such, it is independent of product interests and can focus fully on clients and their needs.

- S 4: By adopting this approach, we enable our clients to reach better financial decisions.

- "Compensation system for the Executive Board at MLP SE"

Frankfurt am Main, March 21, 2022

BDO AG
Wirtschaftsprüfungsgesellschaft

Dr. Freiberg
Auditor

Gebhardt
Auditor

Executive Bodies at MLP SE

Executive Board

Dr. Uwe Schroeder-Wildberg, Chairman

Strategy
Communication
Politics
Investor Relations
Marketing
Sales
Sustainability
appointed until December 31, 2027

Manfred Bauer

Product management,
appointed until April 30, 2025

Reinhard Loose

Controlling
Purchasing
IT
Group Accounting
Risk management
Internal Audit
Legal
Human Resources
appointed until January, 31 2024

Supervisory Board

Dr. Peter Lütke-Bornefeld, Chairman
elected until

Dr. Claus-Michael Dill, Vice Chairman
elected until

Tina Müller
elected until

Mathias Lautenschläger
elected until 2023

Alexander Beer
Employees representative,
elected until 2023

Monika Stumpf
Employees representative,
elected until 2023

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FINANCIAL CALENDAR 2022

March

March 10, 2022

Publication of the results for the financial year 2021
Annual Analyst Conference and Press Conference

March 28, 2022

Publication of the Annual Report for the financial year 2021

May

May 12, 2022

Publication of the results for the first quarter of 2022

June

June 2, 2022

Annual General Meeting of MLP SE

August

August 11, 2022

Publication of the results for the first half year and the second quarter of 2022

November

November 10, 2022

Publication of the results for the first nine months and the thrid quarter of 2022

More information at www.mlp-se.com /investors/financial-publications/

Any questions?

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Board of Directors
Dr. Uwe Schroeder-Wildberg (Chief Executive Officer)
Manfred Bauer
Reinhard Loose

Chairman of the Supervisory Board
Dr. Peter Lütke-Bornefeld

Commercial Register
Registergericht Mannheim HRB 728672

Value Added Tax Identification Number
DE 143449956

APPROPRIATE REGULATORY AUTHORITY

Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin)[1]
Graurheindorfer Str. 108
D-53117 Bonn
Marie-Curie-Str. 24-28
D-60439 Frankfurt am Main
www.bafin.de

[1]Appropriate regulatory authority according to German Banking Act (Kreditwesengesetz, KWG)

European Central Bank[2]
Sonnemannstraße 20
D-60314 Frankfurt am Main
www.ecb.europa.eu

[2]Appropriate regulatory authority according to CRR