Interim Group report for the first half year and second quarter of 2020

MLP

MLP key figures

All figures in € million	Q2 2020	Q2 2019	H1 2020	H1 2019	Change in %
MLP Group					
Total revenue	165.3	151.4	359.0	329.2	9.1
Revenue	158.2	147.8	347.6	321.8	8.0
Other revenue	7.1	3.6	11.4	7.4	54.1
Earnings before interest and taxes (EBIT)	8.1	–0.3	18.8	12.2	54.1
EBIT margin (in %)	4.9	0.0	5.2	3.7	–
Net profit	5.6	–0.1	13.1	9.0	45.6
Earnings per share (diluted/basic) (in €)	0.05	0.00	0.12	0.08	50.0
Cash flow from operating activities	–4.7	12.1	159.0	129.1	23.2
Capital expenditure	2.5	1.9	4.7	3.0	56.7
Shareholders' equity	–	–	423.7	437.4 [1]	–3.1
Equity ratio (in %)	–	–	14.1	15.6 [1]	–
Balance sheet total	–	–	3,006.3	2,799.6 [1]	7.4
Private clients (families)	–	–	552,400	549,580 [1]	0.5
Corporate and institutional clients	–	–	21,900	21,850 [1]	0.2
Consultants	–	–	2,014	1,981 [1]	1.7
Branch offices	–	–	129	130 [1]	–0.8
University teams	–	–	98	93 [1]	5.4
Employees	–	–	1,835	1,746	5.1
Brokered new business					
Old-age provision (premium sum)	740.6	791.1	1,426.0	1,513.1	–5.8
Loans and mortgages	585.3	483.4	1,196.1	975.4	22.6
Assets under management (in € billion)	–	–	39.6	39.2 [1]	1.0
Non-life insurance (premium volume)	–	–	419.4	405.5 [1]	3.4
Real estate (brokered volume)	79.4	58.6	157.3	98.1	60.3

[1] As of December 31, 2019.

THE FIRST HALF YEAR AND SECOND QUARTER OF 2020 AT A GLANCE

- Preliminary figures confirmed: EBIT significantly above the previous year's level, both for the first half of the year (€ 18.8 million vs. € 12.2 million) and for the second quarter (€ 8.1 million vs. € –0.3 million)
- H1: Total revenue rose by 9 % to a new all-time high of € 359.0 million in the first six months (H1 2019: € 329.2 million)
- Above all, revenue increases recorded in real estate brokerage (up 99 %), wealth management (up 15 %) and non-life insurance (up 8 %) – with assets under management hitting a new record level at € 39.6 billion
- Number of consultants once again surpasses the 2,000 mark for the first time in a while
- Forecast for 2020: Upper end of the communicated EBIT corridor of € 34 to 42 million anticipated

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Introductory notes

This quarterly Group statement presents significant events and business transactions of the first half and second quarter of 2020 and updates forecast-oriented information contained in the last joint management report. The Annual Report is available on our website at www.mlp-se.com and also at www.mlp-annual-report.com. In the description of the MLP Group's financial position, net assets and results of operations pursuant to International Financial Reporting Standards (IFRS), the previous year's figures are given in brackets. The information in this quarterly Group statement has neither been verified by an auditor nor subjected to a review.

Profile

The MLP Group is the partner for all financial matters.

The MLP Group is the partner for all financial matters – for private clients as well as companies and institutional investors. With our five brands, each of which enjoys a leading position in their respective markets, we offer a broad range of services:

- MLP: The dialogue partner for all financial matters
- FERI: The investment expert for institutional investors and high net-worth individuals
- DOMCURA: The underwriting agency focusing on private and commercial non-life insurance products
- TPC: The specialist in occupational pension management for companies
- DEUTSCHLAND.Immobilien: Market place for investment properties

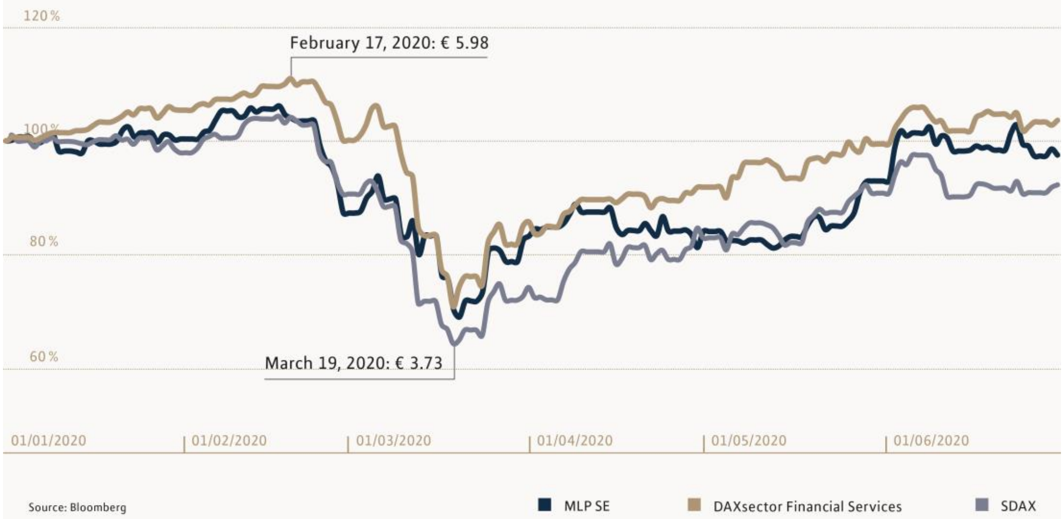
The views and expectations of our clients always represent the starting point in all fields. Building on this, we then present them with suitable options in a comprehensible way so that they can make the right financial decisions themselves. In advising and supporting our clients, we examine the offers of all relevant product providers in the market. Our product ratings are based on scientifically substantiated market and product analyses.

Manfred Lautenschläger and Eicke Marschollek founded MLP in 1971. More than 2,000 client consultants and around 1,800 employees work at MLP.

Investor Relations

Following a historically weak first quarter in 2020, investors began to display cautious optimism regarding the stock markets once again in the second quarter. However, a sense of uncertainty remained and was reflected in the ongoing high volatility observed. Investors were clearly torn between hopes and fears. Their hopes were that the measures to contain the coronavirus pandemic would be further relaxed and that the economy could be restarted, while their fears revolved around the recessive effects of the crisis on global economic development. The continued high level of liquidity provided by governments and central banks led to price rises on the stock markets, some of which were quite significant. Worrying numbers of new infections from the US and other countries were largely masked over, while greater optimism was observed that a vaccine for COVID-19 would soon be developed. Although record unemployment figures from the US and the recurring tensions between the US and China served to dampen the mood on the stock exchanges at times, investors were increasingly focused on a fast recovery of the global economy and a rapid response to the economic slowdown. On Wall Street, the Nasdaq technology index surpassed the 10,000 point mark for the first time, setting a new all-time high. In Germany, the DAX once again approached the threshold of 13,000 points. At the end of the quarter, positive economic data on both sides of the Atlantic then provided further positive stimulus to stock prices. US retail sales, considered critical in the context of economic recovery, experienced a significant increase, while the purchasing managers' indices in Europe were also surprisingly positive. Gold also continued to enjoy great popularity and the price for a fine ounce rose by almost 13 %. With a gain of 23.9 %, the DAX recorded its best quarterly balance since the first quarter of 2015. On Wall Street, the S&P 500 Index also enjoyed its best quarter for 22 years with an increase of just under 20 %.

MLP share, SDAX and DAXsector Financial Services, January to June 2020



Source: Bloomberg

The MLP share

The MLP share benefited from the optimistic sentiment on the financial markets and also recorded significant gains in the second quarter. Following the pronounced massive slump in mid-March, it was able to almost completely make up for the losses encountered in the course of the second quarter and ultimately recorded a gain of 17.42 %. Having displayed a very strong start to the quarter with an increase of 5 % in the first half of April, profit taking then set in and the share price declined again. The revised forecast for 2020 disappointed investors, who were consequently motivated to sell their shares. The share price rose to € 4.95 by April 8 and then declined again to a low of € 4.54 by the end of April. News of the extraordinary inclusion in the SDAX SmallCap Index in May then led to increasing interest in the share and consequently a price increase. However, the share was ultimately removed from the index again within the scope of the regular index review that followed. The share price reached its highest level for the reporting period of € 5.81 at the end of June, but then declined slightly to € 5.46 at the end of the second quarter.

Key figures on the MLP share

	H1 2020	H1 2019
Share capital as of June 30, 2020	109,334,686 [1]	109,334,686 [2]
Share price at the beginning of the year	€ 5.60	€ 4.36
Highest price	€ 5.98	€ 4.80
Lowest price	€ 3.73	€ 3.86
Share price as of June 30, 2020	€ 5.46	€ 4.15
Dividends for the previous year	€ 0.21	€ 0.20
Market capitalisation (end of reporting period)	**€ 596,967,386**	**€ 453,738,947**

[1] As of June 30, MLP SE held 4,124 shares in treasury.
[2] As of June 30, MLP SE held 386 shares in treasury.

Share buyback

As announced during the 2017 Annual General Meeting, MLP established another share-based participation programme at the start of the financial year 2020 for MLP office managers and MLP consultants with the aim of strengthening the collaborative component in the MLP business model. In the time period from January 2 to February 28, 2020, a total of 566,000 shares were bought back at an average price of € 5.6467. 557,886 shares were then issued to the beneficiaries, meaning that MLP SE still held 8,500 shares in treasury as of June 30, 2020.

Shareholder structure

Talanx AG reduced its stake from 9.36 % to 4.98 % in the first half of 2020 (announcement from February 17, 2020). Barmenia, on the other hand, increased its stake from 7.77 % to 8.50 % (announcement from March 30, 2020). Dr. Uwe Schroeder-Wildberg, Chief Executive Officer at MLP SE, acquired 1,950,000 shares in MLP SE from the founder family Lautenschläger (announcement from April 1, 2020). By taking this step, founder Manfred Lautenschläger and the longstanding CEO and Chairman of the Executive Board are maintaining the sustainable shareholder structure. 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 around 27.4 %. The free float as of June 30, 2020 is therefore 51.05 % as per the definition of the German stock exchange.

MLP Annual General Meeting

MLP SE held its Regular Annual General Meeting for the financial year 2019 on June 25, 2020. The event was held entirely online for the first time. In taking this step, the financial services provider reacted to the coronavirus pandemic and made use of the option provided by the legislator to hold purely virtual annual general meetings. Shareholders were able to follow the entire Annual General Meeting live via a shareholder portal. In the run-up to the Annual General Meeting, shareholders in MLP SE were also given the opportunity to submit questions and potential counter-motions, which were then covered and addressed in full by the company's Executive Board.

Shareholders approved all items on the agenda. The shareholders voted virtually unanimously (99.99 %) to approve the proposal of the Supervisory Board and Executive Board to pay a dividend of € 0.21 per share. The distribution rate was therefore 62 % of Group net profit. Discharge was granted to the Executive Board and Supervisory Board with an approval rate of 99.98 and 78.12 % respectively. With an approval rate of 99.95 %, the shareholders also accepted the proposal to appoint KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, Germany as auditor and Group auditor for the financial year 2020. An amendment to the company's articles of association was passed with an approval rate of 99.99 % in order to meet altered legal requirements (ARUG II) for the provision of evidence of shareholdings in future. In addition, the recast version of the profit and loss transfer agreement between MLP SE and MLP Banking AG was approved with 99.99 % of votes.

In total, around 78.7 % of the share capital was represented.

All information on the Annual General Meeting is available at www.mlp-annual-report.com.

Interim Group management report for the first half year and second quarter of 2020

The values disclosed in the following Group Interim Report have been rounded to one decimal place. As a result, differences to reported total amounts may arise when adding up the individual values.

FUNDAMENTAL PRINCIPLES OF THE GROUP

In comparison with the corporate profile described in MLP's 2019 Annual Report, the changes presented below were made during the reporting period. These relate to organisation and administration.

You can find detailed information on our business model, our corporate structure and our control system in the MLP Group Annual Report 2019 at www.mlp-annual-report.com.

On the basis of the resolution of the Annual General Meeting from June 29, 2017 to buy back own shares, a total of 566,000 shares with a pro rata amount of € 1.00 each in the share capital were bought back at an average price of € 5.6467 per share in the time period from January 2, 2020 to February 11, 2020. This corresponds to around 0.52 % of our share capital of € 109,334,686. The buyback was used to serve a participation programme for our self-employed commercial agents and branch office managers. The respective buybacks were published in detail on our company's website. Following transfer of the shares to the eligible participants, a total of 8,500 shares remain in the company's own portfolio.

Change to organisation and administration

As of January 1, 2020, Jan Berg was appointed as a further member of the Executive Board at MLP's largest subsidiary, MLP Finanzberatung SE. Since assuming this new role, he has been responsible for the newly established Corporate University department.

Changes in the scope of consolidation

There was no change to the scope of consolidation in the reporting period.

Research and development

Since MLP is a service provider, we are not engaged in any research or development in the classic sense of the term. We also make other resources available, for example to develop our own software or refine acquired software.

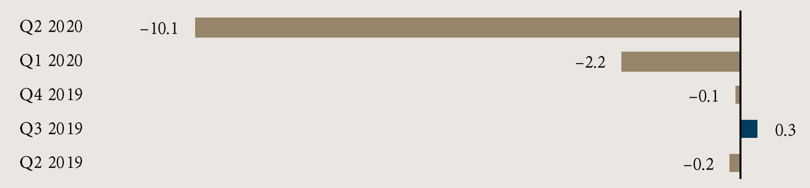
ECONOMIC REPORT

Overall economic climate

After the German economy displayed moderate growth in the second half of 2019 and performance in the first quarter initially appeared positive, the coronavirus pandemic then led to a pronounced downturn in the past quarter of 2020. According to the German Federal Statistical Office the growth in price-adjusted and seasonally-adjusted gross domestic product (GDP) fell by 10.1 % over the previous quarter. It was the sharpest fall since quarterly GDP calculations began in 1970.

The crisis also broke the longstanding downward trend in terms of unemployment. As reported by the German Federal Statistical Office, the unemployment rate rose from a very low level of 5.3 % in January 2020 to 6.2 % in June 2020. However, negative developments on the employment market are being considerably mitigated by cyclical short-time work arrangements. Indeed, around 6.8 million persons in gainful employment were on reduced working hours in April 2020. By way of comparison, only around 1.4 million persons in gainful employment were forced to accept reduced working hours following the financial crisis in 2008.

Economic growth in Germany (change in % over the preceding quarter)



Source: German Federal Statistical Office, FERI Investment Research

Industry situation and competitive environment

Old-age provision

Old-age provision is operating in a market environment that has been made even more difficult by the coronavirus pandemic. Due to the rise in short-time work and liquidity squeezes at companies of all sizes and from all sectors, consumers are focussed on other topics than securing a certain standard of living in their old age. As such, some 20 % of those over 18 years of age had less income in March and April 2020 than before the outbreak of the pandemic, as ascertained by market research institute INSA. Some 19 % of these stated that they had either reduced or stopped paying their old-age provision premiums altogether – with the objective of keeping costs down.

The coronavirus pandemic is also having a negative impact on new business in occupational pension provision. In light of liquidity squeezes and a looming economic downturn, only few employers are currently willing to conclude a new partnership as a way of securing the standard of living of their own employees in their old age. However, the German government is providing positive impetus here, as it has doubled the amount of financial support available in connection with approving the basic pension concept.

As described, the industry situation in the old-age provision field of consulting has changed in comparison to the statements made in the 2019 Annual Report of the MLP Group, particularly in terms of occupational provision.

Wealth management

In the first half of 2020, the markets encountered a decrease at a record rate as a result of the worldwide coronavirus pandemic. For example, the S&P 500 index in the US had actually reached an all-time high on February 19, 2020, to then decline by some 30 % again just three weeks later. The DAX also suffered a loss of 40 % at a record rate. However, the recovery in the second quarter was also rapid, allowing prices on the stock markets to rise again significantly. The number of transactions by private investors since the outbreak of the pandemic increased significantly here, as reported by the German Federal Financial Supervisory Authority (BaFin). Accordingly, private investors are currently conducting around half of their financial instrument transactions on the stock market.

However, based on information provided by the German Association of Investment and Asset Management (BVI e.V.), the agency fund declined to € 3,136 billion by the end of March – before a significant recovery was observed on the capital markets; although no BVI figures are yet available for this. It had been € 3,392 billion at the end of 2019. Of all capital invested, only € 967 billion – less than a third – was invested in open mutual funds at the end of March. Fixed income funds were able to record net Q1 inflows of € 572 million, while mutual equity funds lost € 13.9 billion and mixed funds lost € 2.1 billion. Aside from the described turbulence on the capital markets in February and March, there were no fundamental changes to the industry situation described in the 2019 Annual Report of the MLP Group.

Non-life insurance

Non-life insurance remains very important for independent brokers. According to a recent survey undertaken by AssCompact, almost half of the respondents expect the relevance of the private property and casualty business in the next five years to remain at a similarly high level to now – having displayed marked increases in the last five years. The German Insurance Association (GDV e.V.) also believes that greater awareness of natural hazards and cyber risks could have positive effects on the demand for insurance. The coronavirus itself could also lead to greater demand for assistance and add-on offers.

Many fintech and insurtech start-ups have sprung up and provided plenty of headlines over the last few years, in particular in the field of basic non-life insurance policies. However, this trend has now tailed off markedly. These companies are currently facing challenges as a result of the coronavirus pandemic. For example, the EY Start-up Barometer indicated that German fintechs and insurtechs were far less in demand in the first half of 2020 than other providers, such as software companies. The financing volume declined by 55 % to € 313 million compared to the same period of the previous year.

The overall industry situation in this field of consulting has not changed for MLP.

Health insurance

Following several difficult years, private health insurance actually stabilised in the financial year 2019. According to data published by the Association of Private Health Insurers, at 8.7 million the number of comprehensive health insurance policy holders remained virtually the same as in the previous year (- 0.1 %). According to Assekurata, the number of tariff switches due to economic hardship as a result of the coronavirus pandemic was very low. The use of basic, standard and hardship tariffs has also changed only very little. Whether this remains the case depends on how quickly or slowly the economy can recover following relaxation of the lockdown rules.

In contrast to comprehensive insurance, private supplementary insurance policies are still recording gains – there are now around 26.5 million supplementary insurance policies in place to cover gaps in benefits in the statutory health insurance system. This corresponds to around 2.1 % more than in the previous year. Dental plans are the most commonly brokered policies in this regard.

The overall industry situation in this consulting field has not changed compared with the statements made in the 2019 MLP Group Annual Report.

Real estate

The real estate market in Germany is continuing to display positive development. No effects of the coronavirus pandemic were identifiable in the first quarter of 2020, and the Real Estate Price Index of the Association of German Pfandbrief Banks (VdP) actually increased by 6.3 % in comparison with the first quarter of 2019. As such, it reached the highest level since measurements began. The key factors behind this are in particular the low interest rates and the at times difficult environment for other investment classes. In this situation, owner-occupied and investment properties are playing an increasingly important role for many consumers with a view to long-term capital accumulation.

According to the Institute of the German Economy (IW), there are also no signs of a speculative bubble in the real estate market. One reason for this is that the level of construction activity is still lower than needed. Accordingly, there is no oversupply in terms of housing. A speculative bubble is often also accompanied by excessive bank lending. However, the Institute of the German Economy (IW) has also not observed any of this to date in Germany. Ultimately, the ratio of rents to owner-occupied costs would also seem to suggest that there is no overvaluation here.

The overall industry situation in this consulting field has not changed compared with the statements made in the 2019 MLP Group Annual Report.

Loans and mortgages

Due to the coronavirus pandemic and its economic consequences, the European Central Bank relaunched its bond purchasing programme in the first half of the year, despite the fact that this was actually supposed to have been completed. Any increase in the prime rate from its current level of 0.0 % also remains unlikely. The interest rates for 10-year mortgages are still at a very low level.

The German government has already been providing an incentive for citizens to purchase their own home since 2018 in the form of the "Baukindergeld" family housing grant scheme. The German Federal Construction Ministry had received some 185,000 applications for this scheme by the start of February 2020. The incentivisation also remains in place for property purchases up to the end of 2020.

Overall, there have not been any fundamental changes from the market environment described in the 2019 Annual Report of the MLP Group.

Competition and regulation

Neither the competitive conditions nor the regulatory environment saw any significant changes in the first half of the year in comparison with the description provided in the MLP Group Annual Report 2019.

In 2019, the German Federal Ministry of Finance (BMF) presented a draft bill for capping commission in the life insurance sector and for credit life insurance policies. However, the matter has not yet been dealt with by the cabinet.

If the German Federal Ministry of Finance (BMF) decides to introduce the commission cap described in the draft bill, many free brokers in the market will need to fear for their continued existence. The average reduction in terms of annual commission income is likely to be around 27 %. Around one in four brokers – more than 27 % – are even anticipating cuts of at least 40 %. Only 13 % are forecasting declines of less than 10 %. These are the results of the latest Broker Barometer survey performed by the Federal Association of German Financial Services Providers (AfW e.V.), which questioned around 1,550 brokers on various issues, including the concrete effects of the planned regulation. Effects of the introduction of such a commission cap would be felt by MLP at the earliest in 2021. However, since any such effects would be significantly lower for MLP than the market as a whole, MLP would likely be able to benefit from the further consolidation in the mid-term.

A draft bill of the German Federal Ministry of Finance (BMF) to transfer supervision of financial investment brokers to the Federal Financial Supervisory Authority (BaFin) was published at the end of December 2019. Accordingly, transfer of supervisory duties is scheduled for 2021. As a financial institution and provider of a liability umbrella for its investment advisers, MLP Banking has already been supervised by the Federal Financial Supervisory Authority (BaFin) for years. The planned regulatory step, a government policy that is set out in the coalition agreement, therefore applies exclusively to other market members. The draft bill has been the topic of much controversial debate in Berlin's political landscape.

BUSINESS PERFORMANCE

Despite the anticipated negative effects of the coronavirus pandemic on individual business areas, the MLP Group has continued the positive trend of the last few quarters and was able to increase total revenue in the first half of the year by 9.1 % to € 359.0 million. This is the highest figure for total revenue in the first half year since the sale of our own insurance subsidiaries in 2005. Above all, it was possible to almost double revenue in real estate brokerage (+98.8 %). In addition, sales revenue also continued to display further positive development in wealth management (+14.8 %), non-life insurance (+8.0 %) and health insurance (+5.9 %). In wealth management, MLP benefited in particular from performance fees, which were significantly above the same period of the previous year. As anticipated, sales revenue from old-age provision displayed a downward trend (–6.1 %). Declines were recorded particularly in occupational pension provision, as very few companies are currently reaching decisions regarding new provision concepts. With regard to important key figures of the MLP Group, the non-life insurance premium volume rose to € 419.4 million. Following slight dips in the first quarter, at € 39.6 billion, assets under management recorded a new high as of June 30, 2020.

Revenue from loans and mortgages showed a declining trend. This decrease can be attributed to the receipt of commission payments in another reporting period. Unlike the previous year, these were not accrued in the first quarter of the current year, but already in the final quarter of the previous year.

Total earnings before interest and taxes (EBIT) in the first half of the year were significantly above the previous year's figure. The increase in other revenue also had a positive influence on earnings performance. Claims for VAT refunds from previous years were settled by the tax authorities and recognised as revenue in the second quarter of 2020.

The first half of the year has become more significant in the last few years as a result of MLP's strategic further development. However, due to the seasonality of our business the fourth quarter continues to deliver significant profit contributions.

New clients

Set against the background of the effects associated with the coronavirus pandemic, new client acquisition was below the previous year's level at the end of the first six months. By the end of June, MLP was able to acquire 8,400 (8,800) new family clients.

As of the end of June 2020, the MLP Group served a total of 552,400 family clients (December 31, 2019: 549,580) and 21,900 corporate and institutional clients (December 31, 2019: 21,850).

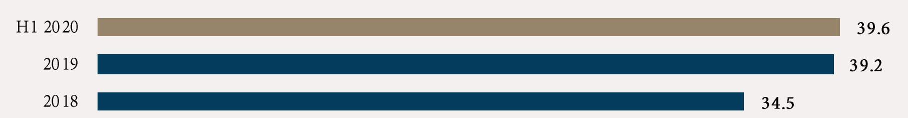
RESULTS OF OPERATIONS

Development of total revenue

The total revenue generated by the MLP Group increased significantly by 9.1 % over the same period in the previous year to € 359.0 million (€ 329.2 million). Commission income increased by 8.4 % to € 339.7 million (€ 313.3 million). Revenue from the interest rate business continued to decrease slightly to € 8.0 million (€ 8.5 million) due to the ongoing period of low interest rates. Other revenue rose sharply over the previous year to € 11.4 million (€ 7.4 million). This development can be attributed to a one-off positive special effect. Claims of € 3.4 million for VAT refunds from previous years were settled by the tax authorities and recognised in income by MLP in the second quarter of 2020.

This positive development of the individual fields of consulting continued in the first six months of the year. The greatest growth was recorded in the real estate brokerage business, in which revenue virtually doubled from € 8.1 million to € 16.1 million. For the first time in the first six months of a year, this figure also includes brokerage revenue from our subsidiary DEUTSCHLAND.Immobilien. This transaction was concluded on September 2, 2019. Since then revenue from real estate project planning is being disclosed alongside the revenue from real estate brokerage. In the reporting period, this revenue was € 0.0 million (€ 0.0 million). Revenue in old-age provision fell by 6.1 % to € 78.9 million (€ 84.0 million). This decline can essentially be attributed to less new business in the field of occupational pension provision, as very few companies are currently reaching decisions regarding new provision concepts. Private provision, on the other hand, displayed a positive trend in terms of new business. At a total of € 1,426.0 million, the brokered premium sum was 5.8 % below the previous year (€ 1,513.1 million). Occupational pension provision accounted for a share of 18.5 % and was therefore 37.5 % below the corresponding figure from the previous year. Commission income in wealth management increased significantly by 14.8 % to € 120.2 million (€ 104.7 million). This can, in particular, be attributed to significantly higher performance fees than in the previous year. These fees are accrued by our subsidiary FERI for value development of investment concepts in wealth management and are largely recognised in the income statement. At € 39.6 billion as at June 30, 2020, assets under management reached a new record high (December 31, 2019: € 39.2 billion).

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



Revenue in the non-life insurance field of consulting increased by 8.0 % to € 88.2 million (€ 81.7 million). The health insurance consulting field was also able to record gains. Revenue in this field increased by 5.9 % to € 25.2 million (€ 23.8 million).

Following a pronounced decline in the first quarter due to the receipt of commission payments in another reporting period, revenue in loans and mortgages at the end of June was only slightly below the previous year at € 8.8 million (€ 9.0 million).

Other commission and fees generated € 2.3 million, following € 2.0 million in the previous year.

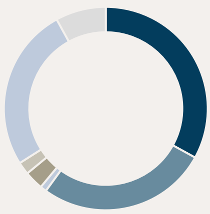
Considering only the second quarter, total revenue rose to € 165.3 million (€ 151.4 million), with commission income contributing a rise of 7.5 % from € 154.3 million (€ 143.6 million). Revenue from the interest rate business of € 3.9 million (€ 4.2 million) remained slightly below the previous year's level.

The breakdown by consulting fields continues to display significant growth in the real estate brokerage business in the second quarter, with revenue rising by 79.2 % to € 8.6 million (€ 4.8 million). With an increase of 19.1 %, the wealth management business also continued to show a clearly positive trend. This can be attributed to the significantly higher performance fees already described. Revenue rose to € 64.9 million (€ 54.5 million). Non-life insurance revenue rose by 9.2 % to € 23.8 million (€ 21.8 million). Old-age provision revenue declined to € 39.5 million (€ 46.0 million), in particular as a result of less new business in occupational pension provision. Revenue in loans and mortgages recorded gains. With an increase of 12.8 %, it stood at € 4.4 million, following € 3.9 million in the same period of the previous year.

Comparison of commission income

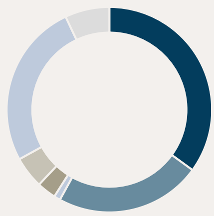
H1 2019
Commission income: € 313.3 million

33 %	Wealth management
27 %	Old-age provision
26 %	Non-life insurance
8 %	Health insurance
3 %	Real estate brokerage
3 %	Loans and mortgages
1 %	Other commissions and fees



H1 2020
Commission income: € 339.7 million

35 %	Wealth management
23 %	Old-age provision
26 %	Non-life insurance
7 %	Health insurance
5 %	Real estate brokerage
3 %	Loans and mortgages
1 %	Other commissions and fees



Analysis of expenses

Commission expenses primarily comprise performance-linked commission payments to consultants. This item also includes the commissions paid in the DOMCURA segment. These variable expenses occur due to the compensation of brokerage services in the non-life insurance business. Since the acquisition of a majority stake in DEUTSCHLAND.Immobilien, commission expenses are also accrued in the Holding and Others segment. These are essentially the result of expenses from real estate development and real estate brokerage. Added to these are the commissions paid in the FERI segment, which in particular result from the activities in the field of fund administration. Variable compensation is, for example, accrued in this business segment from compensation of the depository bank and fund sales.

In the light of increased commission income, commission expenses rose to € 187.9 million (€ 173.2 million). This rise was also influenced by greater expenses for the training allowance granted to our consultants, which reflect the good development observed in terms of new consultant acquisition. Through the acquisition of a majority stake in DEUTSCHLAND.Immobilien (DI Group), this item for the first time includes expenses from real estate development of € 2.8 million (€ 0.0 million), which were accrued in the Holding and Others segment. The inventory changes also 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. The inventory changes were € 2.9 million in the reporting period (€ 0.0 million). Interest expenses amounted to € 0.2 million (€ 0.3 million). The total cost of sales (defined as the sum of inventory changes, commission expenses and interest expenses) increased over the previous year's figure to € 185.2 million (€ 173.5 million). Valuation result/loan loss provisions increased from € –1.5 million to € –3.0 million. The increase is mainly due to losses from the fair value of financial investments In the Banking segment, which should also be viewed in the context of the market turbulences caused by the coronavirus pandemic and were predominantly accrued in the first quarter of 2020.

Administrative expenses (defined as the sum of personnel expenses, depreciation/amortisation and impairment, as well as other operating expenses) totalled € 153.9 million and were thus above the previous year's level (€ 143.3 million). It is important to take into account the fact that the DI Group was only incorporated in the income statement in the third quarter of the previous year. Personnel expenses rose by 12.5 % to € 74.0 million (€ 65.8 million). Factors contributing to this increase were the announced strengthening of the university segment, a slightly higher overall number of employees, higher performance-linked compensation components and general salary increases. Depreciation/amortisation and impairments increased slightly to € 13.8 million (€ 12.6 million). Other operating expenses remained virtually stable at € 66.1 million (€ 64.9 million).

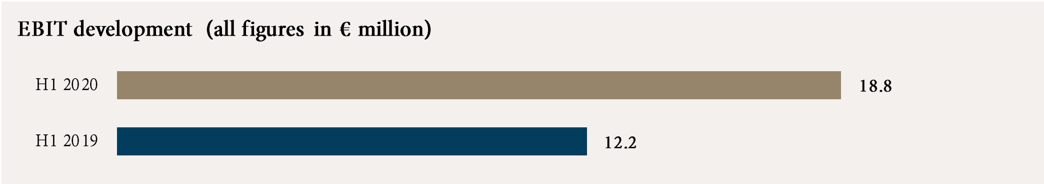
Earnings at MLP Hyp, which are disclosed as earnings from investments accounted for using the equity method as a joint venture with Interhyp, increased to € 1.7 million (€ 1.3 million). This item also comprises earnings of the project enterprise of the DI Group included at equity. These were just under € 0.1 million (€ 0.0 million) in the reporting period. Total earnings from investments accounted for using the equity method were € 1.8 million (€ 1.3 million).

Considering the second quarter alone, cost of sales increased to € 81.3 million (€ 79.3 million). Commission expenses rose to € 81.9 million (€ 79.2 million). This increase was largely influenced by higher commission income and a higher sum for training allowances. Interest expenses declined to € 0.1 million (€ 0.2 million).

At € 77.5 million, administration costs in the second quarter were above the previous year's figure (€ 72.4 million). Personnel expenses rose to € 37.9 million as a result of the effects already described (€ 32.2 million). Depreciation/amortisation and impairments were € 7.0 million (€ 6.3 million). Other operating expenses fell slightly to € 32.6 million (€ 33.9 million).

Earnings trend

In the light of higher performance fees and a one-off positive special effect, earnings before interest and taxes (EBIT) in the first half of the year increased significantly to € 18.8 million (€ 12.2 million). EBIT was therefore 54.1 % above the previous year's figure.



The finance cost in the reporting period was € –1.0 million (€ –0.6 million). Earnings before taxes (EBT) were therefore € 17.8 million, following € 11.6 million in the previous year. The tax rate was 26.4 % (22.4 %). Group net profit was € 13.1 million (€ 9.0 million). The diluted and basic earnings per share were € 0.12 (€ 0.08).

Looking at the second quarter on its own, EBIT was € 8.1 million due to the aforementioned influences, following € –0.3 million in the previous year. The finance cost improved to € 0.0 million as a result of interest rate effects in the context of claiming back income taxes that had previously been overpaid (€ –0.3 million). Accordingly, EBT improved to € 8.1 million (€ –0.7 million). Group net profit was € 5.6 million (€ –0.1 million).

Structure and changes in earnings in the Group

All figures in € million	H1 2020	H1 2019	Change in %
Total revenue	359.0	329.2	9.1
Gross profit [1]	173.8	155.7	11.6
Gross profit margin (in %)	48.4	47.3	–
EBIT	18.8	12.2	54.1
EBIT margin (in %)	5.2	3.7	–
Finance cost	–1.0	–0.6	–66.7
EBT	17.8	11.6	53.4
EBT margin (in %)	5.0	3.5	–
Income taxes	–4.7	–2.6	–80.8
Net profit	13.1	9.0	45.6
Net margin (in %)	3.6	2.7	–

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

FINANCIAL POSITION

Aims of financial management

You can find detailed information on the objectives of financial management in the 2019 Annual Report of the MLP Group at www.mlp-annual-report.com.

Financing analysis

At present, we are not using any borrowed funds in the form of securities or promissory note bond issues to finance the Group long-term. Our non-current assets are financed by our equity capital and by 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.

As of June 30, 2020, liabilities due to clients and financial institutions in the banking business which amounted to € 2,244.0 million (December 31, 2019: € 1,993.2 million) were offset on the assets side of the balance sheet by receivables from clients and financial institutions in the banking business of € 1,680.4 million (December 31, 2019: € 1,600.3 million).

We did not perform any increase in capital stock in the reporting period.

Liquidity analysis

Cash flow from operating activities increased to € 159.0 from € 129.1 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 € –15.7 million to € –53.2 million. In the reporting period, more funds were invested in time deposits than in the same period last year.

Condensed statement of cash flow

All figures in € million	Q2 2020	Q2 2019	H1 2020	H1 2019
Cash and cash equivalents at beginning of period	**675.4**	**498.8**	510.8	**385.9**
Cash flow from operating activities	–4.7	12.1	159.0	129.1
Cash flow from investing activities	–57.2	–14.4	–53.2	–15.7
Cash flow from financing activities	–25.9	–24.8	–28.9	–27.5
Change in cash and cash equivalents	**–87.8**	**–27.1**	**76.8**	**85.8**
Cash and cash equivalents at end of period	**587.6**	**471.7**	**587.6**	**471.7**

As at the end of the first half year of 2020, the MLP Group has access to cash holdings of around € 667 million. 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

The investment volume of the MLP Group was € 4.7 million in the first half of 2020 (€ 3.0 million).
The majority of funds invested is spread across the segments of Financial Consulting (€ 1.9 million), FERI (€ 1.2 million) and DOMCURA (€ 1.1 million). Investments in operating and office equipment, as well as software and IT represented one focus here.

NET ASSETS

Analysis of the asset and liability structure

As of the reporting date of June 30, 2020, the balance sheet total of the MLP Group passed the € 3 billion threshold and was € 3,006.3 million (December 31, 2019: € 2,799.6 million). On the assets side of the balance sheet, intangible assets declined to € 180.8 million (December 31, 2019: € 183.1 million). Property, plant and equipment were € 129.2 million (€ 130.9 million). Investments accounted for using the equity method decreased to € 3.5 million (€ 5.1 million). The background of this decline are the regular dividend payments of the companies valued according to the equity method to the MLP Finanzberatung SE, essentially by the MLP Hyp, and the associated intrinsic value reduction of this item.

Receivables from clients in the banking business decreased to € 832.4 million (December 31, 2019: € 872.2 million), which is essentially the result of a decline in receivables due on demand (€ –36.6 million), as well as a drop in promissory note bonds (€ –26.7 million). This is offset by the increase in own-resource loans (€ +22.4 million), as well as the promotional loans passed on to our clients (€ +2.9 million). Receivables from banks in the banking business increased significantly to € 848.0 million (December 31, 2019: € 728.1 million). The increase to this item can essentially be attributed to an increase in time deposits. However, it is offset by the reduction in both promissory note bonds and receivables due on demand. Financial assets rose to € 226.6 million (December 31, 2019: € 178.6 million), mainly due to higher investments in fixed income securities and time deposits.

Other receivables and other assets remained virtually unchanged at € 167.3 million (December 31, 2019: € 168.6 million). This item essentially contains 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 € 587.6 million (December 31, 2019: € 510.8 million). This increase can be attributed to a greater deposit volume at the German Bundesbank. Cash funds at other commercial banks moved in the opposite direction.

The "Inventories" item in the balance sheet essentially represents the assets of the project enterprises within the DI Group. As of June 30, 2020, this item stood at € 13.4 million (December 31, 2019: € 10.5 million).

Assets as of June 30, 2020

All figures in € million	June 30, 2020	Dec 31, 2019	Change in %
Intangible assets	180.8	183.1	–1.3
Property, plant and equipment	129.2	130.9	–1.3
Investments accounted for using the equity method	3.5	5.1	–45.7
Deferred tax assets	9.1	7.3	19.8
Receivables from clients in the banking business	832.4	872.2	–4.8
Receivables from banks in the banking business	848.0	728.1	14.1
Financial assets	226.6	178.6	21.2
Inventories	13.4	10.5	21.6
Tax refund claims	8.2	4.5	45.1
Other receivables and assets	167.3	168.6	–0.8
Cash and cash equivalents	587.6	510.8	13.1
Total	**3,006.3**	**2,799.6**	**6.9**

As of the reporting date of June 30, 2020, the shareholders' equity of the MLP Group declined slightly to € 423.7 million (December 31, 2019: € 437.4 million), which is primarily attributable to the dividend payment to our shareholders. Due to completion of the acquisition of a majority stake in the DI Group, minority interests in equity were disclosed in the balance sheet. As of December 31, 2019, they were € 0.3 million (December 31, 2019: € 0.8 million). The balance sheet equity ratio was 14.1 % (December 31, 2019: 15.6 %).

Provisions decreased to € 95.5 million (December 31, 2019: € 101.6 million. This decrease is mainly attributable to the reductions in provisions for client support commission after this was paid on schedule in the course of the second quarter. Allocations for the financial year 2020 had the opposite effect. Liabilities due to clients in the banking business increased to € 2,142.7 million (December 31, 2019: € 1,894.8 million) and reflect a further increase in client deposits. Liabilities due to banks in the banking business rose to € 101.3 million (December 31, 2019: € 98.4 million). Other liabilities fell to € 224.9 million (December 31, 2019: € 250.6 million). The decline essentially results from lower liabilities due to commercial agents, as well as lower liabilities from the underwriting business. 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. This was offset by increased purchase price liabilities resulting from compounding.

Liabilities and shareholders' equity as of June 30, 2020

All figures in € million	June 30, 2020	Dec 31, 2019	Change in %
Shareholders' equity	423.7	437.4	–3.2
Minority interests	0.3	0.8	–166.7
Provisions	95.5	101.6	–6.4
Deferred tax liabilities	9.7	10.7	–10.3
Liabilities due to clients in the banking business	2,142.7	1,894.8	11.6
Liabilities due to banks in the banking business	101.3	98.4	2.9
Tax liabilities	8.5	6.1	28.2
Other liabilities	224.9	250.6	–11.4
Total	**3,006.3**	**2,799.6**	**6.9**

Comparison of actual and forecast business performance

Following on from the first six months of 2020, we stand by our updated forecast announced on April 27, 2020, which states that we will record EBIT in a corridor between € 34.0 and € 42.0 million in the financial year 2020. However, MLP now expects to reach the upper end of this range following the successful development in the second quarter.

In old-age provision, both new business and revenue displayed a slight downward trend and thereby developed within the scope of our revised qualitative estimate. Thanks to highly positive development in the first six months of the year, wealth management revenue was above our revised expectation of achieving stable to slightly declining revenue. Revenue from health insurance was slightly above the previous year's level and also slightly better than anticipated. Non-life insurance displayed positive development within the scope of our expectations. Having recorded a significant gain, revenue from real estate brokerage is also within the scope of our planning after the first six months of the year. Loans and mortgages developed as planned with virtually stable revenue. Following a decline in revenue in the first quarter, it was possible to virtually equalise this in the second quarter.

We forecast a slight rise in administration costs, which continue to include expenses for investments in the future, in particular for recruiting young consultants within the scope of strengthening the University segment. At the end of the first half of the year, this was slightly higher than we had anticipated.

Despite recording costs that were slightly above expectations, earnings displayed better development in the first six months of the year than we had anticipated. At the same time, we confirm our forecast updated on April 27, 2020 and expect to be at the upper end of the published EBIT range of € 34 million to € 42 million. You can find details on this in the Forecast section.

SEGMENT REPORT

The MLP Group is broken down into the following segments:

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

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

The Holding segment was renamed Holding and Others and, since completion of the transaction to acquire a majority stake in the DI Group on September 2, 2019, also includes the project companies 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.

Financial Consulting segment

Total revenue in the Financial Consulting segment was € 176.2 million (€169.3 million) in the first six months. Sales revenue was € 164.8 million (€ 158.6 million), while other revenue was € 11.4 million (€ 10.6 million).

Commission expenses increased to € 84.7 million (€ 80.1 million) as a result of a rise in revenue to € 84.7 million (€ 80.1 million). Loan loss provisions were € –0.4 million (€ –0.2 million). Personnel expenses increased slightly to € 36.2 million (€ 34.1 million) due to higher employee numbers and general salary increases. Depreciation/amortisation and impairment was € 10.1 million (€ 9.5 million). Other operating expenses were € 49.3 million. (€ 48.0 million). EBIT declined to € –2.8 million (€ –1.3 million). Finance cost amounted to € –1.6 million (€ –0.4 million). The decrease is mainly due to the accrued interest on a purchase price liability. In 2019, this effect only had an impact on the income statement from the fourth quarter onwards. EBT was € –4.4 million (€ –1.7 million).

Considering the second quarter alone, total revenue was € 78.4 million (€ 79.5 million). Revenue was € 73.6 million (€ 74.4 million). At € 4.8 million, other revenue remained unchanged (€ 5.0 million). At € 37.4 million (€ 37.4 million), commission expenses remained unchanged. Personnel expenses amounted to € 17.4 million (€ 16.8 million). Depreciation/amortisation and impairments increased to € 5.1 million (€ 4.7 million). Other operating expenses declined to € 24.5 million (€ 24.9 million).

EBIT declined to € –5.3 million (€ –3.5 million) in the second quarter. With a finance cost of € –0.8 million (€ –0.2 million), EBT was € –6.1 million (€ –3.7 million).

Banking segment

Total revenue in the Banking segment was € 46.9 million (€ 40.3 million) in the first half of the year. Sales revenue contributed € 41.9 million (€ 38.1 million) and other revenue rose to € 5.0 million (€ 2.3 million). This development can be attributed to a one-off positive special effect. Claims of € 3.4 million for VAT refunds from previous years were settled by the tax authorities and recognised in income by MLP in the second quarter of 2020. Commission expenses amounted to € 17.6 million (€ 15.6 million).

Interest expenses were € 0.1 million (€ 0.2 million). Loan loss provisions increased to € –2.3 million (€ –1.3 million). This is essentially due to impairments on financial assets. Personnel expenses amounted € 6.4 million (€ 6.0 million), while depreciation/amortisation and impairment was € 0.2 million (€ 0.1 million). Other operating expenses amounted to € 17.9 million (€ 16.8 million).

Particularly in light of the one-off positive special effect, EBIT was € 2.5 million (€ 0.3 million). With a finance cost of € 0.9 million (€ –0.0 million), positively influenced by interest rate effects from the VAT refund, EBT was € 3.3 million (€ 0.3 million).

Looking at the second quarter on its own, total revenue increased to € 24.9 million (€ 21.2 million). Sales revenue increased to € 20.7 million (€ 20.0 million). Other revenue rose markedly to € 4.2 million (€ 1.3 million). This increase can be attributed to the described one-off special effect. Commission expenses were € 8.6 million (€ 8.4 million). Interest expenses remained unchanged at € 0.1 million (€ 0.1 million). Administration costs of € 11.8 million (€ 12.0 million) were slightly below the previous year's level. EBIT therefore reached € 5.2 million (€ 0.0 million). With a finance cost of € 0.9 million (€ –0.0 million), EBT was € 6.1 million (€ –0.0 million).

FERI segment

Total revenue in the FERI segment rose by 16.3 % to € 90.6 million in the reporting period (€ 77.9 million), while sales revenue increased from € 76.0 million to € 88.4 million. This increase can essentially be attributed to significantly higher performance fees in the second quarter compared to the same period of the previous year. As a result of higher revenue, commission expenses increased to € 50.4 million (€ 47.5 million). Loan loss provisions remained at the previous year's level reaching € –0.1 million (€ –0.1 million).

At € 19.2 million, personnel expenses exceeded the previous year's level (€ 15.8 million). One factor contributing to this was higher variable compensation components. Depreciation/amortisation and impairments remained unchanged at € 1.1 million (€ 1.1 million). At € 4.4 million, other operating expenses also remained at the previous year's level (€ 4.4 million). EBIT rose significantly by 71.1 % to € 15.4 million (€ 9.0 million). With a finance cost of € –0.2 million (€ –0.2 million), EBT was € 15.1 million (€ 8.8 million).

Considering only the second quarter, total revenue rose to € 50.8 million (€ 40.1 million), while sales revenue increased to € 49.2 million (€ 39.2 million) in the light of significantly higher performance fees. Other revenue was € 1.6 million (€ 0.9 million). Commission expenses increased to € 25.6 million (€ 24.2 million). As described, administration costs increased to € 14.1 million (€ 10.8 million). Thus, EBIT increased to € 11.0 million (€ 5.0 million) in the second quarter. With a finance cost of € –0.1 million (€ –0.1 million), EBT was € 10.8 million (€ 4.9 million).

DOMCURA segment

The DOMCURA segment primarily generates revenue from the brokering of non-life insurance. DOMCURA's business model is characterised by a high degree of seasonality. Accordingly, the subsidiary 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.

Total revenue rose to € 60.6 million (€ 55.6 million) in the period from January to June 2020. This primarily reflects the premium volumes received. Other revenue rose to € 1.0 million (€ 0.6 million). Commission income increased by 9.6 % to € 61.6 million (€ 56.2 million). Commission expenses increased to € 39.7 million (€ 36.4 million) as a result of higher revenue. These are essentially accrued as variable compensation for brokerage services.

At € 13.8 million (€ 12.1 million), administration expenses were above the level of the previous year. € 9.0 million (€ 7.7 million) thereof were attributable to personnel expenses. Depreciation/amortisation and impairment was € 1.2 million (€ 1.0 million). Other operating expenses were € 3.6 million (€ 3.4 million). EBIT rose by 7.9 % to € 8.2 million (€ 7.6 million) in the reporting period. With a finance cost of € –0.1 million (€ –0.1 million), EBT was € 8.1 million (€ 7.5 million).

Considering only the second quarter, total revenue reached € 18.4 million (€ 16.7 million), while sales revenue increased to € 17.8 million (€ 16.3 million). Other revenue was € 0.6 million (€ 0.4 million). Commission expenses increased to € 12.3 million (€ 11.3 million). Following € 5.9 million in the previous year, administrative expenses rose to € 6.6 million. EBIT therefore remained unchanged € –0.4 million (€ –0.4 million). With a finance cost of € –0.1 million (€ 0.0 million), EBT was € –0.5 million (€ –0.4 million).

Holding and Others segment

Total revenue in the Holding and Others segment increased to € 6.5 million in the first half year (€ 4.5 million).

Commission expenses were € 2.8 million. The inventory changes totalled € 2.9 million. Neither of these two items had yet been included in the income statement last year and can be attributed to the acquisition of a majority stake in the DI Group, which has only been incorporated in the income statement since the third quarter of 2019. As such, there are no values from the previous year. At € 3.2 million (€ 2.2 million), personnel expenses were above the previous year's level. Depreciation/amortisation and impairments increased to € 1.2 million (€ 0.8 million). Other operating expenses rose to € 5.6 million (€ 4.6 million).

EBIT was € –3.5 million (€ –3.1 million). Finance cost declined to € –0.8 million (€ –0.2 million). EBT therefore reached € –4.4 million (€ –3.3 million).

Considering the second quarter alone, total revenue was € 3.2 million (€ 2.2 million). Personnel expenses rose to € 1.6 million (€ 0.6 million). At € 0.6 million, depreciation/amortisation and impairment were slightly above the previous year's level (€ 0.4 million). Other operating expenses rose to € 3.0 million (€ 2.6 million). EBIT therefore totalled € –1.9 million (€ –1.4 million). At a finance cost of € –0.4 million (€–0.1 million), EBT was € –2.3 million (€ –1.5 million).

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. Recruitment of new consultants as well as their qualification and further development therefore represents an important focus along with a continuous development of our HR work.

The number of employees rose to 1,835 (1,746) in the reporting period. The increase can essentially be attributed to the acquisition of a majority stake in the DI Group. These employees are taken into account in the figures of both the Financial Consulting segment and the Holding and Others segment. In addition, there was a higher number of employees returning from parental leave, as well as new recruitments compared to the previous year.

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

Segment	June 30, 2020	June 30, 2019
Financial Consulting [1]	1,087	1,054
Banking	193	186
FERI	224	236
DOMCURA	289	264
Holding and Others [2]	42	6
Total	1,835	1,746

[1] Including TPC, ZSH, DI Sales, DI Web, DI IT and MLP Dialog.

[2] Since 2019 including DI AG and DI Projects.

At 2,014, the number of self-employed client consultants at the end of Q1 once again surpassed the 2,000 mark and is therefore above the value from the end of 2019 (December 31, 2019: 1,981) and significantly higher than the figure from the same quarter in the previous year (June 30, 2019: 1,913). As of June 30, 2020, MLP operated 129 representative offices (December 31, 2019: 130). The number of university teams increased to 98 at the end of first six months (December 31, 2019: 93).

RISK AND OPPORTUNITY REPORT

MLP's group-wide early risk detection and monitoring system is used as the basis for a group-wide active risk management. This system ensures appropriate identification, assessment, controlling, monitoring and communication of the major risks. 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.

The acute worldwide coronavirus pandemic represented the strongest influence in the reporting period. Yet despite this, there have not been any fundamental changes to the risk/opportunity profile of the MLP Group. However, in particular the counterparty default risks, operational risks and business risks all increased over December 31, 2019 as a result of the coronavirus crisis.

The counterparty default risk in the credit portfolio rose in the first half of the year, while impairments also increased by € 1.2 million over December 31, 2019 in the annual financial statements of MLP Banking AG. However, the non-performing loan quota remains at a low level. Changed work processes, predominantly by working from home did not lead to any significant negative effects. Introduction of an online consulting tool at the start of this year meant that MLP consultants were at all times able to cater to clients' increased need for advisory services. Nonetheless, the operational risks rose slightly in terms of processes and supervisory stipulations. A crisis unit has been set up with the aim of reducing risk reduction measures swiftly at short notice. The volatility on the capital markets is having effects on our remeasurement of equity investments, as well as on performance fees in investment concepts. The broad basis enjoyed by the MLP Group, and the diversified business model resulting from this, are serving to mitigate business risks. In terms of liquidity risks, we do not see any significant changes in the purchasing behaviour of our clients. We also significantly exceed the minimum quota in terms of LCR.

The pandemic also offers up opportunities. Indeed, digitization projects were given priority and some of these were even completed ahead of schedule. The focus is on creating a digital client experience.

In summary, the negative effects of the COVID-19 pandemic and the revised risk position for the MLP Group associated with this remain moderate to date.

The MLP Group has sufficient liquid funds at its disposal. Our core capital ratio on the reporting date, June 30 2020, was 18.9 % (December 31, 2019: 19.2 %) and therefore remains above the 8 % stipulated by the supervisory regulations plus 2.5 % capital conservation buffer. The lower ratio is a result of dividend payments to our shareholders. There are currently no identifiable risks that threaten the going-concern of the MLP Group.

You can find a detailed description of our risk and opportunity management system in our risk and opportunity report in the 2019 Annual Report of the MLP Group.

FORECAST

Future overall economic development

The economic consequences of the coronavirus pandemic are impacting many sectors and virtually all regions of the global economy. As an export-driven economy, Germany is generally more dependent than other countries on a recovery in the European and global markets. The experts from FERI Investment Research are therefore anticipating a drop in GDP of 6 % for Germany in 2020, although this could then be followed by an increase of around 5 % in the coming year. However, it will likely be 2022 before the German real economy once again reaches the pre-crisis level from the end of 2019.

Future industry situation and competitive environment

Neither the competitive conditions nor the regulatory environment saw any significant changes in the first half of the year in comparison with the description provided in the MLP Group Annual Report 2019.

The market environment in the old-age provision consulting field remains challenging. The ongoing period of low interest rates is leading consumers to generally display less interest in saving processes, while willingness to conclude long-term contracts is even lower. At the same time, however, the market potential in this consulting field remains promising, particularly among MLP's clientèle. After all, the statutory pension level is likely to decline further, whereas the average life expectancy is set to increase. Young professionals are particularly aware of the rising pension shortfall. ASSEKURATA has positive expectations for the old-age provision sector, in particular for unit-linked policies and the field of biometrics. In the field of occupational pension provision, however, the market environment is likely to remain difficult until the end of the year due to the coronavirus pandemic.

Market conditions for the wealth management business are also likely to remain difficult throughout the remainder of the year. The investment experts from FERI believe that the markets could be subject to high volatilities due to the pandemic and political uncertainties, such as those being encountered in the US.

ASSEKURATA assesses the situation in the field of non-life insurance in the financial year 2020 as neutral and believes that the coronavirus could have both positive and negative influences. It is forecasting slight growth of € 0.85 billion in terms of premium development in the field of property and casualty insurance, following on from € 2.24 billion in the previous year.

The health insurance business is unlikely to enjoy any significant improvements in terms of market conditions. ASSEKURATA believes that more citizens are likely to switch to statutory health insurance in the second half of 2020 as a result of the coronavirus, although it continues to see a great deal of potential for supplementary insurance – whereby supplementary dental and supplementary long-term care insurance policies are considered particular growth drivers.

The Institute of the German Economy (IW) expects the housing market sector to get through the crisis better than other assets/investments. Among other things, this opinion is supported by the short-term and mid-term stability of rents, as well as the interest rate development.

There is no end in sight to the low interest rate phase in the loans and mortgages business. In fact, the ECB and the US Federal Reserve could potentially expand their already expansive monetary policy even further due to the coronavirus pandemic. No improvement in conditions should therefore be anticipated in the financing and investment arena.

The entire market for financial services and the insurance sector are facing consolidation. Germany is considered to be the market with the greatest potential in Europe, in which both national and international service providers are competing. Due to stricter regulations, pressure is in particular mounting on low-level providers, which will lead to a further reduction in the number of market actors. According to current figures provided by the Association of German Chambers of Industry and Commerce (DIHK), the number of brokers entered in the insurance broker register further declined by some 1,500 brokers in the first half of 2020. Accordingly, there are around one quarter fewer registered insurance brokers today than in 2011. Thanks to its offerings, MLP believes that it will benefit from the ongoing consolidation in the broker market in terms of recruiting.

The various government partners still hold clearly different ideas when it comes to the draft law to cap commissions for life insurance products. The political process has begun to flounder, and the world of politics clearly has other priorities anyway in light of the coronavirus pandemic. However, the planned capping is unlikely to come into force before the start of 2021, so it will not have any direct impact on MLP's operating business in the field of old-age provision in 2020.

Although the Bundestag Finance Committee no longer addressed the draft bill to transfer supervision of financial investment brokers to the Federal Financial Supervisory Authority (BaFin) in its last meeting before the parliamentary summer recess, the SPD is still keen to introduce the bill as planned on January 1, 2021 despite the delays.

Anticipated business development

You can find details on our original forecast for the financial year 2020 in the Annual Report of the MLP Group at www.mlp-annual-report.com.

Thanks to performance fees that were significantly above the previous year's level and a one-off positive special effect, earnings performance in the first half of the year surpassed our expectations. We already announced this on July 22, 2020 within the scope of the preliminary results.

We also already updated our forecast for the year 2020 on April 27, taking into account the effects of the coronavirus pandemic. For the current financial year, we are therefore anticipating EBIT in a corridor from € 34.0 million to € 42.0 million (previously "slight increase in EBIT" over the EBIT recorded in 2019 of € 47.2 million). This was based on the assumption that the framework conditions are likely to begin improving again from the third quarter onwards and will then gradually normalise. We stick to our forecast and, at the same time, expect to record EBIT at the upper end of the aforementioned range.

We also updated the qualitative assessment of our revenue forecast when announcing the figures for the first quarter. Unlike in the past, we are now anticipating old-age provision to remain stable or display slightly negative development (originally: slight increase). Due to the very successful development in the second quarter and an increase of around 15 % at the end of the first half of the year, a slight increase in revenues for the year as a whole is currently possible in wealth management. However, due to corona-related and political uncertainties there are increased risks for the further business development. Therefore we expect revenue to remain stable in wealth management (originally: slight increase; updated in April: stable to slight decrease). Following the updated forecast in April we are expecting revenue from loans and mortgages to remain largely unchanged (originally: slight increase). Our estimates in the other consulting areas remain unchanged. Accordingly, we expect a slight increase in the non-life insurance business and a stable performance in the health insurance business. In real estate brokerage, we are still anticipating a strong increase in revenue, although with reduced dynamism. This is also due to ongoing backlogs in the work of the authorities, as a result of which building permits for planned projects are being delayed further, which is expected to lead to a later realisation of profits.

We confirm our mid-term planning, based on which EBIT is likely to increase to between € 75 million and € 85 million by the end of 2022. However, this is also based on the assumption that the framework conditions will improve again from the third quarter onwards and then gradually normalise.

You can find details on our forecast in the Annual Report of the MLP Group at www.mlp-annual-report.com.

Income statement and statement of comprehensive income

Income statement for the period from January 1 to June 30, 2020

All figures in €'000	Notes	Q2 2020	Q2 2019	H1 2020	H1 2019
Revenue	(6)	158,209	147,777	347,621	321,788
Other revenue		7,106	3,644	11,389	7,445
Total revenue		**165,315**	**151,421**	**359,010**	**329,233**
Inventory changes		636	-	2,900	-
Commission expenses	(7)	-81,876	-79,152	-187,871	-173,233
Interest expenses		-97	-151	-217	-284
Valuation result/loan loss provisions		638	-768	-2,966	-1,495
Personnel expenses		-37,891	-32,198	-73,992	-65,829
Depreciation and impairments	(9)	-6,965	-6,296	-13,784	-12,597
Other operating expenses	(10)	-32,644	-33,927	-66,110	-64,860
Earnings from investments accounted for using the equity method		975	758	1,789	1,273
Earnings before interest and tax (EBIT)		**8,093**	**-314**	**18,760**	**12,208**
Other interest and similar income		968	46	998	193
Other interest and similar expenses		-917	-398	-1,832	-827
Valuation result not relating to operating activities		-92	6	-118	41
Finance cost	(11)	**-41**	**-347**	**-951**	**-593**
Earnings before tax (EBT)		**8,051**	**-661**	**17,809**	**11,615**
Income taxes		-2,495	552	-4,677	-2,580
Net profit		**5,556**	**-109**	**13,132**	**9,035**
Of which attributable to					
owners of the parent company		5,813	-109	13,631	9,035
minority interests		-257	-	-500	-
Earnings per share in € [1]					
basic/diluted		**0.05**	**0.00**	**0.12**	**0.08**

[1] Basis of calculation: average number of ordinary shares outstanding as of June 30, 2020: 109,210,816.

Statement of comprehensive income for the period from January 1 to June 30, 2020

All figures in €'000	Q2 2020	Q2 2019	H1 2020	H1 2019
Net profit	**5,556**	**-109**	**13,132**	**9,035**
Gains/losses due to the revaluation of defined benefit obligations	-2,281	-1,691	-2,815	-6,948
Deferred taxes on non-reclassifiable gains/losses	671	504	828	2,050
Non-reclassifiable gains/losses	**-1,610**	**-1,187**	**-1,988**	**-4,897**
Other comprehensive income	**-1,610**	**-1,187**	**-1,988**	**-4,897**
Total comprehensive income	**3,946**	**-1,296**	**11,144**	**4,138**
Of which attributable to				
owners of the parent company	**4,203**	-1,296	**11,643**	4,138
minority interests	**-257**	-	**-500**	-

Statement of financial position

Assets as of June 30, 2020

All figures in €'000	Notes	June 30, 2020	Dec 31, 2019
Intangible assets		180,771	183,070
Property, plant and equipment	(12)	129,249	130,914
Investments accounted for using the equity method		3,485	5,138
Deferred tax assets		9,138	7,254
Receivables from clients in the banking business		832,441	872,175
Receivables from banks in the banking business		847,992	728,085
Financial assets	(13)	226,624	178,584
Inventories		13,437	10,533
Tax refund claims		8,228	4,493
Other receivables and assets	(14)	167,344	168,587
Cash and cash equivalents		587,624	510,778
Total		**3,006,333**	**2,799,611**

Liabilities and shareholders' equity as of June 30, 2020

All figures in €'000	Notes	June 30, 2020	Dec 31, 2019
Equity attributable to MLP SE shareholders		423,406	436,605
Minority interests		288	787
Total shareholders' equity	**(15)**	**423,694**	**437,392**
Provisions		95,454	101,596
Deferred tax liabilities		9,740	10,690
Liabilities due to clients in the banking business		2,142,691	1,894,843
Liabilities due to banks in the banking business		101,330	98,409
Tax liabilities		8,524	6,113
Other liabilities	(14)	224,900	250,568
Total		**3,006,333**	**2,799,611**

Condensed statement of cash flow

Condensed statement of cash flow for the period from January 1 to June 30, 2020

All figures in €'000	H1 2020	H1 2019
Cash flow from operating activities	158,987	129,056
Cash flow from investing activities	-53,215	-15,733
Cash flow from financing activities	-28,926	-27,524
Change in cash and cash equivalents	**76,846**	**85,799**
Cash and cash equivalents at end of period	**587,624**	**471,725**

Condensed statement of cash flow for the period from April 1 to June 30, 2020

All figures in €'000	Q2 2020	Q2 2019
Cash flow from operating activities	-4,696	12,065
Cash flow from investing activities	-57,153	-14,393
Cash flow from financing activities	-25,944	-24,756
Change in cash and cash equivalents	**-87,793**	**-27,084**
Cash and cash equivalents at end of period	**587,624**	**471,725**

The notes on the statement of cash flow appear in Note 16.

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Statement of changes in equity

Statement of changes in equity for the period from January 1 to June 30, 2020

	Equity attributable to MLP SE shareholders						
All figures in €'000	Share capital	Capital reserves	Revaluation gains/losses related to defined benefit obligations after taxes	Retained earnings	Total	Minority interests	Total shareholders' equity
As of January 1, 2019	**109,167**	**149,227**	**-12,518**	**178,951**	**-**	**-**	**424,826**
Acquisition of treasury stock	168	-	-	555	-	-	722
Share-based payment	-	-1,555	-		-	-	-1,555
Dividend	-	-	-	-21,867	-	-	-21,867
Transactions with owners	**168**	**-1,555**	**-**	**-21,312**	**-**	**-**	**-22,699**
Net profit	-	-	-	9,035	-	-	9,035
Other comprehensive income	-	-	-4,897		-	-	-4,897
Total comprehensive income	**-**	**-**	**-4,897**	**9,035**	**-**	**-**	**4,138**
As of June 30, 2019	**109,334**	**147,672**	**-17,415**	**166,674**	**-**	**-**	**406,264**
As of January 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	-	-1,610	-	-	-1,610	-	-1,610
Dividend	-	-	-	-22,958	-22,958	-	-22,958
Transactions with owners	**-8**	**-1,610**	**-**	**-23,225**	**-24,842**	**-**	**-24,842**
Net profit	-	-	-	13,631	13,631	-500	13,132
Other comprehensive income	-	-	-1,988	-	-1,988	-	-1,988
Total comprehensive income	-	-	**-1,988**	**13,631**	**11,643**	**-500**	**11,144**
As of June 30, 2020	**109,326**	**148,243**	**-19,535**	**185,372**	**423,406**	**288**	**423,694**

[1] Reclassifiable gains/losses.

Notes to the interim financial statements of the Group

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, financing, wealth management and banking services.

2 Principles governing the preparation of the financial statements

The interim financial report has been prepared in line with the regulations set out in IAS 34 (Interim financial reporting). It is based on the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as applicable within the European Union (EU). In accordance with the provisions of IAS 34, the scope of the report has been reduced compared to the consolidated financial statements as of December 31, 2019.

Except for the changes presented in Note (3), the condensed consolidated interim financial statements are based on the accounting and valuation methods as well as the consolidation principles that were applied to the Group financial statements for the financial year 2019. These are presented in the Group notes of the Annual Report 2019 that can be downloaded from the company's website (www.mlp-se.com).

The interim financial statements have been 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.

3 Adjustment to the accounting policies and effects of the coronavirus pandemic on reporting

The accounting policies applied are the same as those used in the previous year, with the following exceptions:

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

- IFRS 17 Insurance Contracts
- Amendments to IFRS 3: Definition of a Business
- Changes to the framework: Changes to references made to the accounting framework
- Amendments to IFRS 9, IAS 39 and IFRS 7: Elimination of uncertainties in the context of the IBOR reform

Effects of the coronavirus pandemic

Set against the background of the coronavirus crisis, the European Securities and Markets Authority (ESMA) published a statement on May 20, 2020 regarding its expectations for interim financial statements pursuant to IAS 34 and interim management reports. MLP has taken this statement on board and has recorded effects / made changes in the following areas as a result of the coronavirus crisis.

The impairment model under IFRS 9 incorporates expectations regarding the future and is based on the anticipated credit losses. The impairment model under IFRS 9 provides three levels and can be applied to all financial assets (debt instruments) that are measured either at amortised costs or at fair value through other comprehensive income.

Stage 1: Contains all contracts that have not experienced a significant rise in credit risk since receipt (Low Credit Risk Exemption). Presence of an investment-grade rating is assumed here.

The impairment is determined on the basis of the anticipated credit loss, which is expected from default events over the next 12 months.

Stage 2: Contains financial assets that have experienced a significant rise in credit risk, but whose creditworthiness has not yet been compromised. The impairment is determined on the basis of the anticipated credit loss throughout the entire time remaining to maturity.

MLP considers the following conditions/characteristics to represent a significant rise in credit risk:

- More than 30 days in arrears
- Deterioration of the rating by at least two grades compared to the 12-month-forward rating and transfer to non-investment grade
- Intensive support

Stage 3: Contains financial assets that display objective indications of credit impairments or have default status. The anticipated credit losses are recorded as impairments throughout the entire term of the financial assets. Objective indications that a financial asset is compromised in its value include arrears of more than 90 days, as well as further qualitative information that indicates significant financial difficulties on the part of the debtor.

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.

Depending on the balance sheet item and availability of data, MLP uses various methods for determining the expected credit loss (please refer to the Annual Report 2019 for more detailed information on this):

- Identification via credit risk parameters
- Loss rate method
- Expert-based ECL estimate

When assessing whether a significant deterioration of the credit quality has occurred for a financial transaction, MLP employs both quantitative rating-based criteria and additional qualitative criteria (days in arrears and intensive support), whereby the latter serves to supplement the former by including factors not taken into account in the rating process.

As of the balance sheet date, MLP continues to assume that no significant deterioration of the credit quality as per IFRS 9.5.5.10. has occurred for all transactions with an investment grade rating, insofar as no qualitative criteria suggest the contrary. The quantitative criterion is used for non-investment-grade transactions. In view of the current situation, MLP reviewed the days in arrears of the past 4 quarters, in order to compare these with the quarters impacted by the coronavirus. However, no significant increase in the number of transactions more than 30 days in arrears could be determined. Subject to checks in future quarters, the concept of more than 30 days arrears therefore remains unchanged as a transfer criterion.

The basic criteria applied to date for including a client in intensive support were reviewed and, where necessary, adapted to the current situation. For example, one addition was that legally substantiated contract adjustments, such as deferrals, do not automatically lead to a client receiving intensive support. The revised criteria now ensure that those clients that are currently receiving intensive support are not clients facing short-term liquidity squeezes.

Based on the requirement of the ESMA that reporting entities should place greater emphasis on incorporation of long-term stable scenarios, such that short-term developments are not overweighted, MLP decided to investigate the methods used for determining the expected credit loss. For all financial transactions for which an impairment is to be determined using the credit risk parameter method, MLP employs multi-year default probabilities which satisfy the requirements of IFRS 9.5.5.17. with regard to identification of an impairment. In terms of the macroeconomic input factors, the stabilisation measures are also incorporated in the basic forecasts. Inclusion of a one-year, three-year and five-year outlook ensures that short-term developments are not overweighted.

Thanks to the scenario-based approach employed, MLP also takes into account government stabilisation measures when measuring the expert-based ECL. As required by the ESMA, this ensures that the influence of current events on sustainable economic development is taken into account when measuring the anticipated loss.

In the event of substantial contract adjustments, the original asset is derecognised and a new asset recognised (modification). MLP is currently only making minor non-significant modifications on a small scale. The modifications performed are contractual period extensions, as well as deferred redemption and interest payments. In these cases, the contractual revisions will not lead to the derecognition of an asset. The difference determined between the gross carrying amount of the original contract and present value of the modified contract is recognised in the income statement. If the reason for the adjustment is not primarily due to financial difficulties, but rather a legal moratorium (pursuant to Art. 240 § 3 (1) of the Introductory Act to the German Civil Code (EGBGB)), the institution is then obligated to grant the client a deferral. As such, MLP interprets the legal moratoria as contractual bases and does not consider these contractual adjustments as modifications in the sense of IFRS 9.

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. Indications of this kind can result from both external and internal information. The coronavirus pandemic is one such indicator.

MLP has checked whether the current coronavirus crisis will have lasting consequences for the company and its subsidiaries. Indeed, new corporate planning was drawn up for Q1 2020. However, on account of the current volatility and uncertainty in and around the coronavirus, as well as due to the revised planning process, the planning has not been formally approved by the Executive Board. In terms of the overall forecast for the MLP Group, this means that only an earnings corridor will be communicated. To determine the value in use, averaging between the best case and worst case was performed in the budget year 2020. In subsequent years, this will be determined on the basis of the planned growth rates. The impairment test did not result in any impairment loss.

4 Seasonal influences on the business operations

Due to the seasonal development of its business, the Group generally expects earnings to be higher in the second half-year than in the first half-year.

5 Reportable business segments

There were no significant changes in comparison with December 31, 2019.

Information regarding reportable business segments (quarterly comparison)

	Financial Consulting		Banking		FERI		DOMCURA		Holding and Others		Consolidation		Total	
All figures in €'000	Q2 2020	Q2 2019	Q2 2020	Q2 2019	Q2 2020	Q2 2019	Q2 2020	Q2 2019	Q2 2020	Q2 2019	Q2 2020	Q2 2019	Q2 2020	Q2 2019
Revenue	73,583	74,442	20,743	19,950	49,162	39,235	17,783	16,284	15	-	-3,076	-2,133	158,209	147,777
of which total inter-segment revenue	1,720	1,323	1,356	810	-	-	-	-	-	-	-3,076	-2,133	-	-
Other revenue	4,782	5,044	4,155	1,258	1,593	871	617	446	3,215	2,205	-7,256	-6,181	7,106	3,644
of which total inter-segment revenue	3,425	3,188	715	824	-	-	-	-	3,115	2,169	-7,256	-6,181	-	-
Total revenue	**78,365**	**79,486**	**24,897**	**21,208**	**50,755**	**40,106**	**18,400**	**16,730**	**3,230**	**2,205**	**-10,332**	**-8,313**	**165,315**	**151,421**
Inventory changes	-	-	-	-	-	-	-	-	636	-	-	-	636	-
Commission expenses	-37,423	-37,352	-8,592	-8,375	-25,574	-24,245	-12,303	-11,260	-555	-	2,570	2,080	-81,876	-79,152
Interest expenses	-	-	-63	-138	-	-	-	-	-	-	-34	-14	-97	-151
Valuation result/loan loss provisions	-175	-34	814	-743	-131	-60	107	69	24	0	-	-	638	-768
Personnel expenses	-17,434	-16,755	-3,020	-3,138	-11,622	-8,046	-4,217	-3,700	-1,598	-558	-	-	-37,891	-32,198
Depreciation and impairments	-5,101	-4,741	-94	-62	-565	-563	-600	-527	-605	-404	-	-	-6,965	-6,296
Other operating expenses	-24,544	-24,874	-8,714	-8,753	-1,892	-2,158	-1,834	-1,722	-3,032	-2,611	7,373	6,191	-32,644	-33,927
Earnings from investments accounted for using the equity method	977	758	-	-	-	-	-	-	-2	-	-	-	975	758
Segment earnings before interest and tax (EBIT)	**-5,334**	**-3,513**	**5,229**	**0**	**10,972**	**5,034**	**-448**	**-409**	**-1,902**	**-1,369**	**-423**	**-56**	**8,093**	**-314**
Other interest and similar income	45	95	912	7	-20	-5	-41	-12	79	-42	-7	3	968	46
Other interest and similar expenses	-750	-289	-36	-12	-112	-114	-10	-8	-485	-87	476	112	-917	-398
Valuation result not relating to operating activities	-73	4	-	-	-	0	-	-1	-19	3	-	-	-92	6
Finance cost	-778	-191	876	-6	-133	-118	-50	-21	-426	-126	469	115	-41	-347
Earnings before tax (EBT)	**-6,112**	**-3,703**	**6,105**	**-6**	**10,839**	**4,915**	**-499**	**-430**	**-2,328**	**-1,496**	**46**	**58**	**8,051**	**-661**
Income taxes													-2,495	552
Net profit													**5,556**	**-109**
Of which attributable to														
owners of the parent company													5,813	-109
minority interests													**-257**	-

Information regarding reportable business segments (half-yearly comparison)

	Financial Consulting		Banking		FERI		DOMCURA		Holding and Others		Consolidation		Total	
All figures in €'000	H1 2020	**H1 2019**	H1 2020	**H1 2019**	H1 2020	**H1 2019**	H1 2020	**H1 2019**	H1 2020	**H1 2019**	H1 2020	**H1 2019**	H1 2020	**H1 2019**
Revenue	164,843	158,643	41,945	38,051	88,419	76,022	60,631	55,562	16	-	-8,232	-6,490	347,621	321,788
of which total inter-segment revenue	5,653	4,882	2,579	1,608	-	-	-	-	-	-	-8,232	-6,490	-	-
Other revenue	11,364	10,607	4,970	2,255	2,170	1,838	970	624	6,457	4,535	-14,542	-12,413	11,389	7,445
of which total inter-segment revenue	6,859	6,458	1,452	1,618	-	-	-	-	6,231	4,337	-14,542	-12,413	-	-
Total revenue	**176,206**	**169,250**	**46,915**	**40,306**	**90,588**	**77,860**	**61,601**	**56,186**	**6,473**	**4,535**	**-22,774**	**-18,903**	**359,010**	**329,233**
Inventory changes	-	-	-	-	-	-	-	-	2,900	-	-	-	2,900	-
Commission expenses	-84,669	-80,085	-17,601	-15,576	-50,372	-47,522	-39,655	-36,419	-2,820	-	7,246	6,369	-187,871	-173,233
Interest expenses	-	-	-128	-219	-	-	-	-	-	-	-89	-66	-217	-284
Valuation result/loan loss provisions	-447	-155	-2,302	-1,256	-75	-72	-19	-12	-124	0	-	-	-2,966	-1,495
Personnel expenses	-36,210	-34,139	-6,363	-6,030	-19,216	-15,757	-8,963	-7,748	-3,240	-2,155	-	-	-73,992	-65,829
Depreciation and impairments	-10,108	-9,538	-188	-94	-1,133	-1,115	-1,172	-1,033	-1,182	-817	-	-	-13,784	-12,597
Other operating expenses	-49,290	-47,953	-17,871	-16,844	-4,434	-4,408	-3,600	-3,410	-5,615	-4,631	14,701	12,386	-66,110	-64,860
Earnings from investments accounted for using the equity method	1,706	1,273	-	-	-	-	-	-	82	-	-	-	1,789	1,273
Segment earnings before interest and tax (EBIT)	**-2,812**	**-1,348**	**2,463**	**287**	**15,359**	**8,987**	**8,192**	**7,565**	**-3,525**	**-3,069**	**-917**	**-214**	**18,760**	**12,208**
Other interest and similar income	71	249	915	14	-22	-2	-99	-46	118	-64	14	43	998	193
Other interest and similar expenses	-1,561	-614	-41	-19	-204	-208	-19	-16	-925	-182	919	212	-1,832	-827
Valuation result not relating to operating activities	-98	14	-	-	0	-	-	1	-19	26	-	-	-118	41
Finance cost	**-1,588**	**-351**	**874**	**-5**	**-226**	**-209**	**-118**	**-61**	**-826**	**-220**	**934**	**254**	**-951**	**-593**
Earnings before tax (EBT)	**-4,400**	**-1,699**	**3,337**	**282**	**15,133**	**8,778**	**8,074**	**7,503**	**-4,351**	**-3,289**	**17**	**41**	**17,809**	**11,615**
Income taxes													-4,677	-2,580
Net profit													**13,132**	**9,035**
Of which attributable to														
owners of the parent company													13,631	9,035
minority interests													**-500**	-

6 Revenue

All figures in €'000	Q2 2020	Q2 2019	H1 2020	H1 2019
Wealth management	64,866	54,464	120,178	104,707
Non-life insurance	23,776	21,841	88,228	81,726
Old-age provision	39,493	45,956	78,870	83,973
Health insurance	12,091	11,686	25,209	23,801
Real estate brokerage	8,617	4,836	16,109	8,142
Loans and mortgages	4,441	3,874	8,769	8,997
Other commissions and fees	1,037	921	2,294	1,991
Total commission income	**154,321**	**143,577**	**339,657**	**313,336**
Interest income	**3,887**	**4,200**	**7,964**	**8,452**
Total	**158,209**	**147,777**	**347,621**	**321,788**

The commission income disclosed under revenue is recognised on a regular and point-in-time basis. Revenue recognised over time totalling € 140,599 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 , as well as from the real estate brokerage business in the Holding and Others segment (previous year: € 123,146 thsd).

Revenue from the interest rate business includes negative interest from lending and money market transactions of € 1,402 thsd (previous year: € 1,067 thsd).

7 Commission expenses

Commission expenses for the period from January 1 to June 30, 2020 increased over the same period in the previous year from € 173,233 thsd to € 187,871 thsd. They mainly include 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 interim Group management report.

8 Personnel expenses/Number of employees

Personnel expenses for the period from January 1 to June 30, 2020 increased from € 65,829 thsd to € 73,992 thsd compared to the same period in the previous year. For further details, please refer to the "Employees and self-employed client consultants" section of the interim Group management report.

As of June 30, 2020, the number of employees by business segment are as follows:

	June 30, 2020			June 30, 2019		
		of which executive employees		of which executive employees		of which executive employees
Financial Consulting	1,087	36	24	1,054	32	25
Banking	193	6	3	186	6	4
FERI	224	9	28	236	7	45
DOMCURA	289	9	20	264	9	14
Holding and Others	42	1	4	6	1	-
Total	**1,835**	**61**	**79**	**1,746**	**55**	**88**

9 Depreciation and impairments

All figures in €'000	Q2 2020	Q2 2019	H1 2020	H1 2019
Intangible assets	2,501	2,074	4,962	4,291
Property, plant and equipment	4,420	4,222	8,778	8,306
of which property, plant and equipment	1,520	1,347	3,004	2,702
of which rights of use	2,900	2,875	5,773	5,604
Depreciation	**6,921**	6,296	**13,740**	12,597
Property, plant and equipment	44	-	44	-
of which rights of use	44	-	44	-
Impairment	**44**	**-**	**44**	**-**
Total	**6,965**	**6,296**	**13,784**	**12,597**

In the first half of 2020, the depreciation of property, plant and equipment include amortisation of rights of use as per IFRS 16 of € 5,773 thsd (previous year: € 5,604 thsd), some € 5,234 thsd of which (previous year: € 5,097 thsd) can be attributed to amortisation of rights of use for real estate and € 539 thsd (previous year: € 507 thsd) can be attributed to amortisation of rights of use for vehicles. In the first half of 2020, the depreciation of property, plant and equipment include amortisation of rights of use for buildings of € 44 thsd (previous year: € 0 thsd) as per IFRS 16.

10 Other operating expenses

All figures in €'000	Q2 2020	Q2 2019	H1 2020	H1 2019
IT operations	11,976	11,622	24,123	23,257
Consultancy	3,540	3,126	6,378	6,118
Administration operations	2,846	2,537	5,409	5,089
External services – banking business	2,272	2,229	5,037	4,257
Other external services	2,258	2,777	4,400	5,490
Expenses for commercial agents	2,124	1,028	2,988	1,534
Representation and advertising	1,265	1,385	2,709	2,691
Premiums and fees	1,046	1,026	2,217	2,313
Insurance	770	1,199	1,758	1,742
Training and further education	435	1,117	1,607	2,009
Maintenance	545	815	1,308	1,473
Other employee-related expenses	426	515	1,046	1,061
Goodwill	274	84	1,030	126
Travel expenses	288	1,712	1,022	2,563
Entertainment	6	1,079	793	1,742
Audit	315	405	607	725
Supervisory Board compensation	234	237	467	470
Rental and leasing	205	72	302	240
Sundry other operating expenses	1,820	960	2,908	1,961
Total	**32,644**	**33,927**	**66,110**	**64,860**

The costs of IT operations are mainly attributable to IT services and computer centre services that have been outsourced to an external service provider. The consulting costs are made up of tax advice costs, legal advice costs as well as general and IT consulting costs. The expenses for administration operations include costs relating to building operations, office costs and communication costs. The item "External services - banking business" mainly contains securities settlement and transaction costs in connection with the MLP credit card. Expenses for commercial agents include mainly costs for incentive voyages. Expenses for representation and advertising include costs incurred due to media presence and client information activities. Sundry other operating expenses essentially comprise expenses for the cancellation of incentive voyages, other taxes, charitable donations, passenger vehicles, as well as for magazines and literature.

11 Finance cost

All figures in €'000	Q2 2020	Q2 2019	H1 2020	H1 2019
Other interest and similar income	968	46	998	193
Other interest and similar expenses	-917	-398	-1,832	-827
Valuation result not relating to operating activities	-92	6	-118	41
Finance cost	**-41**	**-347**	**-951**	**-593**

Other interest and similar income includes negative interest on bank deposits of € 328 thsd (previous year: € 126 thsd). Other interest and similar expenses includes € 167 thsd in interest expenses from net obligations for defined benefit obligations carried on the balance sheet (previous year: € 221 thsd). In addition, the item comprises expenses from the accrued interest of leasing liabilities pursuant to IFRS 16 of € 301 thsd (previous year: € 300 thsd).

12 Property, plant and equipment

Rights of use from leases are disclosed under the "property, plant and equipment" item. As of June 30, 2020, rights of use of € 52,589 thsd are in place (December 31, 2019: € 53,275 thsd), some € 51,182 thsd of which (December 31, 2019: € 51,723 thsd) can be attributed to rented buildings and € 1,407 thsd (December 31, 2019: € 1,551 thsd) to vehicle leasing.

13 Financial assets

All figures in €'000	June 30, 2020	Dec 31, 2019
AC	106,994	90,214
FVPL	9,832	10,095
Debenture and other fixed income securities	116,826	100,309
FVPL	5,022	5,398
Shares and other variable yield securities	5,022	5,398
Fixed and time deposits (loans and receivables)	94,937	64,996
Investments in non-consolidated subsidiaries	7,990	7,751
Investments	1,850	131
Total	**226,624**	**178,584**

14 Other accounts receivables and assets/other liabilities

Due to the seasonal nature of the business with strong year-end performance, high receivables from insurance companies, as well as high liabilities due to commercial agents that were settled in the first quarter of 2020 were to be disclosed as at December 31, 2019. Through the seasonal influences a lower amount of receivables and liabilities were built up in the first half-year of 2020.

Other liabilities contain payment obligations resulting from leases in the context of IFRS 16 of € 53,622 thsd (December 31, 2019: € 54,156 thsd).

15 Shareholders' equity

Share capital

The share capital of MLP SE comprises 109,326,186 ordinary shares (December 31, 2019: 109,334,300). The retained earnings include a statutory reserve of € 3,117 thsd (previous year: € 3,117 thsd).

Dividend

As per the resolution passed at the Annual General Meeting on June 25, 2020, a dividend of € 22,958 thsd (previous year: € 21,867 thsd) was to be paid for the financial year 2019. This corresponds to € 0.21 per share (previous year: € 0.20) per share.

16 Notes to the statement of cash flow

The consolidated statement of cash flow shows how cash and cash equivalents have changed in the course of the year as a result of inflows and outflows of funds. As per IAS 7 "Statement of Cash Flows", differentiation is made between cash flows from operating activities, from investing activities and from financing activities.

Cash flow from operating activities results from cash flows that cannot be defined as investing or financing activities. It is determined on the basis of consolidated net profit for the year. As part of the indirect determination of cash flow, the changes in balance sheet items due to operating activities are adjusted by effects from changes to the scope of consolidation and currency translations where necessary. For further details, please refer to the "Financial position" section in the interim Group management report.

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

Cash flow from financing activities includes cash-relevant equity changes and loans taken out and paid back. The repayment portions of leasing liabilities are contained in the cashflow from financing activities.

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	June 30, 2020	June 30, 2019
Cash and cash equivalents	587,624	471,725
Loans ≤3 months	–	–
Cash and cash equivalents	**587,624**	**471,725**

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.

17 Contingent assets and liabilities, as well as other liabilities

Contingent liabilities arising from sureties and guarantees (face value of the obligation) declined from € 3,799 thsd as at December 31, 2019 to € 2,978 thsd, while the irrevocable credit commitments (contingent liabilities) increased from € 54,631 thsd as at December 31, 2019 to € 66,520 thsd.

Beyond this there were no significant changes compared to December 31, 2019.

18 Additional information on financial instruments

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:

	June 30, 2020						
	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 measured at fair value through profit or loss (FVPL)	**16,703**	**1,850**	**4,732**	**9,830**	**-**	**16,412**	**7,990**
Financial investments (share certificates and structured bonds)	9,832	-	-	9,830	-	9,830	-
Financial investments (share certificates and investment fund shares)	5,022	-	4,732	-	-	4,732	-
Investments	1,850	1,850	-	-	-	1,850	7,990
Financial assets measured at amortised cost (AC)	**2,600,065**	**1,025,960**	**50,170**	**790,156**	**768,232**	**2,634,518**	**37,266**
Receivables from banking business – clients	832,441	102,898	-	-	768,232	871,130	-
Receivables from banking business – banks	847,992	110,423	-	733,494	-	843,917	-
Financial assets (fixed and time deposits)	84,939	84,939	-	-	-	84,939	-
Financial assets (loans)	9,998	9,998	-	-	-	9,998	-
Financial assets (bonds)	106,994	-	50,170	56,662	-	106,832	-
Other receivables and assets	130,078	130,078	-	-	-	130,078	37,266
Cash and cash equivalents	587,624	587,624	-	-	-	587,624	-
Financial liabilities measured at amortised cost	**2,415,164**	**2,286,514**	**-**	**131,210**	**-**	**2,417,725**	**53,757**
Liabilities due to banking business – clients	2,142,691	2,114,814	-	28,226	-	2,143,040	-
Liabilities due to banking business – banks	101,330	557	-	102,984	-	103,541	-
Other liabilities	171,144	171,144	-	-	-	171,144	53,757
Sureties and warranties*	**2,978**	**2,978**				**2,978**	
Irrevocable credit commitments*	**66,520**	**66,520**				**66,520**	

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

							Dec 31, 2019
	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 measured at fair value through profit or loss (FVPL)	**15,624**	**131**	**5,398**	**10,095**	**-**	**15,624**	**7,751**
Financial investments (share certificates and structured bonds)	10,095	-	-	10,095	-	10,095	
Financial investments (share certificates and investment fund shares)	5,398	-	5,398	-	-	5,398	
Investments	131	131	-	-	-	131	7,751
Financial assets measured at amortised cost (AC)	**2,404,730**	**974,901**	**43,935**	**652,310**	**773,625**	**2,444,772**	**30,105**
Receivables from banking business – clients	872,175	139,310	-	-	773,625	912,934	
Receivables from banking business – banks	728,085	121,335	-	605,159	-	726,493	
Financial assets (fixed and time deposits)	54,997	54,997	-	-	-	54,997	
Financial assets (loans)	9,999	9,999	-	-	-	9,999	
Financial assets (bonds)	90,214	-	43,935	47,152	-	91,087	
Other receivables and assets	138,482	138,482	-	-	-	138,482	30,105
Cash and cash equivalents	510,778	510,778	-	-	-	510,778	
Financial liabilities measured at amortised cost	**2,183,603**	**2,059,708**	**-**	**123,676**	**-**	**2,183,384**	**60,217**
Liabilities due to banking business – clients	1,894,843	1,868,918	-	25,884	-	1,894,802	
Liabilities due to banking business – banks	98,409	439	-	97,791	-	98,230	
Other liabilities	190,351	190,351	-	-	-	190,351	60,217
Sureties and warranties*	**3,799**	**3,799**				**3,799**	
Irrevocable credit commitments*	**54,631**	**54,631**				**54,631**	

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

Cash and cash equivalents, receivables and liabilities due to banking business without agreed terms to maturity, trade receivables, from companies in which the Group holds an interest and other assets all predominantly have short terms to maturity. Their carrying amounts on the balance sheet date are therefore almost identical to the fair values. The same applies to the trade accounts payable. 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.

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. The underlying accounting and valuation principles with respect to financial instruments remain unchanged compared to the previous year and are contained in the Annual Report 2019.

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).

19 Related party disclosures

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 in line with market conditions.

There were no significant changes in comparison with December 31, 2019.

20 Events after the balance sheet date

There were no appreciable events after the balance sheet date affecting the MLP Group's financial or asset situation.

Wiesloch, August 12, 2020

MLP SE

Executive Board

Dr. Uwe Schroeder-Wildberg Manfred Bauer Reinhard Loose

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Wiesloch, August 12, 2020

MLP SE

Executive Board

Dr. Uwe Schroeder-Wildberg | Manfred Bauer | Reinhard Loose

Executive Bodies at MLP SE

Executive Board
Dr. Uwe Schroeder-Wildberg
(Chairman,
appointed until December 31, 2022)

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 2023)

Dr. Claus-Michael Dill
(Vice Chairman,
elected until 2023)

Tina Müller
(elected until 2023)

Matthias Lautenschläger
(elected until 2023)

Alexander Beer
(Employees' representative,
elected until 2023)

Burkhard Schlingermann
(Employees' representative,
elected until 2023)

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Financial calendar

SEPTEMBER

September 21 to 23, 2020
Company presentation at the Berenberg & Goldman Sachs Virtual German Corporate Conference in Munich

NOVEMBER

November 12, 2020
Publication of the results for the first nine months and third quarter of 2020

November 16 to 18, 2020
Company presentation at the Virtual German Equity Forum in Frankfurt

Further details at
www.mlp-se.com, Investors, financial calendar

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