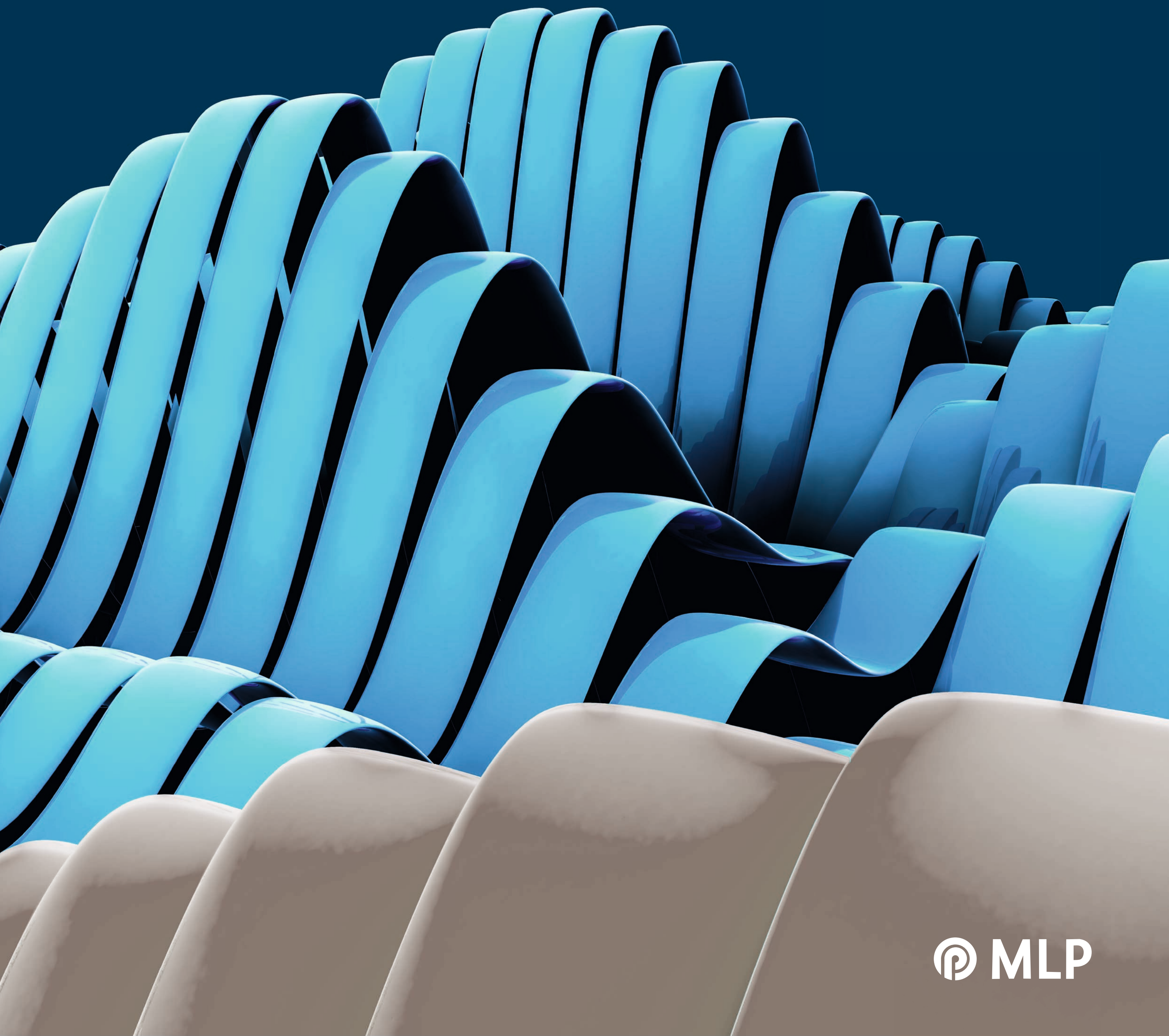
On course together

ANNUAL REPORT 2022



MLP

CONTENTS

CONTENTS

MLP KEY FIGURES

MLP key figures – multi-year overview

All figures in € million	2022	2021	2020	2019	2018	2017	2016
Continuing operations							
Total revenue	949.1	934.5	767.3	708.8	666.0	628.2	610.4
Revenue	913.8	907.3	745.5	689.6	642.1	608.7	590.6
Other revenue	35.4	27.2	21.8	19.2	23.8	19.4	19.8
Earnings before interest and taxes (EBIT)	75.6	96.8	59.4	47.1	46.4	37.6	19.7
EBIT margin (in %) [3]	8.0 %	10.4 %	7.7 %	6.6 %	7.0 %	6.0 %	3.2 %
MLP Group							
Net profit (total)	48.6	62.8	43.2	36.9	34.5	27.8	14.7
Earnings per share (diluted/basic) (in €)	0.47	0.57	0.40	0.34	0.32	0.25	0.13
Dividend per share in €	0.30 [1]	0.30	0.23	0.21	0.20	0.20	0.08
Cash flow from operating activities	–292.5	546.3	408.1	191.6	141.2	115.5	144.7
Capital expenditure	42.7	72.2	9.3	22.3	26.6	7.3	18.4
Shareholders' equity	525.5	496.2	454.0	437.3	424.8	404.9	383.6
Equity ratio (in %)	13.9 %	13.4 %	14.0 %	15.6 %	17.5 %	18.7 %	19.7 %
Balance sheet total	3,784.6	3,693.4	3,235.0	2,799.5	2,421.0	2,169.5	1,944.1
Clients [2]							
Private clients (Family) [4]	569,200	562,300	554,900	549,600	541,150	529,100	517,400
Corporate and institutional clients [4]	28,400	24,800	22,500	21,800	20,900	19,800	19,200
Consultants [2]	2,100	2,083	2,086	1,981	1,928	1,909	1,940
Branch offices[2]	130	129	129	130	131	145	146
University teams	102	106	102	93	77	58	–
Employees	2,252	2,058	1,850	1,783	1,722	1,686	1,768
Brokered new business [2]							
Old-age provision (total premiums paid in € billion)	3.9 [5]	4.6 [5]	3.8 [5]	4.2 [5]	3.9 [5]	3.4	3.7
Loans and mortgages	2,122.4	2,651.5	2,357.5	1,958.5	1,806.0	1,728.4	1,709.7
Assets under management (in € billion)	54.3	56.6	42.7	39.2	34.5	33.9	31.5
Non-life insurance (premium volume)	632.2	554.6	430.8	405.5	385.6	360.1	350.2
Real estate (brokered volume)	454.7	524.0	403.8	294.0	256.0	198.9	151.4

[1] Subject to the consent of the Annual General Meeting on June 29, 2023
[2] Continuing operations
[3] EBIT margin: EBIT in relation to total revenue
[4] Client counting method adjusted in Q1 2016
[5] Calculation basis adjusted since 2019 (values according to the old calculation method: 2022: 3.6; 2021: 4.0; 2020: 3.5; 2019: 3.9; 2018: 3.6)

EXECUTIVE BOARD

Dr. Uwe Schroeder-Wildberg

Chairman and CEO
of MLP SE

Digitalisation,
Communication (incl. Investor Relations),
Clients and Sales,
Marketing,
Sustainability,
Human Resources,
Strategy

Appointed until December 31, 2027

Manfred Bauer

Member of the Executive Board of MLP SE

Infrastructure,
Product Purchasing and Management

Appointed until April 30, 2025

Reinhard Loose

Member of the Executive Board of MLP SE

Compliance,
Controlling,
Internal Audit,
IT,
Group Accounting,
Legal,
Risk management

Appointed until January 31, 2029

LETTER TO OUR SHAREHOLDERS

Dear Shareholders,

The MLP Group can reflect on an overall satisfactory financial year 2022. It was a year characterised by particularly challenging and also difficult framework conditions – above all Russia's war of aggression against Ukraine, with its associated effects on energy supply and supply chains. This led to a sharp increase in prices for energy, which continues to put pressure on us all today. However, there were also other geopolitical conflicts that left their mark on the economy and negatively impacted the purchasing power of citizens. Dramatically rising inflation, the likes of which we have not seen in Germany and many other western countries for decades, also had a profound impact. This led to a wide range of state interventions, most of which were implemented with good intentions – but for which the state was forced to take on additional debt. Debt that future generations will have to pay off.

In a year like this, characterised by crises and challenges, the MLP Group demonstrated its ability to stay on course more than ever before, even when moving in troubled waters. At the same time, we were able to come closer to our targets. We laid the foundations for this many years ago, having initiated the successful transformation of the company back in 2005 and continuing consistently along this path ever since. I am referring to our successful transformation from a private client consultancy service that primarily focuses on insurance cover and old-age provision to a comprehensive Group that rests on multiple strong pillars and acts as the dialogue partner, supporting private, institutional and corporate clients in all financial matters. MLP is a group which is growing more and more close-knit, making ever greater use of synergies.

The development of MLP over the past financial year can be described effectively on the basis of three key points:

- Firstly: We were able to increase total revenue to € 949.1 million. The highly stable revenue structure, including a strong interest rate business at MLP Banking AG, had a positive effect here. Overall, we were able to successfully cushion the anticipated decline in wealth management performance fees resulting from capital market developments. Indeed, we succeeded in maintaining assets under management in wealth management at virtually the same level, also thanks to further net cash inflows. At the same time, FERI was successful in countering the pronounced overall declines on the capital markets when investing client assets.

- Secondly: Despite operating in significantly changed and particularly challenging market conditions, at € 75.6 million, earnings before interest and taxes (EBIT) were within the forecast corridor. Even on its own, this can already be considered an impressive success when considering the turbulence encountered in many of our markets. It is particularly important to note here that we were scarcely able to collect any wealth management performance fees in the last financial year due to market conditions, which had a pronounced impact on our earnings. To put our satisfactory earnings for 2022 into better perspective, it is also worth taking a look at the year 2020, as this is more comparable with 2022. EBIT was € 59.4 million in 2020.

- And thirdly: We remain a highly attractive and reliable dividend share for you, our shareholders – and have now been for almost 20 years. The Executive Board and Supervisory Board are therefore happy to propose a dividend of 30 cents per share, which represents a dividend payout at the upper end of our communicated corridor of 50 to 70 % of Group net profit. The return on dividend is 5.8 %. We are therefore confirming the strength of our business model and also reaffirming our level of trust and confidence in the future.

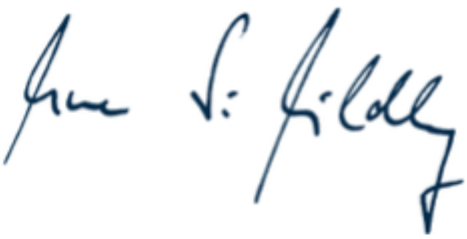
In summarising the past financial year, we can say that MLP successfully defied the extremely difficult environment.

Of course, nobody can seriously expect conditions to take a turn for the better in the near future. Nevertheless, we are confident that thanks to our broad and diversified positioning, we can still achieve further growth despite operating in such a challenging environment. Our forecast for the Group is therefore: MLP is anticipating EBIT of € 75 to 85 million for the current financial year. Indeed, we are expecting to record a continuous rise in the non-life insurance portfolio volume, further growth in the Industrial Broker segment, as well as a further upturn in the interest rate business. In addition, we are planning a further increase in the profit contribution from the segment with our young consultants, which we have been building up over the last few years. At the same time, the massive investments of the last few years, in particular those targeting the IT infrastructure, and effective cost management will have a strong positive effect.

Based on our forecast for 2023, we have also reaffirmed our plans for 2025: namely to increase EBIT to between € 100 and 110 million by the end of 2025 with revenue of more than € 1.1 billion. This planning is essentially based on three key strategic success factors: a further increase in assets under management in the Group, ongoing development of non-life insurance portfolio volume and sustainable growth in all parts of the MLP Group. Although not yet taken into account in the planning for 2025, this is to be supported by acquisitions above all in the Industrial Broker segment. We are also continuing our efficient system of cost management, which is already starting to show positive effects.

MLP combines pronounced stability with further growth potential from within its own business model. This is positively impacted by the interaction and use of synergies among individual parts of the Group. Our outlook is based precisely on this – and in times where growth can certainly no longer be taken for granted, this is also a reflection of our strength. We are continuing consistently along our successful path and would be delighted to have you – our shareholders – on board. I would once again like to offer you all sincere thanks on behalf of the entire Executive Board for the trust you have shown in us this year.

Yours,



Dr. Uwe Schroeder-Wildberg

THE SUPERVISORY BOARD

Dr. Peter Lütke-Bornefeld
Chairman
Elected until 2023

Dr. Claus-Michael Dill
Vice Chairman
Elected until 2023

Alexander Beer
Employees' Representative
Elected until 2023

Matthias Lautenschläger
Elected until 2023

Sarah Rössler
Elected until 2023

Monika Stumpf
Employees' Representative
Elected until 2023

REPORT BY THE SUPERVISORY BOARD

In the financial year 2022, the Supervisory Board reviewed the development of the company in depth and performed its supervisory duties to the full. It regularly advised and monitored the Executive Board in running the business of the company.

During the course of the last financial year, the Supervisory Board paid particular attention to the economic development, financial situation, prospects and further strategy of the company, and advised the Executive Board on these topics. Its work in the financial year 2022 focused in particular on supporting the Executive Board in the strategic development of the company and of the MLP Group, implementing further measures to increase efficiency and both assessing and monitoring the opportunity and risk position of the company and the Group.

The Supervisory Board at MLP SE focussed in particular on topics relating to supervisory issues in the financial year. The reason for this was that in July 2022 MLP SE gained legal approval to operate as the parent financial holding company of the MLP Group pursuant to § 2f (1) in conjunction with (3) of the German Banking Act (KWG) by authorisation letter dated June 30, 2022. MLP SE is therefore the superordinated undertaking of the MLP Group pursuant to § 10a (2) p. 2 of the German Banking Act (KWG) in conjunction with article 11 (2), point 1, letter (a) of Regulation (EU) No. 575/2013 (CRR Capital Requirements Regulation) and, as such, is responsible for consolidation and compliance with supervisory requirements, as well as risk management at Group level. The Supervisory Board addressed this topic intensively in multiple meetings, as well as during an in-house training event. The Supervisory Board both advised and monitored the Executive Board with regard to implementation of corresponding regulatory requirements. In addition, the Supervisory Board geared its own activities towards issuance of the corresponding authorisation and the requirements associated with this. To this end, in November 2022 the Supervisory Board established a joint Risk and Audit Committee, as well as a Nomination Committee and a Compensation Control Committee in the sense of the German Banking Act (KWG), in particular in accordance with the mandatory provisions of § 25d (7) et seq. of the German Banking Act (KWG). These committees have now also taken over the former duties of the Audit Committee, the Personnel Committee and the Nomination Committee, as well as the duties assigned to corresponding committees of a licensed financial holding company.

At the start of the financial year 2022, the Supervisory Board approved the Executive Board resolution to hold the 2022 Regular Annual General Meeting as a Virtual Annual General Meeting on the basis of the situation that was still in place at this time due to the pandemic. In terms of business development and operating results, both the company and the MLP Group were less impacted by the effects of the Ukraine crisis and inflationary trends than other sectors during the financial year 2022.

In the financial year 2022, the Supervisory Board continued to advise the Executive Board particularly intensively on potential M&A transactions. In particular, the Supervisory Board supported and consulted with the Executive Board in connection with preparing the acquisition of Dr. Schmitt GmbH Würzburg, including its subsidiaries. With this acquisition, the Executive Board is pursuing the announced systematic expansion of the Industrial Broker segment. The Supervisory Board therefore approved the transaction in March 2022.

The Supervisory and Executive Boards met regularly in the reporting year for discussions and joint consultations regarding business development, strategy and key events within the company. The Supervisory Board was directly involved in all decisions of fundamental importance to the company. The Executive Board regularly provided the Supervisory Board with written and oral reports in a timely and comprehensive manner on all relevant issues related to corporate planning, strategic development, the business situation and the position and overall development of the Group as a whole, including the risk situation, risk management, risk-bearing capacity and compliance. The Supervisory Board was able to confirm the correctness of the corporate governance by the Executive Board. In 2022, the Executive Board also reported to and advised the Supervisory Board on the content and anticipated effects of legislative or regulatory proposals at national German or EU level.

Ms. Tina Müller stepped down from her position on the Supervisory Board at the end of the Regular Annual General Meeting on June 2, 2022. The Annual General Meeting elected Ms. Sarah Rössler as a new member of the Supervisory Board in her place.

The Supervisory Board at MLP SE held five regular meetings and one extraordinary meeting in the financial year 2022. These were all held as face-to-face meetings, although video participation was generally also offered as an option. With the exception of one meeting, which Ms. Müller was unable to attend due to illness, all members of the Supervisory Board participated in all meetings (predominantly in person, yet also via video live stream in exceptional cases). The Executive Board will generally also inform the Supervisory Board of particularly important or urgent projects outside of the regular meetings. Where necessary, resolutions can also take the form of circular resolutions.

In addition to this, two meetings of the Audit Committee were also held in this year. All committee members took part in each of these meetings. The Personnel Committee convened once in the last financial year. All committee members took part in this meeting. In addition, two meetings of the Nomination Committee were held in the last financial year.

No meetings of the newly established joint Risk and Audit Committee, the Nomination Control Committee or the Compensation Control Committee were yet held in the financial year 2022.

The following table offers an overview, detailing which members of the Supervisory Board took part in the meetings of the Supervisory Board or its committees in 2022:

	Participation	in %
Supervisory Board meeting MLP SE		
Dr. Peter Lütke-Bornefeld	6/6	100
Dr. Claus-Michael Dill	6/6	100
Tina Müller (until June 2, 2022)	1/2	50
Matthias Lautenschläger	6/6	100
Sarah Rössler (as of June 2, 2022)	4/4	100
Monika Stumpf	6/6	100
Alexander Beer	6/6	100
Personnel Committee MLP SE		
Dr. Peter Lütke-Bornefeld	1/1	100
Matthias Lautenschläger	1/1	100
Monika Stumpf	1/1	100
Tina Müller (until June 2, 2022)	1/1	100
Sarah Rössler (as of August 10, 2022)	not relevant	not relevant
Audit Committee MLP SE		
Dr. Claus-Michael Dill	2/2	100
Dr. Peter Lütke-Bornefeld	2/2	100
Matthias Lautenschläger	2/2	100
Alexander Beer	2/2	100
Sarah Rössler (as of August 10, 2022)	1/1	100

Nomination Committee MLP SE		
Dr. Peter Lütke-Bornefeld	2/2	100
Dr. Claus-Michael Dill	1/2	50
Matthias Lautenschläger	2/2	100
Tina Müller (until June 2, 2022)	1/1	100
Sarah Rössler (as of August 10, 2022)	1/1	100

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

Supervisory Board meetings and important resolutions

Following preparation by the Audit Committee, the Supervisory Board meeting on March 23, 2022 was dedicated to reviewing and approving the financial statements and the consolidated financial statements as of December 31, 2021. After in-depth discussions, the Supervisory Board approved both the financial statements and the consolidated financial statements as of December 31, 2021, as well as the separate nonfinancial report. In addition to this, the Supervisory Board also reviewed the appropriateness of the Executive Board compensation – as required in accordance with the German Corporate Governance Code (GCGC) – as well as the variable compensation components of the Executive Board for the financial year 2021 and approved these. The proposed resolutions for the company's Annual General Meeting, which was held as a virtual event, represented another item on the agenda. The Supervisory Board also approved the acquisition of Dr. Schmitt GmbH Würzburg including its subsidiaries.

The regular Supervisory Board meeting on May 11, 2022 focused primarily on discussing the results and business development from the first quarter of 2022.

In an extraordinary meeting of the company's Supervisory Board held on June 2, 2022, Ms. Rössler, who had previously been elected to the Supervisory Board by the Annual General Meeting as the successor to Ms. Müller, was then also elected as a Member of the Audit Committee.

The results of the second quarter, the business development in the first half of the year, reporting on the internal audit and risk controlling (including report on the notion of materiality, risk strategy and risk-bearing capacity concept) were all on the agenda of the regular Supervisory Board meeting on August 10, 2022. Discussions and consultations regarding the various aspects requiring implementation as a result of MLP SE being granted authorisation to operate as a financial holding company represented another focus.

The November meeting primarily focused on the business results of the third quarter and the first nine months of the financial year 2022. However, another focus of this Supervisory Board meeting was on evaluating the leadership and performance of the members of the Executive Board. These topics were discussed in a closed session without the members of the Executive Board. As per the mandatory requirements of § 25d (7) et seq. of the German Banking Act (KWG), the Supervisory Board also established a joint Risk and Audit Committee, as well as a Nomination Control Committee and a Compensation Control Committee.

In the meeting on December 15, 2022 the Supervisory Board addressed in detail and approved the strategy and budget of both the Group and the company for the financial year 2023. Alongside this, compliance with the provisions of the German Corporate Governance Code (GCGC) in the MLP Group, the resolution on the Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG) was a key topic on the meeting's agenda. Extensive reporting was provided on the corporate governance process, and the current Declaration of Compliance was approved. The Supervisory Board also approved the Executive Board resolution regarding a share buyback programme.

Supervisory Board committees

The Supervisory Board was regularly informed of the work carried out by its committees in 2022.

In the financial year 2022, the members of the Audit Committee (until November 9, 2022) included Dr. Claus-Michael Dill, who was also Chairman of the Audit Committee, Dr. Peter Lütke-Bornefeld, Mr. Matthias Lautenschläger and Mr. Alexander Beer. Ms. Rössler has also held a seat on this committee since June 2, 2022. The Audit Committee held two regular meetings in the financial year 2022. Representatives of the audit firm also took part in some of the meetings, providing the committee with detailed reports. In the presence of the auditors, the Chairman of the Executive Board and the Chief Financial Officer, the Audit Committee discussed the financial statements of MLP SE and the MLP Group as well as the proposed appropriation of earnings. Furthermore, the relationship to the auditor, proposals for selecting the auditor, audit fees, audit assignment and monitoring of the auditor's independence were the subject of extensive discussions. The Audit Committee received regular reports on the work of the Internal Audit and of the Compliance and Risk Management department and was informed on legal and regulatory risks and risks to reputation.

The members of the Personnel Committee in the financial year 2022 (until November 9, 2022) were: Dr. Peter Lütke-Bornefeld, who was also Chairman of the Personnel Committee, Ms. Tina Müller (until June 2, 2022), Mr. Matthias Lautenschläger, as well as Ms. Sarah Rössler and Ms. Monika Stumpf (both as of August 10, 2022). The Personnel Committee held one regular meeting in the reporting period and focused in particular on checking the appropriateness of Executive Board compensation, as well as determining the bonus pool for the MLP Group.

The members of the Nomination Committee in the financial year 2022 (until November 9, 2022) were: Dr. Peter Lütke-Bornefeld, who is also Chairman of the Nomination Committee, Ms. Tina Müller (until June 2, 2022), Ms. Sarah Rössler (as of August 10, 2022), Dr. Claus-Michael Dill and Mr. Matthias Lautenschläger. The Nomination Committee held two meetings in the financial year 2022 in order to prepare the appointment of Ms. Rössler as a member of the Supervisory Board by the Annual General Meeting on June 2, 2022. In addition to this, the Nomination Committee made preparations for the new Supervisory Board elections by the 2023 Annual General Meeting.

Dr. Claus-Michael Dill, who is also Chairman of the committee, Ms. Sarah Rössler, Dr. Peter Lütke-Bornefeld and Mr. Matthias Lautenschläger were elected as members of the newly established joint Risk and Audit Committee during the meeting of the Supervisory Board held on November 9. During the meeting of the Supervisory Board held on December 15, 2022, Dr. Peter Lütke-Bornefeld, who is also Chairman of the committee, Ms. Sarah Rössler, Dr. Claus-Michael Dill, Mr. Matthias Lautenschläger and Ms. Monika Stumpf were elected as members of the Nomination Committee, while Dr. Peter Lütke-Bornefeld (Chairman), Ms. Sarah Rössler, Mr. Matthias Lautenschläger and Ms. Monika Stumpf were elected as members of the Compensation Control Committee.

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

In the past year, the Supervisory Board dedicated its meeting on December 15, 2022 to in-depth discussions on the requirements of the revised German Corporate Governance Code (GCGC) in its version from April 28, 2022.

The meeting held on December 15, 2022 was used to discuss the recommendations of the GCGC and the Declaration of Compliance. The Supervisory Board consulted with the Executive Board regarding the requirements of the GCGC and the deviations that are to be disclosed as per the Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG). The objective here was to determine which requirements the Executive Board and Supervisory Board have satisfied or will satisfy in future to secure compliance with the recommendations in the form presented in the Declaration of Compliance. In December, the Supervisory Board and Executive Board issued a Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG) and made it permanently available to the shareholders via its website.

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

The Supervisory Board also regularly addresses potential conflicts of interest among the members of the Supervisory Board. To this end, the members of the Supervisory Board are surveyed at least once a year to determine whether any such conflicts existed or still exist. Based on our understanding, and in accordance with the legislator, a conflict of interest exists if there is reason to suspect that any member of the Supervisory Board is taking decisions not solely in the interests of the company, but also potentially seeking to pursue personal or third party interests. Following the review by the Supervisory Board there were no conflicts of interest in this sense in the last financial year. A summary of further corporate governance aspects at MLP, including presentation of the Declaration of Compliance from December 15, 2022, can be found in the Declaration of Corporate Governance issued by the Executive Board and Supervisory Board. All relevant information is also available on our homepage at www.mlp-se.com.

The members of the Supervisory Board independently participated in training measures to aid them in fulfilling their responsibilities – as required by the Corporate Governance Code. In this endeavour, they are adequately supported by the company. Members of the Supervisory Board also attended a training event on November 9, 2022 in order to maintain the necessary professional expertise. This training focused in particular on new developments as a result of MLP SE gaining authorisation to operate as a financial holding company.

Audit of the annual financial statements and consolidated financial statements for 2022

The financial statements and the joint management report of MLP SE as of December 31, 2022 have been compiled by the Executive Board pursuant to the German Commercial Code (HGB). The consolidated financial statements and the joint management report as of December 31, 2022 have been compiled pursuant of § 315a of the German Commercial Code (HGB) in line with international financial reporting standards (IFRS) as applied in the EU. As of December 31, 2022, BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg audited the financial statements and the joint management report of MLP SE in accordance with the principles of commercial law, as well as the Group financial statements and the joint management report in accordance with the principles of IFRS, issuing an unqualified auditor's opinion in each case. The auditor performed the audit in compliance with the basic principles of sound auditing practices determined by the Institut der Wirtschaftsprüfer (German Institute of Auditors).

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

The auditor's reports were comprehensively scrutinised by the Supervisory Board during the Supervisory Board meeting held on March 22, 2023. The Chairman of the Risk and Audit Committee provided information on the auditor's reporting from the meeting of the Risk and Audit Committee, concentrating in particular on the scope, the key focuses, as well as the major findings of the audit and going into particular detail regarding the key audit matters and the audit procedures employed. With regard to the individual financial statements of MLP SE, these key audit matters, as defined and verified by the auditor, encompassed the "impairment testing of shares in affiliated companies", while with regard to the consolidated financial statements of MLP SE they encompassed the "impairment testing of goodwill" and the "recognition of commission income". At this meeting, the Executive Board also explained the financial statements of MLP SE and of the MLP Group, the risk management system, the accounting processes and the effectiveness of the internal monitoring, risk management system, audit system and of the compliance, as well as giving detailed reports on the scope, focuses and costs of the audit.

The Supervisory Board concurred with the outcome of the auditor's audit and, on the basis of the final outcome of the Risk and Audit Committee's audit and its own audit, found no grounds for raising an objection. Accordingly, at its meeting on March 22, 2023, the Supervisory Board approved the annual financial statements and the joint management report MLP SE, as well as the consolidated financial statements and the joint management report in accordance with IFRS prepared by the Executive Board. The annual financial statements are therefore adopted. Alongside this, the Executive Board is also required to submit a report on a non-financial declaration or a non-financial Group declaration as per § 289b, § 315b of the German Commercial Code (HGB). The Supervisory Board reviewed the non-financial report – prepared by a meeting of the Risk and Audit Committee – and did not find any objections.

After performing its own reviews, the Supervisory Board agreed with the Executive Board's proposal to pay out a dividend of € 0.30 per share for the financial year 2022. The equity and liquidity situation, future regulatory requirements and the company's budget, as well as the shareholders' interest in an appropriate dividend were included and weighed up against one another in its considerations.

The Supervisory Board would like to thank the Executive Board, the Management of the respective Group companies, as well as all employees and consultants of the MLP Group for their exemplary personal commitment and achievements in the financial year 2022.

Wiesloch, March 2023

The Supervisory Board

Dr. Peter Lütke-Bornefeld

Chairman

INVESTOR RELATIONS

The MLP share

2022 was a historically bad year for the stock markets - not only for shares, but also for bonds. In this environment, the MLP share was unable to continue the positive trend observed in the stock market year 2021. The share began 2022 at a price of € 8.52 and then hit its highest level for the reporting period of € 8.70 shortly afterwards. Existing geopolitical uncertainties increased even further as a result of Russian troops invading Ukraine at the end of February, sending stock markets into a tailspin. This also impacted development of the MLP share price, which gradually declined as a result. The results of the fourth quarter of 2021, which were published at the beginning of March, exceeded the expectations of analysts and were received positively. The newly published mid-term planning, targeting EBIT in the range from € 100 to € 110 million by 2025, was rated as ambitious yet achievable by analysts, who also considered it as clear evidence of the successful diversification and growth strategy being pursued by MLP.

Yet despite this, the share initially recorded significant price losses over the course of subsequent weeks. At the start of May, the MLP share price was just € 6.02. However, it then enjoyed an upwards trend up to the date of the Annual General Meeting, bolstered by the figures for the first quarter. This can be attributed to the resilience of the MLP business model in a challenging market environment, significantly supported by the diversification of business activities.

Nevertheless, the MLP share was unable to escape negative external influential factors, such as geopolitical crises, the inflation trend and interest rate policy. The increased level of uncertainty being felt by investors was not only reflected in the pronounced consumer reticence, but also in greater volatility. The MLP share price also suffered from this and declined to € 5.11 by the start of July. The summer months brought a brief recovery phase to a peak price of € 6.01, although this was then stifled again in September. The tightening of the monetary policy at international central banks, coupled with further increases in inflation rates, delivered the most pronounced price declines on the global stock markets since the spring of 2020. The MLP share proved robust in this turbulent stock market environment, although it too was confronted with profit taking in the further course of the year. Despite solid operating results, the downward trend continued up to the end of October. The share price then hit its annual low at € 4.44 at the end of October. At this heavily reduced level, investors began to regain interest in the market, which led to the MLP share recording tangible price increases in November of up to € 5.50. However, the loss of momentum at the end of the year then once again led to a decline in the price.

Closing the year at a price of € 5.14, the price performance of our share was –40.02 % in the 2022 stock market year. Market capitalisation was € 562.0 million at the end of the year.

The benchmark indices SDAX and DAXsector Financial Services also recorded significant price losses in the last financial year. The SDAX declined –27.35 % to 11,925.70 points from the start of the year, while the DAXsector Financial Services fell –33.94 % to 1,735.12 points.

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

Annual General Meeting was held as a completely virtual event again

MLP SE held its Regular Annual General Meeting for the financial year 2021 on June 2, 2022. The event was held entirely online again. The effects of the pandemic, and the ongoing uncertainties associated with this, were the main factor behind this decision. MLP therefore once again used the option provided by the legislator with its package of COVID-19 measures to hold a completely virtual Annual General Meeting this year. 81,583,773 shares or 74.62 % of the share capital were represented at the event.

Shareholders of MLP SE were able to follow the entire Annual General Meeting in a live streaming via a shareholder portal.

MLP had also provided the opportunity to post video messages to the password-protected shareholder portal in the run-up to the event. The Executive Board at the company addressed all questions that had been submitted via the shareholder portal before the deadline.

All items on the agenda were approved by shareholders. The Annual General Meeting decided on a profit distribution of € 0.30 per share. At 52 % of Group net profit, the payout ratio is within the announced corridor of 50 to 70 %. MLP therefore once again repeated its consistent dividend policy of recent years. The Annual General Meeting also elected Sarah Rössler to the Supervisory Board as a shareholder representative with a large majority. Discharge was granted to the Executive Board and Supervisory Board with an approval rate of 99.69 and 91.13 % respectively.

ISS sustainability rating

MLP SE continues to enjoy Prime Status in the sustainability rating of the Institutional Shareholder Services Inc. (ISS). The prerequisite for being awarded "Prime" status is satisfying predefined sector-specific requirements. MLP's extremely high level of transparency has also been certified.

Sustainability ratings are becoming increasingly important for investors. They provide orientation regarding the quality of a company's sustainable actions and increasingly also influence the investment universe of professional investors. Thanks to "Prime Status", the MLP share is also recommended for portfolios that focus on sustainability.

Share-based participation programme continued

A share-based participation programme was introduced for MLP branch office managers and MLP consultants in 2017. The aim with this programme is to honour exceptional and sustainable services, as well as to promote the service and client focus of MLP consultants and MLP branch office managers. It should also contribute to motivating high performers and keeping them loyal to the company.

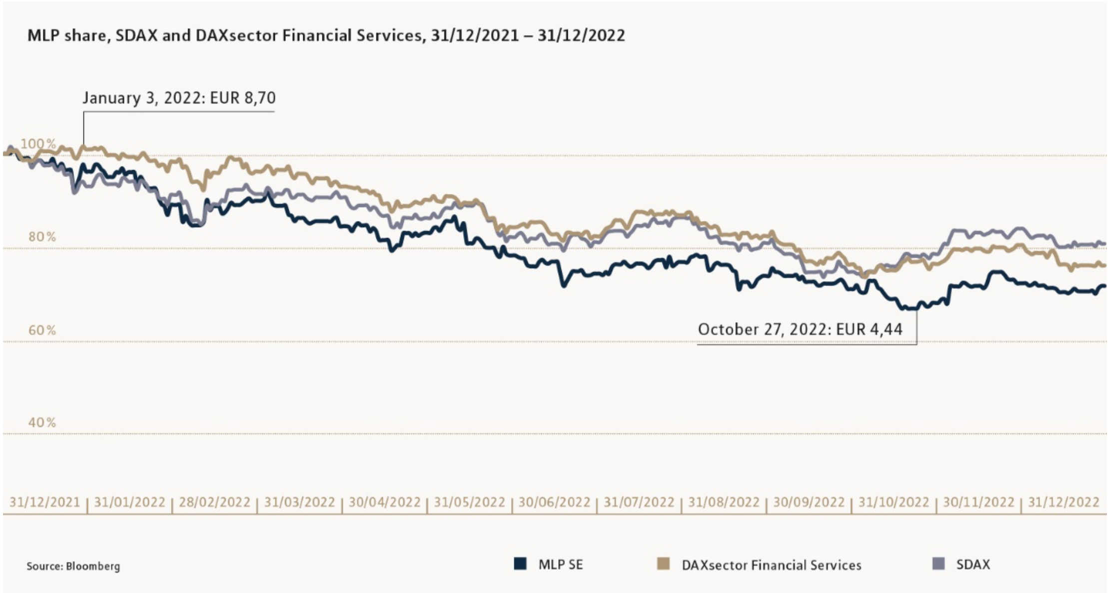
At the start of 2022, MLP issued another tranche of the participation programme with a volume of up to € 3.6 million. The programme was then again increased by an additional volume of up to € 0.5 million at the end of March.

With its resolution from June 24, 2021, the Annual General Meeting authorised the Executive Board and Supervisory Board to buy back treasury shares.

In the time period from January 3 to March 30, 2022, a total of 509,520 shares were bought back at an average share price of € 8.05. The total market value of the shares was around € 4.1 million. A total of 483,520 shares were issued to eligible branch office managers and consultants. As of December 31, 2022, MLP SE still held 46,598 shares in treasury.

MLP share recommended by all analysts

At the end of 2022, the MLP share was covered by four houses. Analysts from Metzler, Kepler Cheuvreux, NuWays/Hauck Aufhäuser Lampe and Pareto Securities all observe the MLP share. As of December 31, 2022, all four analysts were recommending purchasing the MLP share. The average upside target was € 9.05, while the individual estimates were in a range from € 8.70 to € 9.50. The price potential of the share becomes clear in the difference from the year-end price of € 5.14.



Dividend

MLP is planning to also pay a dividend for the financial year 2022. The Executive Board continues to base its proposed dividend for the financial year 2022 on a planned distribution rate of between 50 % and 70 % of operating net profit. Concretely, the Executive Board and Supervisory Board will propose a dividend of € 0.30 per share at the Annual General Meeting on June 29, 2023. This corresponds to a distribution rate of around 67 %.

Key figures compared to previous year (2018-2022)

		2022	2021	2020	2019	2018
Shares outstanding at the end of the year	in units	109,334,686	109,334,686	109,334,686	109,334,686	109,334,686
Share price at the beginning of the year	in €	8.52	5.40	5.61	4.35	5.59
Share price at the end of the year	in €	5.14	8.57	5.40	5.60	4.40
Share price high	in €	8.70	8.89	5.98	5.69	6.06
Share price low	in €	4.44	5.40	3.73	3.86	4.11
Market capitalisation at the end of the year	in € million	562.0	937.0	590.4	612.3	481.1
Average daily turnover of shares	in units	38.529	50.962	58.920	46.854	98.410
Dividend per share	in €	0.30*	0.30	0.23	0.21	0.20
Total dividend	in € million	32.8*	32.8	25.1	23.0	21.9
Return on dividend	in %	5.8	3.5	4.3	3.8	4.5
Earnings per share	in €	0.47	0.57	0.40	0.34	0.32
Diluted earnings per share	in €	0.47	0.57	0.40	0.34	0.32

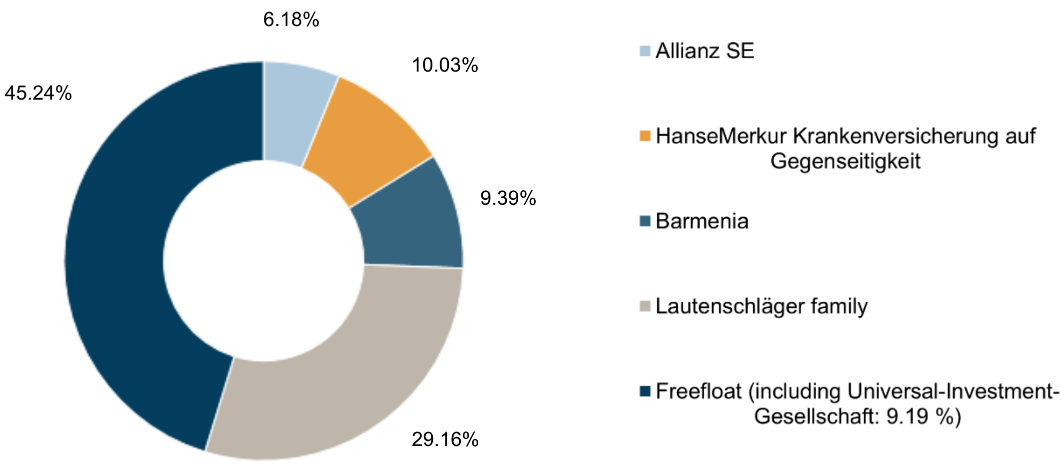
* Subject to the consent of the Annual General Meeting on June 29, 2023

Changes to the shareholder structure

Barmenia Krankenversicherung AG increased its stakes from 8.50 % to 9.39 % in Autumn 2022 (notification from September 12, 2022). 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 more than 29.16 %. The free float as of December 31, 2022 is therefore 45.24 % as per the definition of the German stock exchange.

The following chart provides an overview of the major shareholders of MLP.

Shareholder structure as of December 31, 2022



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

Investor relations activities

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

Roadshows and conferences

Both the Executive Board at MLP SE and the IR Team also engaged in close cooperation and communication with the capital market in 2022. At the start of the year, MLP took part in the 21st German Corporate Conference of Unicredit and Kepler Cheuvreux. In spring, we held meetings with investors based in France together with Hauck & Aufhäuser as part of a virtual roadshow and also attended the Metzler MicroCap Days. In May, we held a virtual roadshow with Pareto. In October, we spoke with local investors during a roadshow in Boston and New York. We then concluded the year by participating in the German Equity Forum in Frankfurt in November.

Investor Relations services

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

Key figures

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

Key figures for business valuation and statement of financial position analysis

		2022	2021
Equity ratio	in %	13.9	13.4
Return on equity	in %	9.8	13.8
Core capital ratio	in %	20.1	17.9
Net liquidity	in € million	142.5	209.0
Market capitalisation at the end of the year	in € million	562.0	937.0
Total revenue	in € million	949.1	934.5
EBIT	in € million	75.6	96.8

MLP Joint Management Report

JOINT MANAGEMENT REPORT

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

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

FUNDAMENTAL PRINCIPLES OF THE GROUP

Business model

The MLP Group – The partner for all financial matters

Broad range of services

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

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

Client requirements in focus

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

The views and expectations of our clients always represent the starting point for every consultation in each of these 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. For the implementation we examine the offers of relevant product providers in the market. Our products are selected and rated on the basis of scientifically substantiated market and product analyses.

Transparent partner and product selection process

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

Further training of key importance

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

Our goal with the MLP School of Financial Education (SoFE), which we founded in 2021, is to make an important contribution to financial education in Germany. The training programmes of the SoFE have also been offered to external groups, such as consultants from other companies, since mid-2022. The courses offered by the SoFE will focus on financial education and management. They are aimed at business persons, physicians, companies/employers and experts from the financial sector.

Legal corporate structure and executive bodies

Within the MLP Group central control tasks are performed by the Group's parent company, MLP SE. The five subsidiaries DOMCURA AG, FERI AG, MLP Finanzberatung SE (with its subsidiary DI Deutschland.Immobilien AG), MLP Banking AG and RVM GmbH are arranged below this. The business divisions each carry end-to-end accountability for results.

MLP SE gained legal approval to operate as the parent financial holding company of the MLP Group pursuant to § 2f (1) in conjunction with (3) of the German Banking Act (KWG) in July 2022 by authorisation letter dated June 30, 2022. MLP SE is therefore the superordinated undertaking of the MLP Group pursuant to § 10a (2) p. 2 of the German Banking Act (KWG) in conjunction with Art. 11 (2), point 1, letter (a) of Regulation (EU) No. 575/2013 (CRR Capital Requirements Regulation) and, as such, is responsible for consolidation and compliance with supervisory requirements, as well as risk management at Group level. Accordingly, the company is supervised directly by the German Federal Financial Supervisory Authority (BaFin).

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

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

Alongside direct brokering of real estate to clients, sales via external sales partners also play a key role at Deutschland.Immobilien. Sales partners can use the real estate portal of Deutschland.Immobilien to process all steps, from collecting information, through producing estimates and making reservations right through to the actual sale and commission calculation. The partner network of

Deutschland.Immobilien includes agents and real estate brokers, ranging from individual consultants, mid-sized and large sales companies, right through to banks.

DOMCURA – The underwriting agency for financial consultants and consultant platforms

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

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

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

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

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

MLP Banking AG

MLP Banking AG, which is based in Wiesloch, offers its clients banking services with a combination of face-to-face consulting and online services. Its target groups are both private and corporate clients, to whom it offers account and credit card products, loans and mortgages, as well as wealth management solutions.

MLP Banking AG assumes the following role within the MLP Group:

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

MLP Banking AG has a banking licence and as a financial institution is supervised by the Federal Financial Supervisory Authority (BaFin).

MLP Finanzberatung SE

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

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

Subsidiaries of MLP Finanzberatung SE are ZSH GmbH Finanzdienstleistungen (ZSH), Heidelberg, which is also registered as an insurance broker and MLPdialog GmbH, Bad Segeberg. Another holding is MLP Hyp GmbH, Wiesloch, which we operate together with the mortgage lending broker Interhyp AG in Munich. MLP Finanzberatung SE also holds a 75.1 % stake in Deutschland.Immobilien AG and its subsidiaries. In addition MLP Finanzberatung SE has a stake of 78.5 % in pxtra GmbH and 39.7 % in Uniwunder GmbH. In 2019, MLP Finanzberatung SE also founded DIFA Research GmbH together with DIFA Deutsches Institut für Fachärztliche Versorgungsforschung GmbH, itself part of the German Association of Medical Specialists (SpiFa). MLP Finanzberatung SE holds a 49.0 % stake in the company that performs economic analyses specifically for clients working in the medical profession.

RVM – The insurance broker for SMEs

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

TPC – Occupational provision management for companies

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

Represented throughout Germany

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

Changes in corporate structure

In April 2022, RVM GmbH acquired the remaining 50 % stake in Hartmann Versicherungsmakler GmbH with economic effect from January 1, 2022 and now holds 100 % of the company. Hartmann Versicherungsmakler GmbH was then merged with and into Jahn & Sengstack GmbH which is based in Hamburg. RVM GmbH also acquired 100 % of Dr. Schmitt GmbH Würzburg including its subsidiaries, Dr. Schmitt Versicherungsmakler GmbH and Bavaria-Assekuranz Versicherungsmakler Gesellschaft GmbH, Nuremberg, on April 1, 2022 and with economic effect from January 1, 2022. In accordance with IFRS requirements, changes in earnings of Dr. Schmitt GmbH Würzburg were disclosed under shareholders' equity up to the closing date. The Group income statement is therefore only affected as of April 1, 2022. nordias GmbH Versicherungsmakler was also merged with ZSH GmbH Finanzdienstleistungen in the first quarter with effect from January 1, 2022. In addition, DOMCURA AG acquired a total of 51 % of the shares in underwriting agency asspario Versicherungsdienst AG, Bad Kreuznach, in the first quarter with retroactive effect from January 1, 2022.

A control agreement pursuant to § 291 of the German Stock Corporation Act (AktG) was concluded between MLP SE and RVM GmbH on April 1, 2022. The Shareholders' Meeting of RVM GmbH then approved this on April 28, 2022. Consent was also granted by the Annual General Meeting of MLP SE on June 2, 2022. The entry of RVM GmbH in the respective Commercial Register was made on July 13, 2022.

In the financial year 2022, MLP acquired a majority stake of 78.5 % in "pxtra", a start-up with headquarters in Rostock that deals with the digital administration of corporate benefits, via MLP Finanzberatung SE.

Change in segment reporting

Since January 1, 2022, the MLP Group has extended its segment reporting to include the new Deutschland.Immobilien segment. Up to the end of the financial year 2021, the earnings contribution of the DI Group, which was acquired in 2019, was disclosed and reported in two different segments. While real estate brokerage was comprised in the Financial Consulting segment in the previous year due to their similarities in terms of characteristics and business activities, the earnings contribution from real estate development was reported in the former Holding & Others segment.

As of January 1, 2022 the DI Group has therefore been monitored and controlled autonomously. All revenue and expenditure from the brokerage and development of real estate properties of the DI Group will be reported in the new Deutschland.Immobilien segment. In return, these earnings contributions will be removed from the Financial Consulting segment and the former Holding & Others segment.

The Holding and Others segment was renamed to Holding again. The Holding segment does not have active operations.

Factors affecting business development

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

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

Organisation and administration

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

The Supervisory Board of MLP SE, whose duties under German law includes the supervision of the Executive Board, comprises six members: Dr. Peter Lütke-Bornefeld (Chairman), Dr. Claus-Michael Dill (Vice Chairman), Matthias Lautenschläger and Sarah Rössler as representatives of the capital side, as well as Monika Stumpf and Alexander Beer as employees' representative. Ms. Tina Müller stepped down from her position on the Supervisory Board at the end of the Regular Annual General Meeting on June 2, 2022. On the same date, the Annual General Meeting elected Ms. Sarah Rössler as a new member of the Supervisory Board in her place.

Control system

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

Group-wide controlling

EBIT and revenue as central controlling parameters

The Executive Board at MLP SE assesses the development of the Group on the basis of established controlling parameters. Earnings before interest and taxes (EBIT) and Group sales revenue represent the central controlling parameters and performance indicators for measuring the business performance of the MLP Group. Accordingly, these indicators are used for steering purposes. Alongside this, the Executive Board also receives regular information on the macroeconomic, political and legislative factors that influence business performance.

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

The Executive Committee (Execom) holds regular meetings in order to coordinate Group activities and ensure an efficient exchange of information relevant for controlling purposes. Alongside the members of the Executive Board at MLP SE, this Executive Committee also includes representatives from the Group's business units. The strategies and plans of the operating segments are also discussed in its meetings and coordinated with the overall strategy and plans of the Group. Uniform strategic target visions are defined for the Group as a whole and all Group segments. These are then used to coordinate and specify the key long-term targets.

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

Revenue contribution to consulting fields by business segment

	Financial Consultancy	Banking	FERI	DOMCURA	Industrial Broker	Deutschland. Immobilien
Old-age provision	x					
Wealth management	x	x	x			
Non-life insurance	x			x	x	
Health insurance	x					
Loans and mortgages	x					
Real estate brokerage	x					x
Project development						x

Risk management: Important management and control element

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

Key figures and early indicators used by corporate controlling

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

Nonfinancial performance indicators

The company is also striving to improve non-financial performance indicators and considers sustainability a key factor in this regard. Accordingly, the fields of emissions, training and development of employees, as well as gender equality are currently being analysed in greater depth.

Research and development

Since our consulting firm is a service provider, we are not engaged in any research or development in the classic sense. We also make other resources available, for example to develop our own software or refine acquired software. The FERI Cognitive Finance Institute also operates as a strategic research centre and creative think tank within the FERI Group, with a clear focus on long-term aspects of economic and capital market research, as well as asset protection. Alongside this, the DOMCURA Group has also been involved in the development of new products for years. In wealth management field, FERI and MLP are working together to evaluate how relevant digital assets – such as existing crypto currencies and asset classes where physical trading is currently presented with challenges – can in future be taken into account quickly and agilely in consultancy and portfolio structuring processes within the scope of a platform approach.

ECONOMIC REPORT

Overall economic climate

Overall economic situation

In 2022, economic development was primarily influenced by the ongoing conflict in Ukraine, supply chain problems in the wake of the coronavirus pandemic, as well as a sharp rise in inflation. At an average of 7.9 %, inflation was particularly high in the reporting year in comparison with previous years. In Germany, losses in purchasing power and the massive loss of competitiveness suffered by many companies were the key drivers behind an imminent recession.

According to the German Federal Statistical Office (Destatis), inflation-adjusted gross domestic product (GDP) rose by 1.9 % in 2022 over the previous year. Germany therefore ranks among the countries with the weakest growth rates in Europe.

Economic growth in Germany (in %)

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

Consumer confidence at an all-time low

Persistently high inflation and rising energy costs cast a massive shadow over consumer confidence in Germany in the reporting year – resulting in a historic all-time low of –42.8 points in the Consumer Sentiment Index of the German Consumer Research Association (GfK) in autumn.

However, consumer confidence then improved slightly at the end of the reporting year. The index was at –40.1 points in December 2022 (December 2021: –1.8).

Sentiment in the German economy was also subdued towards the end of the reporting year. Yet there were some signs of recovery, albeit at a low level. The Ifo Business Climate Index stood at 86.3 points in November 2022 (previous year: 96.7 points). In December 2022, the index rose to 88.6 points.

Booming employment market dampened by impending recession

Despite the economic setbacks encountered during the crisis, the employment market remained resilient in the financial year 2022. This can be attributed to the record-level labour requirements. According to data published by Germany's Federal Employment Agency, the annual average number of registered jobseekers fell by 195,000 year-on-year to approximately 2.41 million persons in 2022. This corresponds to an unemployment rate of 5.3 % (2021: 5.7 %).

Sharply rising salaries and wages

According to data published by the "Tax Estimates" workgroup of Germany's Federal Ministry of Finance, gross wages and salaries increased by 6.0 % in the reporting year (2021: 3.6 %), while the disposable income of private households rose by 4.6 % according to the 2023 Fiscal Report of the German government. (2021: 2.7 %)

The savings rate in Germany, which had risen during the coronavirus pandemic, stabilised again in the reporting year. The high rate of inflation, as well as the losses in purchasing power associated with this, led to a decline. The savings rate in 2022 was 10.8 % (2021: 15.2 %).

The overall economic climate was challenging for MLP in 2022.

Industry situation and competitive environment

Old-age provision

According to ratings agency Assekurata, life insurers have fared pretty well throughout the COVID-19 pandemic so far. The solvency ratios have risen and fears of an increased cancellation volume have proven unfounded. However, this is offset by the pressure being felt in the old-age provision business as a result of the current economic and geopolitical crises. Despite this, the rise in interest rates is having a positive effect on the additional interest provision and the solvency of insurers, which gives reason for hope. The period of low interest rates, which continued unabated for many years, enabled life insurers to accumulate an additional interest provision of around € 97 billion by the end of 2021. However, this is set to decline again for the first time in 2022.

Based on estimates provided by Assekurata, new business is likely to encounter setbacks due to inflation, the pandemic and the geopolitical environment. Since the economic prospects of private households became rather bleak in 2022, many consumers are seeking to defer their decisions regarding long-term commitments to a later point in time.

Consumers investing less in old-age provision due to inflationary pressures

Due to high inflation, almost a quarter of German citizens are currently choosing to invest less in their own old-age provision. In a recent survey conducted by the German Pension Institute (DIA), 23 % of respondents stated that they had stopped making payments into existing savings contracts, while 51 % indicated that they had not yet been forced to take such action. The situation could potentially become even more acute, as 35 % of those surveyed stated that they were keen to check whether they could manage without savings contracts and insurance policies that they currently have in place.

The young generation is saving

As underlined by a survey conducted by payment service provider Klarna, Generation Z, referring to those aged between 18 and 24, is clearly keen to save. According to information provided in this survey, some 92 % of those aged 18 to 24 regularly put money into savings – on average 13 % of their disposable income.

Growth trend in unit-linked policies continuing unabated

The product landscape in the old-age provision business has undergone radical change as a result of the low interest rate environment. According to the German Insurance Association (GDV e.V.), the proportion of classic life insurance products with maximum technical interest rate declined even further in the current year. The growth trend among unit-linked insurance products persisted in 2022, with this product category continuing to expand its share of new business.

Occupational pension provision: More allowances since 2022

The next stage of the legislation to strengthen occupational pension provision in Germany (BRSG) came into force on January 1, 2022. Based on this, employers are obligated to grant their employees a subsidy of 15 % on any occupational pension provision product they take out, as long as this takes the form of deferred compensation via a direct insurance, a pension scheme or a pension fund.

Market as a whole only displaying slight growth

According to provisional figures provided by the German Insurance Association (GDV e.V.) in January 2023, the gross premiums for life insurance policies declined by 7.0 % in 2022 over the previous year to € 92.71 billion. Of this total, € 64.26 billion were attributable to regular premiums (+ 0.8 % compared to 2021) and around € 28.45 billion to single premiums (–20.8 % compared to 2021).

The number of new Riester contracts, i.e. pension products that qualify for government funding, was around 124,700 in 2022 – representing a decline of 59.9 % over 2021. Basic pension policies, on the other hand, displayed positive development – with just under 117,000 new basic policies being concluded in the reporting year. This corresponds to an increase of 15.7 % over 2021.

According to the German Insurance Association (GDV e.V.), total premiums received from new business in 2022 declined by 8.8 % over the previous year to € 168.62 billion.

Wealth management

In the reporting period, the market environment in wealth management was characterised by the highest inflation rates seen in four decades, an abrupt rise in interest rates, as well as acute geopolitical risks. These factors together served to significantly change the framework conditions for companies and investors in the reporting period. The changes triggered severe turmoil and sharp corrections in many investment markets. At the same time, the global economy, which was previously on a resilient course, was abruptly forced in the direction of heightened risks of global recession.

Monetary assets of private households dwindling

According to the German Central Bank (Bundesbank), the monetary assets of private households, comprising cash, securities, bank deposits, as well as insurance claims, declined continuously in the reporting period. Due to ongoing valuation losses, it fell for the third time in succession to € 7,475 billion in the third quarter of 2022. In fact, the global financial crisis was the last time an even longer phase of declining monetary assets was observed. Private households significantly increased their cash and deposits by € 36 billion in the same time period. Liabilities rose by € 29 billion over the previous quarter to € 2,118 billion. However, shares became less popular. At € 4 billion and € 5 billion respectively, private households acquired significantly fewer general shares and investment fund shares than in the previous quarter.

Developments in the fund business

Based on information provided by the German Association of Investment and Asset Management (BVI e.V.), the German fund industry recorded total inflows into funds of € 66 billion as of the end of September. The development of assets reflects the turbulence being encountered on the stock exchanges. Having started the year with record levels of inflows in January, sales of special and mutual funds declined over the remainder of the year due to market turbulences caused by Russia's war in Ukraine and the increased rate of inflation. In fact, significant net cash outflows from funds and mandates of € 10.1 billion were recorded in the third quarter. At the end of September, the downward trend came to a halt and assets began to rise in value again due to the recovery on the stock exchanges. At the end of 2022, fund companies were managing total assets of € 3,804 billion, which is just short of 12 % less than at the start to the year. Some € 1,943 billion of these can be attributed to open-end special funds, € 1,280 billion to open-end mutual funds, € 529 billion to mandates and € 52 billion to closed-end funds.

Mixed funds recorded the highest inflows (€ 12.5 billion), followed by real estate funds (€ 4.5 billion). Fixed income funds, on the other hand, encountered pronounced outflows (€ 13.5 billion).

Sustainable investments gaining in popularity

Sustainable investments are becoming increasingly important for investors in Germany. According to a survey performed by Deutsche Kreditbank AG (DKB) and the Institute for Sustainable Investments (NKI GmbH), some 58.8 % of respondents could, in principle, imagine considering ESG criteria when making personal investment decisions. Some 22.8 % of private investors have already made sustainable investments, which is five times more than in 2017.

MLP has already been offering sustainable funds since 2012.

Institutional investors strengthen commitment to alternative investments

In times of high inflation, a disruptive turnaround in interest rates and war in Ukraine, institutional investors in Germany are still seeking to increase their ratio of alternative investments. Indeed, investments of this kind now account for more than 23 % of their assets. Private market strategies in particular are proving extremely popular, while venture capital is also attracting greater interest. These are the findings of the Alternative Investor Survey 2022, which is conducted among institutional investors by the German Association of Alternative Investments (BAI).

Accordingly, the most popular asset classes in the institutional portfolio are real estate equity and infrastructure equity at 78 % and 75 % respectively, followed by private equity at 71 %.

Non-life insurance

Sentiment in the non-life insurance sector remained somewhat subdued in 2022 due to the large number of claims in connection with natural disasters. The geopolitical and economic framework conditions also served to curb the growth dynamic. The overall market environment can therefore be described as difficult.
Due to ongoing supply bottlenecks in the field of automotive production, only comparably few new cars were registered in 2022 – a factor which in turn had a dampening effect on vehicle insurance policy premiums.

Winter storms caused massive damage

Storms, severe weather incidents and flooding led to unprecedented damage in Germany in the last two years. Based on estimates of the German Insurance Association (GDV e.V.), the overall losses associated with natural disasters will once again be greater than average for 2022. In the first half of 2022 alone, natural disasters were responsible for claims totalling around € 3 billion. Almost half of these were caused by a single series of storm events during winter.

Market environment also difficult for industrial and commercial insurance

According to the AON Market Insights Report 2022, natural disasters, inflation, supply chain problems and geopolitical risks are also presenting challenges for industrial and commercial insurers and actually prevented a recovery in 2022.

Commercial insurance policies are becoming increasingly important for brokers. Indeed, almost half of all respondents (49 %) in a recent survey conducted by AssCompact, currently consider the commercial property and casualty business to be important or very important. Five years ago, this figure was just 39 %. According to the survey, business and professional liability insurance policies, legal expenses insurance policies and vehicle fleet insurance policies are the most in demand.

Premium adjustments being observed throughout the market

According to the German Insurance Association (GDV e.V.), inflation-driven premium increases, as well as high levels of claims associated with damage from natural disasters led to greater premium dynamics in 2022. Premiums for building insurance rose by 8.0 %, while those for home contents insurance rose by 3.0 % and those for vehicle insurance rose by 1.5 %. The German Insurance Association (GDV e.V.) is anticipating overall premium growth of 4.1 % in property and casualty insurance for 2022.

Health insurance

According to figures published by the Association of Private Health Insurers, private health insurance recorded significant growth during the financial year 2022. The total number of insurance policies (including supplementary insurance policies) rose to 37.8 million.

In comprehensive insurance, more people made the switch from the statutory health insurance system to private health insurance than the other way round. This led to an overall increase of 29,600 private health insurance policy holders (balance as per 2021: +23,300). According to the Association of Private Health Insurers, some 8.7 million persons had a comprehensive health insurance policy in place in 2022.

Private insurance holders more satisfied than ever

Those with private comprehensive health insurance are fully satisfied with the performance of the German healthcare system. According to the latest Continentale Survey, some 93 % of those surveyed are satisfied or very satisfied with their benefits.

From the perspective of those with statutory health insurance, on the other hand, medical care has deteriorated in the course of the pandemic. Indeed, the latest MLP Health Report 2022 indicates that around one in three believes that the situation has become worse. In contrast to this, those with private insurance tended to have more positive experiences (11 %) than negative ones (5 %). The increased awareness of the importance of good healthcare provision highlighted by the pandemic is giving a boost to private health insurance.

Supplementary insurance remains on growth trajectory

More and more people are looking to use private provision as a way of supplementing the scope of services provided by the statutory health insurance system. According to the Association of Private Health Insurers, the number of supplementary insurance policies rose by 2.1 % in 2022 to 29.1 million. The positive trend is therefore continuing unabated. Based on information provided by Assekurata, dental plans remain the most popular choice with around 17 million policies. A survey performed by Gothaer indicates that travel health insurance and supplemental hospital indemnity insurance policies are also popular.

Occupational health insurance model proving successful

Occupational health insurance once again recorded strong growth in 2022. Indeed, some 22,300 companies in Germany are now offering their employees an occupational health insurance policy that is fully financed by the employer. This corresponds to growth of 22.5 % over 2021 (18,200 companies). The number of employees that benefit from an occupational health insurance rose by 11.5 % to just under 1.8 million persons in 2022. The fact that the employee exemption limit for contributions in kind was raised from € 44 to € 50 as of January 1, 2022 also had a positive impact.

According to Assekurata, budget tariffs, where the company selects a healthcare package for a specific budget that is then made available to all employees each year, are enjoying particular popularity here. Based on their own preferences, employees can then take advantage of health services in various areas. Alongside this, the importance of insurance cover for long-term care is on the rise.

Real estate

Sentiment in the German real estate markets has cooled off considerably since the second quarter of 2022 according to a DZ survey. The war in Ukraine, the high rate of inflation, as well as the turnaround in interest rates and dwindling economic momentum are presenting significant challenges to the German real estate sector. Rising financing costs and declining real wages are also making it increasingly difficult for those looking to acquire property for their own use. In light of significant drops in risk premiums on real estate investments and uncertainty with regard to future price developments, investors are being cautious and waiting to see what happens. Accordingly, the latest GEWOS Real Estate Industry Report is predicting a decline in revenue for 2022, which would be the first decline since 2009. Revenue throughout Germany is likely to decline by 7.0 % to around € 313.5 billion in 2022. At the same time, the number of property acquisitions is likely to once again drop below 900,000 the first time since 2014.

The total of purchased properties across the four market segments of private homes, freehold apartments, multi-family dwellings and residential land is set to decline by 5.5 % to around 688,500.

Property purchasers younger than ever

Despite challenging framework conditions, real estate remains attractive as an investment, especially for young buyers. This is the conclusion of a broker survey conducted by Poll Immobilien. According to this survey, 70.3 % of investors looking for suitable investment properties in the past twelve months were aged between 27 and 42. Prior to 2020, the majority of private investors were aged between 43 and 57. As per the survey, the fact that the young generation considers acquisition of real estate a crisis-proof form of investment is the most important reason behind this development. In addition to this, many young buyers were able to invest in real estate after receiving an inheritance.

Reversal of trends in property prices

The numerous stress factors acting on the real estate market led to an end of the upwards trend in residential property prices, which had lasted for more than twelve years. In the 4th quarter of 2022, the Real Estate Price Index of the Association of German Pfandbrief Banks (vdp) was at 188.9 points, having recorded its first decline since 2011. Property prices rose in the financial year 2022 by a total of 5.6 % over the previous year, climbing by 0.8 % over the 4th quarter of 2021. The prices for residential properties increased by 2.1 % over the same quarter in the previous year, yet declined by 1.8 % over the preceding quarter.

Loans and mortgages

A drastic reversal of trends in the interest rate market was observed in 2022. In light of the record levels of inflation in the eurozone, the European Central Bank chose to raise the prime rate four times in a row within a period of just a few months – to a level of 2.5 % in December.

Mortgage lending became significantly more expensive in the reporting period, although it is also important to consider that it had been at an extremely affordable level for quite some time prior to this. According to information provided by finance broker Interhyp, the interest rates for mortgages in 2022 rose to their highest level since 2011 at just under 4 %. As such, they more than quadrupled in the reporting period. In the third quarter of 2022, the average monthly mortgage repayment was in excess of € 1,500 - in comparison with € 1,160 in the third quarter of 2021.

Record decline in demand for mortgage loans

Demand for mortgage lending has collapsed as a result of the turnaround in interest rates. The new business of German banks in terms of mortgage loans to private households and self-employed individuals declined by 39 % in November over the same month of the previous year, as highlighted by data provided by consulting firm Barkow Consulting. At a volume of € 16.1 billion, new business was therefore at its lowest level since 2014.

According to Interhyp, both property prices and borrowing amounts declined in 2022, above all in the second half of the year. Data provided by Interhyp indicates that the cost of an average property in Germany, including all ancillary expenses, was € 512,000 in the fourth quarter of 2022, compared with € 535,000 in the second quarter of 2022. This corresponds to a decline of around 4.7 %. Since year-on-year prices from 2021 to 2022 still rose by around 5 %, property prices in December 2022 were at the same level as mid-2021.

Competition and regulation

The competitive situation in the German market for financial services did not change significantly for the MLP Group in 2022 compared to the previous year. The sector remains very heterogeneous and is characterised by consolidation trends. The providers include numerous financial service providers, single agents, banks, insurance companies, independent finance brokers as well as FinTechs and InsurTechs. However, their quality of consulting can vary quite markedly.

Regulation on sustainability disclosure requirements in the financial services sector

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

This is to be implemented through amendments to the disclosure requirements, the MiFID II and the IDD, as well as a whole host of new regulations, such as a label for green financial products, a uniform EU classification system, new EU benchmarks and various EU standards for non-financial reporting. As a next important step the MiFID II and IDD came into force in August 2022. Further consultatory obligations therefore now apply to financial market participants and financial consultants. The consultancy services offered on both insurance investment and general investment products was extended to include another component: the obligation to ask clients to specify their sustainability preferences. As a result of this, the MLP sales and consulting process will also need to be extended continuously to include further sustainability aspects.

MLP today already offers a broad range of sustainable product concepts. As part of our selection process, we rate our product partners and the properties of their products systematically and objectively based on strict quality standards. We are also extending the scope of this rating process by gradually incorporating sustainability aspects, such as an ESG rating for investment products. Our consultants rely on these services as part of their client support approach, also after receiving training on the relevant aspects.

Conditions for pan-European private pension product established

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

Regulation of commissions as a background topic

Although the topic of a life insurance commission cap has been discussed at great length in the political arena over the last few years, there is no mention of this in the coalition agreement of the present German government. However, this does not mean that the topic will not appear on the political agenda again during the current parliamentary term, especially since the Federal Financial Supervisory Authority (BaFin) is continuing to look into it. Indeed, in the last financial year it published a draft of an explanatory leaflet on good conduct aspects of endowment life insurance products. You can read more on this in the chapter entitled "Future overall economic development".

Challenging regulatory environment

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

Business performance

MLP operating successfully in a challenging market environment

In a financial year characterised by geopolitical crises, inflation and recession trends, the performance of the MLP Group was satisfactory overall. We generated total revenue of € 949.1 million in the reporting year (€ 934.5 million).

The solid overall development once again provides clear evidence of the resilience that we have established in the last few years through significant diversification of our service offering and thereby also our revenue basis. A steep increase in revenue in real estate development (180.5 %), double-digit percentage growth in non-life insurance (16.6 %) and a slight increase in health insurance revenue (2.8 %) together compensated for declines in the consulting fields of real estate brokerage (–15.7 %), wealth management (–11.1 %), loans and mortgages (–10.8 %) and old-age provision (–5.3 %).

In terms of consulting services, in the reporting year we continued to benefit from measures implemented at the start of the coronavirus pandemic. We had already rolled out our online consulting tool throughout the company at the start of 2020, so our independent consultants have been able to offer their clients comprehensive consulting services on a digital basis since this time. At the same time, we expedited further development of our client portal to create a "financial home" for MLP private clients. The key focus here is for all clients to maintain a comprehensive overview of their own finances, MLP bank accounts and insurance policies. They can also use the portal to make use of digital services.

The economic effects of the coronavirus pandemic put significant strain on the business of the operating companies in the field of nursing care. In the Deutschland.Immobilien segment, this development had negative effects on our activities in the area of nursing properties.

Net cash inflows remain at a high level

A significant decline in wealth management revenue, which is generated in the FERI and Banking segments, was recorded. This can in particular be attributed to a substantial decline in performance fees at FERI due to the challenging capital market environment, which was already anticipated at the start of the financial year. At around € 2.7 billion, net cash inflows remained at a high level in the reporting year.

EBIT declined by around 22.0 % to € 75.6 million (€ 96.8 million) compared to the previous year. With these solid earnings, we reached the lower end of our forecast corridor of between € 75 and 85 million. Net earnings were adversely affected by the negative result in the Deutschland.Immobilien segment.

Slight reduction in assets under management

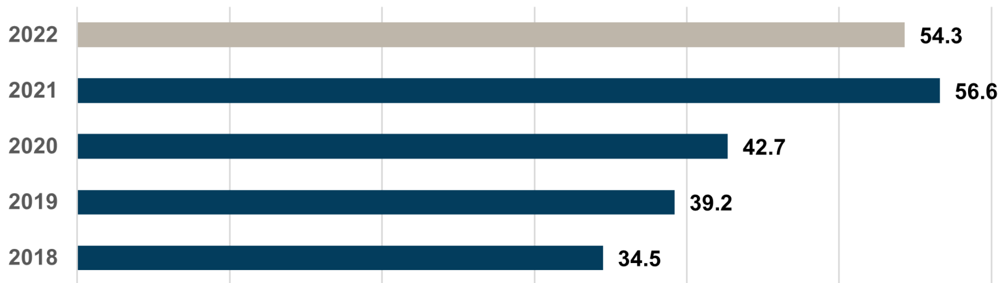
In comparison with the very strong previous year, in which high performance fees were recorded, the capital market environment in the reporting year was characterised by rising interest rates and historically high inflation. The leading indices in both Germany and the US displayed negative performance throughout the year. Due to this negative capital market development, we were only able to achieve very low performance fees in wealth management.

Yet despite this, the wealth management consulting field again confirmed its ongoing development into a key revenue pillar of the MLP Group also in 2022. FERI was also able to further bolster its position as a leading independent investment house. FERI was able to win new mandates and expand existing business relations among both private and institutional clients. The consulting and service portfolio was consistently expanded, above all in the areas of investment management, alternative assets and real assets (for example private equity and hedge fonds).

In the last financial year 2022, we recorded a highly positive development in wealth management in the consumer business at MLP Banking AG, in which net cash inflows of around € 1 billion were recorded.

Due to developments on the financial markets, assets under management in the MLP Group fell to € 54.3 billion (€ 56.6 billion).

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



As a result of MLP's strategic further development the first quarters of the year have become more significant in the last few years. Despite less pronounced seasonality in our business, the fourth quarter has typically delivered significant profit contributions, particularly in the old-age provision. The general uncertainty caused by economic and geopolitical crises, the repercussions of the pandemic, as well as high inflation could be felt here. On the client side, this was reflected in the form of reservations with regard to signing new contracts, particularly with regard to family clients. While the business with private clients had been positively influenced by the reduction in the assumed interest rate in the previous year, this effect did not continue in 2022. In terms of corporate clients, Russia's war in Ukraine and ongoing supply chain issues dampened occupational pension provision investments. Revenue in the reporting year was significantly below the strong figure recorded in the previous year.

In terms of non-life insurance, positive development was recorded both at DOMCURA and in MLP's private client business. Revenue improved by 16.6 % in 2022 and was therefore significantly above the previous year's level. Although reservations were observed in the market for vehicle insurance, as well as industrial and commercial insurance policies, other areas such as residential building insurance provided positive stimulus. The premium adjustments made due to the high level of inflation and greater damage caused by natural disasters had a positive influence on revenue here.

The premium volume under joint management increased by 12.7 % to € 632.2 million. In the previous year, the premium volume had increased significantly as a result of the acquisition of the RVM Group and of Jahn & Sengstack GmbH. Dr. Schmitt GmbH Würzburg, which is based in Würzburg, was acquired with economic effect from January 1, 2022.

The general growth trend in private health insurance policies is also reflected in our business performance in the reporting year 2022. Indeed, we observed increased awareness among clients of the importance of high-quality healthcare services as a result of their experiences during the pandemic. Our revenue in the health insurance segment was slightly above the previous year's level.

In the financial year 2022, real estate was not able to fully escape the sector-wide negative effects. Indeed, very significant negative impacts could be felt, particularly in the second half of the year. These included inflation and rising interest rates, which in turn led to higher financing costs, as well as supply bottlenecks and significant price increases for construction materials and energy. Set against this background, many construction projects encountered delays.

In the financial year 2022, our revenue from real estate brokerage declined by 15.7 % over the previous year. This was essentially caused by the described negative effects in the real estate sector.

On the other hand, revenue from real estate development, which we have been presenting separately since January 1, 2022, displayed highly positive development. Indeed, we were able to increase revenue quite markedly over the previous year to € 50.17 million (€ 17.9 million). * In the previous year, the revenue from real estate development was included in other commission and fees. However, set against the background of negative market and measurements effects, real estate development made a negative profit contribution in the reporting year. This was in particular caused by delays in the project business. We also increased the loan loss provisions in real estate as a way of catering to the altered conditions being faced by Deutschland.Immobilien.

The described factors also had dampening effects on the brokerage of loans. In previous years, the low interest rate environment acted as the key driver of demand. In the reporting year, revenue from brokerage of loans declined by 10.8 %.

Number of consultants stable, positive development in the number of clients

At 2,100 (2,083), the total number of self-employed consultants working in the MLP Group remained constant year-on-year.

The number of clients in the MLP Group displayed further positive development in 2022, MLP was able to acquire a gross total of 19,200 gross new family clients in 2022 (21,100). Around 34 % (34 %) of these initiated new clients were again acquired online. As of December 31, 2022, the MLP Group served a total of 569,200 (562,300) family clients and 28,400 (24,800) corporate and institutional clients.

Results of operations

Development of total revenue

Total revenue up slightly

In the financial year 2022, the MLP Group recorded slight growth in total revenue of 1.6 % to € 949.1 million (€ 934.5 million). Total revenue therefore once again reached a new all-time high. MLP again benefited from the significant diversification of its revenue basis over the course of the last few years. In the reporting year, MLP achieved growth in real estate development, other commissions and fees, non-life insurance and health insurance. Real estate development, wealth management, loans and mortgages and old-age provision all recorded a decline in revenue. Commission income fell slightly by 3.9 % to € 842.4 million (€ 876.7 million). At € 21.3 million, revenue from the interest rate business was significantly above the previous year's level (€ 12.7 million). This was due to the continued rise in interest rates in the reporting year.

Wealth management suffers revenue decline due to market conditions

The MLP Group recorded a marked decline in wealth management revenue, which decreased by 5.3 % to € 316.5 million (€ 356.1 million). Due to the negative capital market development relative to the previous year, MLP was only able to collect low wealth management performance fees of € 6.2 million in the reporting year. The previous year had been characterised by highly positive capital market development and high performance fees resulting from this (€ 66.9 million). Performance fees are accrued in the wealth management business at our subsidiary FERI for the performance of investment concepts and are largely recognised in profit or loss. The Group was successful in cushioning the anticipated decline in wealth management performance fees resulting from the negative capital market development. At € 54.3 billion (€ 56.6 billion), MLP actually succeeded in maintaining its assets under management in wealth management at virtually the same level, also thanks to further net cash inflows. At the same time, FERI was successful in countering the pronounced overall declines on the capital markets when investing client assets.

Decrease in old-age provision due to crisis-related reservations

Following a recovery in the previous year, old-age provision revenue once again suffered a significant decline –5.3 % to € 228.8 million in the last financial year (€ 241.7 million). This decline can be attributed to weaker new business, where total premiums paid decreased by 14.3 % from € 4,562.5 million to € 3,911.4 million. New business in occupational pension provision declined by 7.9 % to € 736.3 million (€ 799.2 million). Pension insurance policies with classic guaranteed interest rates now represent just 5 % (3 %) of newly brokered contracts at MLP. The proportion of so-called new guarantees was 62 % (75 %) in the reporting year, while purely unit-linked contracts represented 33 % (25 %).

Non-life insurance enjoys continued growth

Revenue in the non-life insurance field increased again in the last financial year. It rose by 16.6 % to € 174.3 million (€ 149.5 million). This increase can be attributed to significant organic growth and the first-time consolidation of Dr. Schmitt GmbH Würzburg in the Industrial Broker segment. In the previous year, revenue of the RVM Group was not included until the second quarter of 2021 as the Group was only consolidated for the first time during the year, and the revenue of Jahn & Sengstack GmbH was included from August 1, 2021. You can find details on this in the section entitled "Fundamental principles of the Group" and in segment reporting.

The portfolio of non-life insurance policies enjoyed positive development. The premium volume received through the MLP Group rose to € 632.2 million (€ 554.6 million).

Health insurance above previous year

At € 55.8 million (€ 54.4), revenue in the health insurance field was up by 2.8 % over the previous year. From a business perspective, this development reflects the increased awareness among many citizens of just how important it is to have good healthcare provision in place following their experiences during the pandemic.

Real estate brokerage weaker than in the previous year

Real estate brokerage displayed declining development, largely as a result of the higher financing costs associated with purchasing a property due to rising interest rates. Revenue declined by 10.8 % to € 37.8 million (€ 44.9 million). The real estate volume brokered by MLP had a value of € 454.7 million (€ 524.0 million).

Since the acquisition of a majority stake in Deutschland.Immobilien on September 2, 2019, revenue from real estate brokerage also included revenue from real estate development. We have been presenting the area of real estate development separately since January 1, 2022.

Real estate brokerage displaying significant growth

Real estate development revenue, which we have been disclosing since January 1, 2022, enjoyed an extremely positive development. We were able to significantly increase real estate development revenue to € 50.2 million (€ 17.9 million). This can be attributed to significant progress of construction projects and successful sales activities in this field.

The previous year's revenue was comprised under real estate brokerage.

Decline in revenue from the loans and mortgages business

In the financial year 2022, revenue from the brokerage of loans and mortgages displayed a slight downward trend in an environment with rising financing costs. Revenue fell to € 22.3 million (€ 25.0 million). The brokered financing volume was € 2,122.4 million (€ 2,651.5 million)

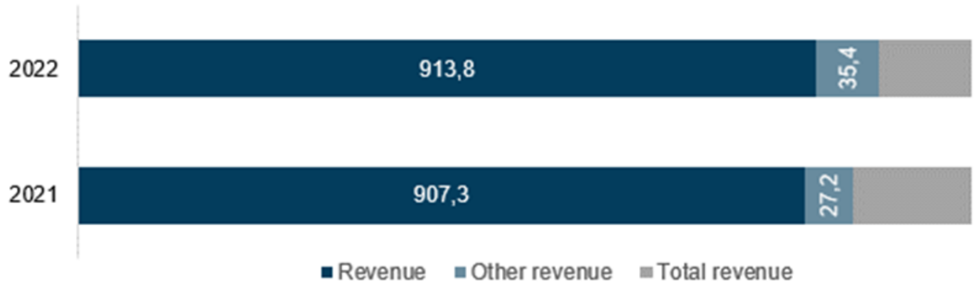
Earnings at MLP Hyp GmbH, which are disclosed as earnings from investments accounted for using the equity method as a joint venture with Interhyp, declined to € 2.9 million (€ 4.3 million). This item also comprises earnings of the project enterprises of the DI Group included at equity Total earnings from investments accounted for using the equity method were € 2.9 million (€ 4.3 million).

Analysis of total revenue

The total revenue generated by the MLP Group comprises sales revenue and other income. Sales revenue rose by 0.7 % to € 913.8 million in the reporting period and remained at around the previous year's level (€ 907.3 million). Commission income decreased from € 876.7 million to € 842.4 million in the reporting period. The consulting fields of real estate development, non-life insurance and health insurance recorded growth in the reporting year, whereas declines were recorded in the consulting fields of real estate brokerage, wealth management, loans and mortgages, and old-age provision.

As a result of the continuously rising interest rates, interest income increased year-on-year by 67.9 % to € 21.3 million (€ 12.7 million) in the financial year 2022. Other income rose to € 35.4 million (€ 27.2 million). Total revenue improved slightly by 1.6 % to € 949.1 million (€ 934.5 million).

Development of total revenue



Wealth management with the greatest share of revenue again

After the very high performance fees in the wealth management segment in the previous year, we expected a slight downward development in revenue for the financial year 2022. Yet despite this, wealth management still made the greatest contribution to commission income with a share of 37.6 % (40.6 %). The share of old-age provision remained constant at 27.2 % (27.6 %). Non-life insurance made a contribution of 20.7 % (17.1 %). The following table provides a detailed overview.

Breakdown of revenue

All figures in € million	Share in %	2022	Share in %	2021	Change in %
Wealth management	37.6 %	316.5	40.6 %	356.1	–11.1 %
Old-age provision	27.2 %	228.8	27.6 %	241.7	–5.3 %
Non-life insurance	20.7 %	174.3	17.1 %	149.5	16.6 %
Health insurance	6.6 %	55.8	6.2 %	54.4	2.6 %
Real estate brokerage	4.5 %	37.8	5.1 %	44.9	–15.8 %
Loans and mortgages	2.6 %	22.3	2.9 %	25.0	–10.8 %
Other commissions and fees	0.8 %	6.8	0.6 %	5.2	30.8 %
Total commission income		842.4		876.7	–3.9 %
Real estate brokerage income		50.2		17.9	180.4 %
Interest income		21.3		12.7	67.7 %
Total		913.8		907.3	0.7 %

Inventory changes

Inventory changes increased to € 17.8 million (€ 16.9 million) in the reporting period. This rise can be attributed to continued construction and sales activities in the financial year. These result from real estate development and represent the change in asset values generated in the current phase of the projects within the reporting period. This item will increase in future as the respective projects progress and then decline again with the gradual sale of project units.

Analysis of expenses

Commission expenses primarily comprise performance-linked commission payments to our MLP consultants. They represent the largest item under expenses. This item also includes non-life insurance commissions paid in the DOMCURA segment, as well as commissions paid in the Industrial Broker segment. The variable expenses result from the compensation of brokerage services in the non-life insurance business. Added to these are the commissions paid for wealth management in the FERI segment, which in particular result from the activities in the field of fund administration. In this business segment they are primarily accrued due to compensation of the depository bank and fund sales. Commission expenses from real estate brokerage are also accrued in the Deutschland.Immobilien segment. At € 438.4 million (€ 451.7 million) commission expenses were slightly below the previous year's level. Net commission income, defined as the difference between commissions received and commissions paid, thereby fell by 4.9 % to € 404.0 million (€ 425.0 million).

Real estate brokerage expenses increased to € 57.3 million (€ 30.8 million).

Interest expenses rose to € 0.4 million (€ 0.3 million) due to gradually rising interest rates in the reporting year. Net interest was € 20.8 million (€ 12.3 million) in total.

Gross profit (defined as total revenue less commission expenses, real estate development expenses and interest expenses, plus inventory changes) improved to € 470.8 million (€ 468.6 million).

Administration costs up

Administration costs of the MLP Group (defined as the sum of personnel expenses, depreciation/amortisation and impairment, as well as other expenses) increased significantly by 6.5 % to € 385.2 million in the reporting year (€ 377.7 million). The RVM Group have been consolidated in the income statement since Q2 2021, Jahn & Sengstack GmbH since Q3 2021 and since Q2 2022 Dr. Schmitt GmbH Würzburg.

Remeasurement gains or losses/loan loss provisions totalled € 12.9 million in the reporting year. This can essentially be attributed to the allocation of specific loan loss provisions relating to the Deutschland.Immobilien segment. The previous year's figure of € 1.6 million was influenced by positive effects resulting from fair value measurements in the FERI segment.

Personnel expenses increased by 4.1 % to € 187.9 million (€ 180.5 million), largely influenced by the first-time consolidation of Dr. Schmitt GmbH Würzburg, a slightly higher overall number of employees and general salary increases. Among other things, these include € 161.9 million (€ 156.7 million) for salaries and wages, € 22.3 million (€ 20.3 million) for social security contributions and employer-based old-age provision allowances of € 3.7 million (€ 3.4 million). When comparing the figures with those of the previous year, it should be noted that the acquisitions of the previous year were not included in the consolidated financial statements until Q2 and Q3 respectively.

Depreciation/amortisation and impairments increased to € 35.0 million (€ 30.4 million). Other operating expenses fell slightly to € 162.2 million (€ 166.8 million) in particular due to lower IT overheads.

Breakdown of expenses

All figures in € million	2022	in % of total expenditure	2021	in % of total expenses	Change in %
Inventory changes	17.8	–2.0 %	16.9	–2.0 %	5.3 %
Commission expenses	–438.4	50.0 %	–451.7	53.6 %	–2.9 %
Real estate brokerage expenses	–57.3	6.5 %	–30.8	3.7 %	86.0 %
Interest expenses	–0.4	0.0 %	–0.3	0.0 %	33.3 %
Valuation result/loan loss provisions	–12.9	1.5 %	1.6	–0.2 %	–906.3 %
Personnel expenses	–187.9	21.4 %	–180.5	21.4 %	4.1 %
Depreciation and impairments	–35.0	4.0 %	–30.4	3.6 %	15.2 %
Other expenses	–162.2	18.5 %	–166.8	19.8 %	–2.7 %
TOTAL	**–876.4**	**100.0 %**	**–842.0**	**100.0 %**	**4.1 %**

Earnings trend

EBIT forecast met

In light of the geopolitical tensions and significant recession trends in the economy, MLP performed successfully in the reporting year. Sales revenue and earnings both displayed satisfactory development overall despite turbulent market conditions. As anticipated, the financial year 2022 saw wealth management return to the levels recorded in previous years following a particularly strong 2021.

We also continued to make investments in the future in 2022, such as in further strengthening our young segment and thereby also our future revenue and earnings potential, as well as in the ongoing implementation of our digitalisation strategy. A solid operational development resulted in an EBIT of € 75.6 million (€ 96.8 million), which is at the lower end of our forecast corridor. Negative performance in the Deutschland.Immobilien segment was the main factor that put pressure on net earnings.

Set against the background of an increase in other interest and similar income, as well as a decline in other interest and similar expenses, the finance cost improved to –€ 2.5 million in the financial year 2022 (–€ 3.6 million).

Group net profit decreased by 22.6 % overall to € 48.6 million (€ 62.8 million). The previous year had essentially been characterised by a very high wealth management performance fees.

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

Structure and changes in earnings in the Group

All figures in € million	2022	2021	Change in %
Total revenue	949.1	934.5	1.6 %
Gross profit [1]	470.8	468.6	0.5 %
Gross profit margin (in %)	49.6 %	50.1 %	–
EBIT	75.6	96.8	–21.9 %
EBIT margin (%)	8.0 %	10.4 %	–
Finance cost	–2.5	–3.6	–30.6 %
EBT	73.1	93.3	–21.7 %
EBT margin (in %)	7.7 %	10.0 %	–
Income taxes	–24.4	–30.4	–19.7 %
Net profit	48.6	62.8	–22.6 %
Net margin (in %)	5.1 %	6.7 %	–

[1] Definition: Gross profit is the result of total revenue less commission expenses, expenses from real estate development and interest expenses, taking into account inventory changes.

Appropriation of profits

MLP continues its consistent dividend policy

Group net profit per share decreased significantly in the financial year 2022. At € 0.47, it is 17.5 % below the previous year's figure (€ 0.57). Our dividend policy is to pay 50 % to 70 % of Group net profit to our shareholders in the form of dividends. MLP SE paid out a dividend of € 0.30 per share for the financial year 2021. Total dividends paid were therefore € 32.8 million.

We have announced that we will be continuing our dividend policy for the financial year 2022. We are keen to share the solid earnings performance with our shareholders. On this basis, the Executive Board and Supervisory Board of MLP SE will propose a dividend of € 0.30 per share to the Annual General Meeting on June 29, 2023. This corresponds to a distribution rate of around 67 % of operating net profit.

Net profit

All figures in € million	2022	2021	Change in %
Continuing operations	48.6	62.8	–22.6 %
GROUP	**48.6**	**62.8**	**–22.6 %**
Earnings per share in € (basic)	0.47	0.57	–17.5 %
Earnings per share in € (diluted)	0.47	0.57	–17.5 %
Number of shares in millions (basic)	109.2	109.2	0.0 %
Number of shares in millions (diluted)	109.3	109.3	0.0 %

Financial position

Aims of financial management

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

No liabilities or receivables in foreign currencies

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

Financing analysis

Equity ratio at 13.9 %

The MLP Group's equity capital backing and liquidity remain good. As of the balance sheet date, shareholders' equity amounted to € 525.5 million and was therefore above the previous year's level (€ 496.2 million). The Group net profit of € 48.6 million (€ 62.8 million) for the financial year 2022 had a significant effect on this. However, this was counteracted by the dividend payment of € 32.8 million (€ 25.1 million) for the financial year 2021. The equity ratio rose from 13.4 % in the previous year to 13.9 % in the reporting year. The regulatory equity ratio was 20.1 % (17.9 %) on the balance sheet date. Even with today's group structure, MLP still expects increased capital requirements for the next few years in order to meet the revised definition of equity and requirements of Basel IV.

At present, the Group uses a low level of borrowed funds for its long-term financing. Our non-current assets are financed by our shareholders' equity and non-current liabilities. Current liabilities due to clients and banks in the banking business represent further refinancing funds that are generally available to us in the long term. Total liabilities due to clients and financial institutions from the banking business of € 2,770.5 million (€ 2,645.4 million) essentially comprise client deposits. These liabilities are offset on the assets side of the balance sheet by € 1,902.5 million (€ 1,439.7 million) in receivables from clients and financial institutions in the banking business.

Since provisions only account for 2.6 % (3.7 %) of the balance sheet total, they have no significant financing function for the Group. Other liabilities declined to € 353.1 million (€ 370.3 million) as of the balance sheet date. Due to our typically strong year-end business, they increase markedly up to the balance sheet date December 31 and then decline again in the subsequent quarters. Current liabilities rose to € 214.6 million (€ 244.1 million). These are essentially liabilities from operating activities. Current liabilities are offset on the assets side of the balance sheet by cash and cash equivalents of € 961.2 million (€ 1,377.8 million), as well as financial investments of € 243.6 million (€ 195.2 million) and other current assets of € 221.2 million (€ 158.0 million).

Liquidity analysis

Cash flow from operating activities declined to –€ 292.5 million, compared with € 546.3 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 declined from –€ 45.4 million to –€ 84,4 million.

Condensed statement of cash flow

All figures in € million	2022	2021
Cash and cash equivalents at beginning of period	**1,374.0**	**855.8**
Cash flow from operating activities	–292.5	546.3
Cash flow from investing activities	–84.4	–45.4
Cash flow from financing activities	–38.2	14.0
Changes in cash and cash equivalents	**–415.1**	**515.0**
Changes in cash and cash equivalents due to changes to the scope of consolidation	0.0	3.7
Changes in cash and cash equivalents due to exchange rate movements	–0.1	0.1
Liabilities to banks due on demand (excluding the banking business)	–1.1	–0.6
Cash and cash equivalents at end of period	**957.6**	**1,374.0**

As at December 31, 2022, the MLP Group had access to cash holdings of around € 1,032 million. These are made up of cash and cash equivalents, the credit held by MLP SE at MLP Banking AG and the medium-term time deposits. As such, the liquidity situation remains good. Thus, there are sufficient cash reserves available to the MLP Group. Alongside cash holdings, free lines of credit are also in place.

Capital expenditure analysis

MLP generally finances capital expenditures from operating cash flow. The investment volume in intangible assets and property, plant and equipment was € 22.3 million (€ 10.1 million) in the financial year 2022.

Capital expenditure

All figures in € million	2022	2021	2020	2019	2018
Intangible assets	**5.5**	**5.2**	**5.8**	**3.9**	**4.4**
Goodwill	—	—	—	—	—
Software (developed in-house)	0.6	0.2	—	0.2	0.2
Software (purchased)	3.4	1.7	1.9	1.5	0.9
Other intangible assets	0.0	0.0	0.0	0.0	—
Payments on account and assets under construction	1.5	3.2	3.9	2.2	3.3
Property, plant and equipment	**16.7**	**4.9**	**3.5**	**5.4**	**22.2**
Land, leasehold rights and buildings	10.4	0.7	0.4	0.9	16.2
Other fixtures, fittings and office equipment	5.2	3.7	2.9	3.8	3.4
Payments on account and assets under construction	1.1	0.5	0.2	0.7	2.6
Company acquisitions, purchase price components already paid*	**20.5**	**62.1**	**—**	**13.0**	**—**
TOTAL CAPITAL EXPENDITURES	**42.7**	**72.2**	**9.3**	**22.3**	**26.6**

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

At € 11.2 million, the vast majority of investments were made in the Holding segment. The acquisition of the building used and formerly rented by Domcura Aktiengesellschaft represented the main focus here. A total of € 4.8 million was invested in the Financial Consulting segment. The main focus of these investments was in operating & office equipment and IT systems to support sales. These contribute to the continuous improvement of consulting support and client service. Alongside these capitalisable investments, we also use other intensive resources for these projects which are recognised as expenses in the income statement. The investment volume in the FERI segment was € 1.5 million. The investment volume in the Banking segment was € 0.5 million. Software and IT were the primary focuses of investment here. Investments in the DOMCURA segment totalled € 3.5 million. Acquired software, as well as operating and office equipment represented one investment focus here.

Capital expenditures by segment

	Total investment		Change in %
All figures in € million	**2022**	**2021**	
Financial Consulting	4.8	3.5	37.1 %
Banking	0.5	0.6	–16.7 %
FERI	1.5	2.6	–42.3 %
DOMCURA	3.5	2.7	29.6 %
Industrial Broker	0.5	0.2	–
Holding	11.2	0.4	2700.0 %
Deutschland.Immobilien	0.3	0.4	–25.0 %
Total	**22.3**	**10.1**	**120.8 %**

Net assets

Further increase in balance sheet total

The balance sheet total of the MLP Group increased to € 3,784.6 million (€ 3,693.4 million) as of December 31, 2022, which can be attributed to further increases in client deposits.

Intangible assets – essentially including the client base, brand and goodwill – increased slightly to € 234.5 million (€ 226.8 million) as of the balance sheet date, due to the acquisition of the new subsidiary, Dr. Schmitt GmbH Würzburg. At € 136.6 million (€ 128.1 million) property, plant and equipment were also slightly higher than in the previous year. One reason for this was the acquisition of the DOMCURA building by MLP SE on July 1, 2022.

At € 1,149.3 million, receivables from clients in the banking business were above the previous year's level (€ 961.4 million). Receivables from financial institutions in the banking business also rose to € 753.2 million (€ 478.3 million), primarily as a result of a significant increase in investments in time deposits. Around 69 % of receivables from banks and clients have a remaining term of less than one year.

The "Inventories" item represents the assets of the project enterprises in the field of real estate. This item increased significantly to € 51.9 million (€ 34.6 million) as of December 31 2022.

Financial investments rose significantly to € 243.6 million (€ 195.2 million). Tax refund claims declined to € 8.4 million (€ 12.1 million). This can be attributed to the reimbursement of tax receivables.

Other receivables and assets decreased to € 237.7 million (€ 261.9 million). This item essentially comprises commission receivables from insurers resulting from the brokerage of insurance products. Due to the typically strong year-end business, these increase considerably at the end of the year and then decline again during the course of the following financial year.

Cash and cash equivalents declined significantly to € 961.2 million (€ 1,377.8 million). This decline can be attributed to a lower investment volume at the German Central Bank (Bundesbank), as well as dividend payment to our shareholders. You can find detailed information on the change in cash and cash equivalents in the chapter entitled "Financial position".

Equity ratio rises

The equity capital backing of the MLP Group remains good. Shareholders' equity increased to € 525.5 million (€ 496.2 million) as of December 31, 2022. Non-controlling interests have been disclosed in the balance sheet since 2019 due to the acquisition of a majority holding in the DI Group. These were –€ 1.9 million on the reporting date and thereby significantly below the previous year's level (€ 1.0 million). This can be attributed to the negative results of the DI Group. The equity ratio was 13.9 % (13.4 %) at the end of the financial year. Based on Group net profit of € 48.6 million (€ 62.8 million) we therefore achieved a return on equity of 9.8 % (13.8 %).

Provisions of € 97.6 million (€ 137.0 million) were significantly below the previous year's level. This decrease can essentially be attributed to reduced provisions for pensions, as well as litigation risks/costs.

The deposits of our clients which are recorded under "Liabilities due to clients in the banking business" increased to € 2,633.5 million (€ 2,516.1 million) at the end of the reporting period. This increase is primarily attributable to short-term deposits held in bank accounts and instant access savings accounts. Liabilities due to banks in the banking business rose to € 137.0 million (€ 129.3 million). This increase can mainly be attributed to a higher volume of promotional loans being passed on to our clients. This item includes the refinancing funds from funding institutions.

Tax liabilities fell to € 18.6 million (€ 33.1 million). At € 353.1 million (€ 370.3 million), other liabilities were also below the previous year's level. and current liabilities due to our consultants and branch office managers in connection with open commission claims (please refer to the section entitled "Financial position").

Comparison of actual and forecast business performance

In the previous year's joint management report, we were still anticipating challenging market conditions and associated uncertainties for the financial year 2022.

With regard to the revenue development in the individual fields of business, we expected to record new business and revenue slightly above the previous year's level in old-age provision in the financial year 2022. We updated this expectation after the first nine months of the year. Based on the new forecast, we were then expecting revenue to remain at the previous year's level or record a slight decrease.

Although the 5.3 % decline in sales revenue recorded over the previous year was below our original expectation, the figure was still in line with our updated forecast. Having recorded a decline of 14.3 %, the development of new business was also weaker than we had anticipated at the start of the year.

After the very high performance fees generated in the wealth management business in the previous year, we anticipated a slight downward trend in revenue for the financial year 2022. The decline in wealth management revenue in the last financial year 2022 was largely in line with our expectations. In health insurance, we had originally expected revenue figures to remain at the same level as in the previous year. After the first nine months of the year, however, we revised our expectation to a slight increase in revenue. With revenue slightly above the previous year's level, our updated expectation for health insurance was confirmed.

Following restrictions due to the coronavirus pandemic, which affected the project business in particular, we were anticipating catch-up effects in real estate and further upwards movement in terms of revenue development for 2022 in light of the consistently high demand for real estate. In concrete terms, we expected the brokered volume and sales revenue to increase significantly in 2022. Set in particular against the background of ongoing high demand for home ownership, we were anticipating a slight increase in revenue from loans and mortgages for the year 2022. However, we revised our forecast for loans and mortgages after the first nine months of the year and since then have been expecting slightly negative development in terms of revenue for the year.

The entire real estate sector was burdened by negative effects in the reporting year. These included inflation, rising interest rates and higher financing costs, as well as supply bottlenecks and rising prices for construction materials and energy. Real estate brokerage was negatively impacted by rising interest rates and higher financing costs. Contrary to our expectations, it therefore recorded a decline in revenue. Loans and mortgages also suffered as a result of framework conditions that deteriorated dramatically over the course of the year. As per the updated forecast, revenue therefore displayed a decline. As anticipated, a significant increase in revenue was recorded in real estate development in 2022, although this made only a negative profit contribution.

Having recorded an increase of 16.6 % at the end of the financial year 2022, non-life insurance fully met our expectations of a sharp rise in revenue.

Administration costs, which continue to include expenses for future investments - in particular for recruiting young consultants as part of our efforts to strengthen the young segment - were once again forecast to remain largely unchanged in 2022. As anticipated, administration costs rose slightly by 1.5 % and were roughly the same as in the previous year.

At € 75.6 million, Group EBIT is within the forecast corridor of € 75.0 to 85.0 million (€ 96.8 million). The significant decline can be attributed to the sharp rise in EBIT recorded in 2021, which was significantly above our expectations. However, it is important to take into account that EBIT development was in particular characterised by an exceptionally high contribution of performance fees in 2021. As expected, this could not be repeated in the financial year 2022.

With regard to the number of consultants, we were anticipating a staff turnover rate of around 10 %. With actual consultant turnover of 8.9 % in the reporting year, we are therefore within our expected range.

Segment report

The MLP Group comprised the following segments in 2022:

- Financial Consulting
- Banking
- FERI
- DOMCURA
- Industrial Broker
- Deutschland.Immobilien
- Holding (formerly: Holding and Others)

The Financial Consulting segment includes revenue and expenditure generated in the consulting fields of old-age provision, health and non-life insurance, loans & mortgages and real estate brokerage. In the financial year 2021, this figure still included revenue expenditure from real estate brokerage in the DI Group. However, since the financial year 2022 this revenue has been disclosed in the Deutschland.Immobilien segment.

All banking services for both private and corporate clients, from wealth management, accounts and cards, through to the interest rate business, are brought together in the Banking segment. The FERI segment primarily generates revenue from the wealth management field of consulting, while the DOMCURA segment generates most of its revenue from the brokerage of non-life insurance policies.

With the acquisition of RVM, MLP has laid the crucial foundation for developing the commercial and industrial insurance market. The acquisition of RVM forms the basis for a systematic expansion of the new Industrial Broker segment. The companies of the RVM Group have been disclosed in this segment since April 1, 2021. Similarly to the DOMCURA segment, the majority of revenue and earnings in this segment are essentially generated in the first quarter of each year. This is due to the seasonality of this business. The subsequent quarters up to the end of the year are then generally concluded with negative earnings. Due to first-time consolidation of the RVM Group companies included in the consolidated financial statements as of April 1, 2021 and those of the Jahn & Sengstack Group as of August 1, 2021, the companies of the segment were not yet included in reporting in the first quarter of the previous year. DSV, which was acquired in 2022, has been consolidated since April 1, 2022. The current values are therefore not fully comparable with those from the previous year in this segment. Since January 1, 2022, the MLP Group has extended its segment reporting to include the new Deutschland.Immobilien segment. Up to the end of the financial year 2021, the earnings contribution of the DI Group, which was acquired in 2019, was disclosed and reported in two different segments. While real estate brokerage was comprised in the Financial Consulting segment in the previous year due to their similarities in terms of characteristics and business activities, the earnings contribution from real estate development was reported in the former Holding & Others segment.

As of January 1, 2022 the DI Group has therefore been monitored and controlled autonomously. All revenue from real estate brokerage and real estate development of the DI Group are reported in the new Deutschland.Immobilien segment. In return, these earnings contributions will be removed from the Financial Consulting segment and the former Holding & Others segment.

The Holding and Others segment was renamed to Holding again. The Holding segment does not have active operations.

Financial Consulting segment

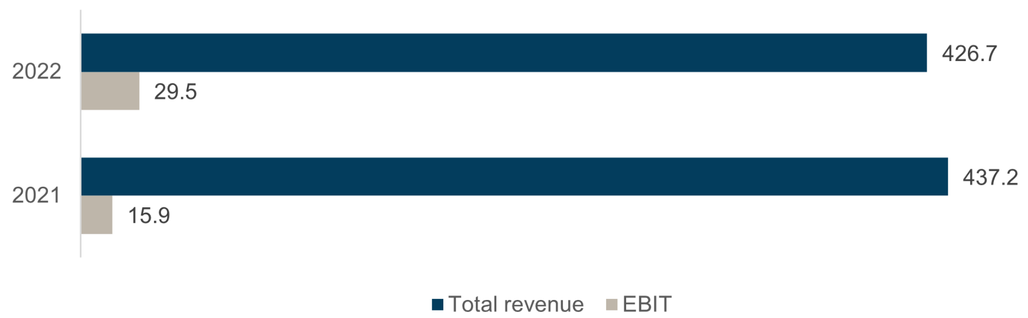
Compared to the previous year, this segment no longer includes the contributions from the brokerage of real estate properties of the DI Group, as they are now disclosed in a separate segment. The previous year was adjusted accordingly.

Total revenue in the Financial Consulting segment declined to € 426.7 million (€ 437.2 million) in the reporting period. This figure is essentially made up of commission income. The development of the consulting fields of old-age provision, health insurance, non-life insurance, loans and mortgages, real estate brokerage included in this segment, as well as other commission and fees corresponded to that of the Group. As a result of the decrease in commission income, sales revenue in the Financial Consulting segment declined to € 393.3 million (€408.4 million). Other income increased to € 33.4 million (€ 28.7 million).

Set against the background of lower commission income, commission expenses also declined to € 196.8 million (€ 215.1 million). Personnel expenses rose slightly to € 81.6 million (€ 80.9 million). At € 19.1 million, depreciation/amortisation and impairment remained virtually on a par with the previous year's figure (€ 19.3 million). Other expenses fell to € 102.2 million (€ 110.1 million). This reduction can essentially be attributed to savings in IT due to comprehensive system changes.

Due to lower expenses, earnings before interest and taxes (EBIT) increased significantly in the reporting year to € 29.5 million (€ 15.9 million). With a finance cost of € 0.2 million (–€ 2.0 million), earnings before tax (EBT) were € 29.7 million (€ 13.9 million).

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



Banking segment

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

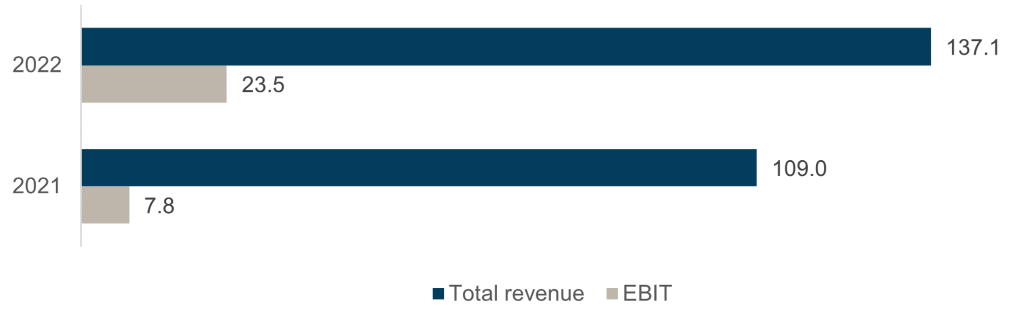
Total revenue in this segment was € 137.1 million (€ 109.0 million) in the reporting period. Sales revenue increased to € 132.7 million (€ 105.1 million). At € 23.6 million, interest income was above the previous year's figure due to the rising interest rates (€ 15.2 million). Other income rose to € 4.4 million (€ 4.0 million).

Commission expenses increased to € 56.6 million (€ 47.4 million) as a result of a rise in revenue. Interest expenses were € 0.5 million (€ 0.1 million) due to higher interest rates.

Personnel expenses were € 14.3 million (€ 14.0 million). Depreciation/amortisation and impairment totalled € 0.5 million (€ 0.4 million) and were up on the previous year. At € 38.4 million (€ 38.3 million), administrative expenses remained virtually the same level as the previous year. Set against the background of the difficult economic environment, loan loss provisions were increased to € 3.3 million (€ 1.1 million).

Earnings before interest and taxes (EBIT) increased significantly to € 23.5 million (€ 7.8 million). The finance cost was € 0.1 million (€ 0.0 million). Earnings before taxes (EBT) thus increased significantly to € 23.6 million (€ 7.8 million).

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



FERI segment

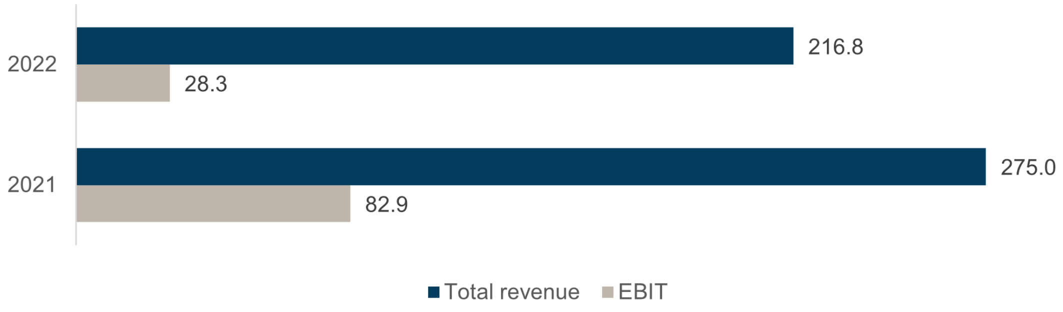
The FERI segment represents the activities of the FERI Group. Revenue is primarily generated in this segment from the wealth management field of consulting.

In a highly volatile capital market environment, total revenue declined from a record level in the previous year to € 216.8 million in the financial year 2022 (€ 275.0 million). This was due to a significant decline in performance fees. Accordingly, sales revenues declined to € 211.7 million (€ 269.9 million). Other income was € 5.0 million (€ 5.1 million).

As a result of a decline in revenue, commission expenses also decreased to € 128.3 million (€ 137.2 million). Personnel expenses declined to € 40.3 million (€ 43.3 million). Depreciation/amortisation and impairments increased to € 3.6 million (€ 2.7 million). At € 16.1 million, other operating expenses were significantly above the previous year's level (€ 12.2 million).

As a result of lower revenue, EBIT also declined significantly to € 28.3 million (€ 82.9 million). The EBIT margin was 13.0 % (30.1 %). The finance cost was –€ 0.3 million (–€ 0.1 million). EBT therefore totalled € 28.0 million (€ 82.9 million).

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



DOMCURA segment

Revenue in the DOMCURA segment is primarily generated in the non-life insurance field of consulting. DOMCURA's business model is characterised by a high degree of seasonality during the year. Accordingly, DOMCURA records high revenue and comparably high earnings in the first quarter of each year. This is then typically followed by a loss from Q2 to Q4. The previous year's values have been adjusted to incorporate the merger of nordias GmbH Versicherungsmakler with and into ZSH GmbH Finanzdienstleistungen in 2022 and the associated change in segment.

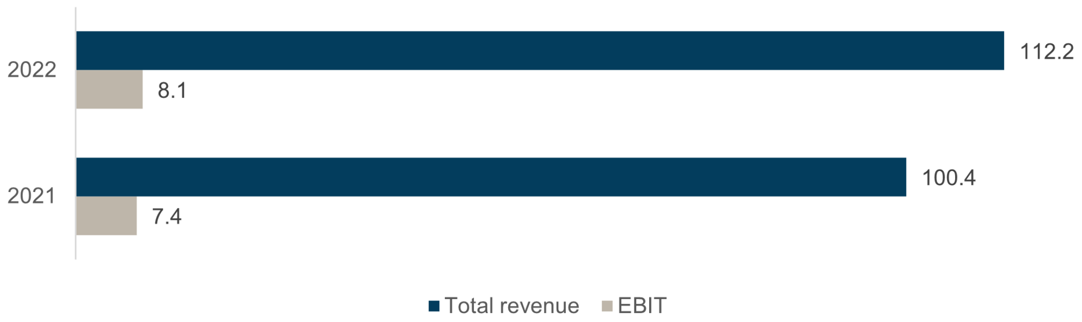
Revenue generated by DOMCURA increases slightly to € 107.8 million (€ 96.5 million) in the reporting year. Other income was € 4.4 million (€ 3.9 million). Accordingly, total revenue was € 112.2 million (€ 100.4 million).

Commission expenses increased to € 71.7 million (€ 64.1 million), largely as a result of higher sales revenue. These are essentially accrued as variable compensation for brokerage services.

At € 17.5 million, personnel expenses were below the previous year's level (€ 18.7 million). At € 2.6 million, depreciation/amortisation and impairment also remained at the same level as in the previous year. Other expenses increased to € 11.1 million (€ 9.1 million).

EBIT rose to € 8.1 million (€ 7.4 million). At an unchanged finance cost of € 0.2 million, EBT was € 8.0 million (€ 7.2 million).

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



Industrial Broker segment

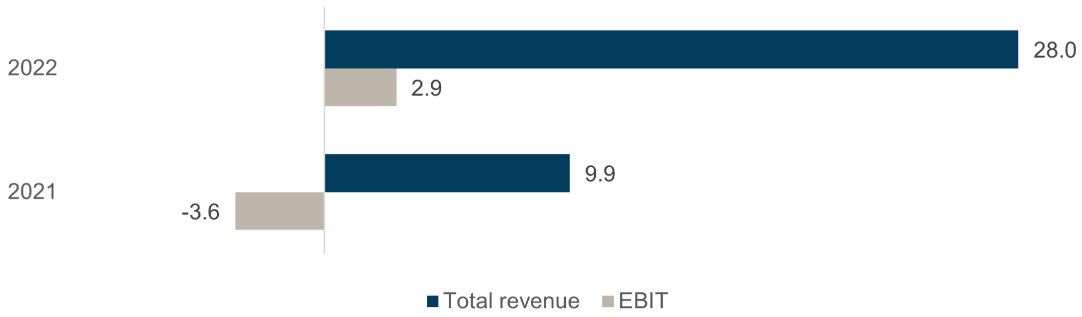
The Industrial Broker segment primarily generates revenue from the brokering of insurance policies for industrial and commercial clients. Revenue from this segment flows into the non-life insurance sales revenue. Business performance in the Industrial Broker segment is characterised by a high degree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

The Industrial Broker segment unites RVM Versicherungsmakler GmbH, including its subsidiary RISConsult GmbH, Jahn & Sengstack GmbH and, since April 1, 2022, also Dr. Schmitt GmbH Würzburg under the umbrella of the holding company RVM GmbH. You can find details on this in the section entitled "Fundamental principles of the Group".

Total revenue from the Industrial Broker segment increased greatly to € 28.1 million (€ 9.9 million), primarily due to the companies acquired, which were consolidated either for the first time or mid-year in the previous year. Sales revenue was € 26.7 million (€ 9.4 million) while other revenue was € 1.3 million (€ 0.6 million). Commission expenses were € 1.0 million (€ 0.3 million). Administration costs were € 24.1 million (€ 13.2 million). At € 17.0 million (€ 9.4 million), personnel expenses represent the largest item here. The increase in personnel expenses can essentially be attributed to the higher number of employees due to the first-time consolidation of the new companies. Depreciation/amortisation and impairments increased to € 2.8 million (€ 1.6 million), while other expenses rose to € 4.4 million (€ 2.3 million).

EBIT rose substantially to € 2.9 million (–€ 3.6 million). At a finance cost of –€ 1.0 million (–€ 0.6 million), EBT was € 1.9 million (–€ 4.1 million).

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



Deutschland.Immobilien segment

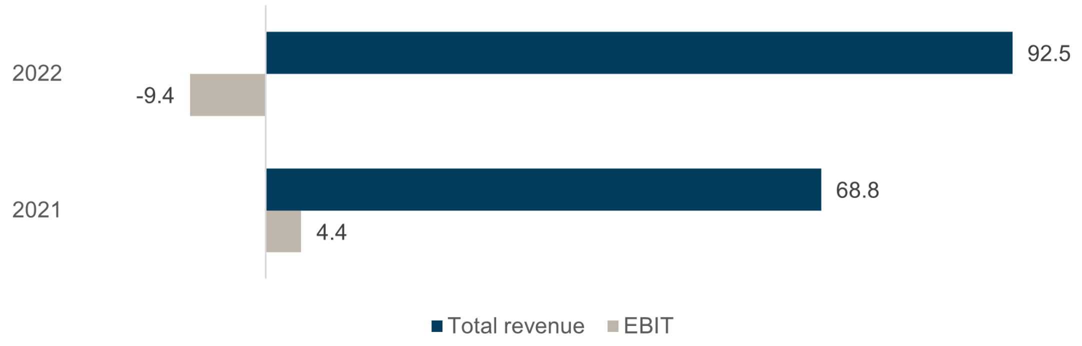
All revenue from real estate brokerage and real estate development of the DI Group will be reported in the new Deutschland.Immobilien segment. In return, these earnings contributions will no longer be recorded in the Financial Consulting segment and Holding segment (formerly Holding and Others) as was the case in the previous year.

Sales revenue rose to € 87.7 million (€ 62.5 million) in the reporting year. Other income was € 4.8 million (€ 6.3 million). Total revenue increased significantly to € 92.5 million (€ 68.8 million). Commission expenses decreased to € 28.1 million (€ 34.9 million). Due to the increased volume in real estate development, real estate development expenses increased to € 58.3 million (€ 31.8 million). We also increased the loan loss provisions in real estate from –€ 0.3 million in the previous year to –€ 9.4 million as a way of catering to the altered conditions being faced by Deutschland.Immobilien.

Personnel expenses rose to € 9.1 million, essentially due to the increase in the number of employees (€ 7.4 million). Depreciation/amortisation and impairments were € 4.5 million (€ 1.6 million). Other expenses totalled € 10.3 million (€ 5.4 million). EBIT fell to € –9.4 million, following € 4.4 million in the previous year.

At a finance cost of –€ 3.4 million (–€ 2.0 million), EBT was –€ 12.8 million (€ 2.4 million).

Total revenue and EBIT in the Deutschland.Immobilien segment (all figures in € million)



Holding segment

Total revenue in the Holding segment was € 11.6 million (€ 8.8 million) in the reporting period. In the previous year, this segment still included sales revenue from real estate development at Deutschland.Immobilien AG. However, these have been presented separately as a dedicated segment together with real estate brokerage since the financial year 2022. The Holding segment does not have any active operations and therefore does not generate any revenue. As such, its total revenue is exclusively made up of other income.

Personnel expenses declined to € 6.4 million (€ 6.8 million). Depreciation/amortisation and impairments also decreased to a value of € 1.9 million (€ 2.3 million). Other expenses totalled € 11.4 million (€ 15.8 million).

EBIT reached –€ 8.0 million (–€ 16.1 million). The finance cost was € 0.2 million (–€ 0.8 million). At –€ 8.2 million (–€ 16.9 million), EBIT was above the previous year's level.

Employees and self-employed client consultants

As MLP is a knowledge-based service provider, qualified and motivated employees and self-employed client consultants represent the most important foundation for sustainable company success. Continuous development and optimisation of HR work for employees, as well as recruiting and training new consultants were therefore also key focuses in 2022.

Low staff turnover rate

The number of employees in the MLP Group increased slightly in the financial year 2022. In the reporting year 2022, a total of 2,252 employees worked for MLP. This increase is essentially the result of the inclusion of staff from the acquisition of the RVM Group, as well as new recruitments and personnel returning to work following parental leave. Employee turnover within the Group rose slightly to 8.1 % in 2022 (2021: 7.3 %). The average age of the employees is currently 43.

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

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

Segment	2022	2021	2020	2019	2018
Financial Consulting	1,100 [1) 3)]	1,132	1,097	1,071	1,055
Banking	210	201	193	187	179
FERI	260	235	221	236	223
DOMCURA	297 [5)]	304	293	274	260
Industrial Broker [2)]	249	132	—	—	—
Holding	24 [3)]	55	46	16	6
Deutschland.Immobilien	113 [4)]	—	—	—	—
Total	2,252	2,058	1,850	1,783	1,722

As at: December 31, 2022

1) Including ZSH Finanzdienstleistungen and MLP Dialog GmbH.

2) Since April 1, 2021: RVM Versicherungsmakler GmbH, RISConsult GmbH / since August 1, 2021: Jahn & Sengstack GmbH / since April 1, 2022: Dr. Schmitt GmbH Würzburg.

3) Number of employees different from the previous year due to personnel transfers as a result of changes in segment reporting

4) Operated as an independent segment since January 1, 2022.

5) Since January 1, 2022 without nordias GmbH due to the merger with and into ZSH GmbH Finanzdienstleistungen.

Demands on leadership and development opportunities

On the basis of MLP's corporate mission, new governance principles were then developed in an interactive workshop in the autumn of 2021 with input from managers at all hierarchy levels. In the financial year 2022, these were implemented and communicated through the "New Leadership" project and instilled via various enablement opportunities. Initial leadership and personnel development instruments, such as dialogue formats for regular staff and development discussions, as well as a comprehensive leadership feedback survey (MLP Pulse Check) with questions on direct line managers, on general management, as well as on the company and the general sentiment, were also derived on this basis in the financial year 2022. Further workshops and enablement opportunities for all managers will take place in 2023 in order to further implement and instil the new leadership principles among managers. The project was developed for managers at the MLP Campus in Wiesloch. However, comparable activities are also being performed or are in planning in other areas of the Group. Similar Enablement opportunities will also be provided for the employees.

Participation in our modular management programme has been compulsory for all new managers since 2018. Here they are trained in relevant areas and receive guidance and support in their new role. The programme was further optimised in the financial year 2022 and aligned with the new MLP leadership principles. In addition to this, an individual development plan was implemented as an instrument for new managers in the reporting year 2022. New managers receive a development plan that is tailored to their own needs, together with corresponding personnel development instruments and enablement opportunities, on the basis of a potential interview and their performance during the selection procedure. In order to achieve a better gender balance at management level, MLP already introduced the "Women in Management" programme in 2021, which is accompanied by various packages of measures.

Promotion of women in management, as well as reconciliation of work and family life

MLP places great emphasis on promoting women and helping employees combine a career with a family. The company has therefore already made this topic a focus over the last few years and implemented various measures to promote women into management positions. The concept for example includes measures such as family-friendly meeting arrangements or flexible work place and working hours arrangements. As a sign of its public commitment to diversity, MLP signed the Diversity Charter in 2014. In addition to this, the workandfamily audit was successfully performed in 2019. As part of the target agreement associated with this, various measures aimed at promoting the concept of women in management positions and part-time management were successfully implemented. On the basis of the recertification of the audit in 2022, further implementation objectives for promoting family friendliness, as well as life phase-oriented alignment of the measures for employee retention have been agreed for the next three years.

In November 2020, the Executive Board at MLP SE approved a target of at least 33 % for female managers at the first management level at MLP SE. In December 2022, the Executive Board has furthermore approved the same minimum target figure of 33 % for female managers at the second management level at MLP SE. These targets are to be met by the end of the financial year 2025.

Digitalisation of personnel work successfully continued

The ongoing digitalisation of personnel work remained a focus of activity in 2022. Work on the digital personnel file was further expedited, while important preparatory work to secure greater automation through establishment of workflows was also performed. In addition, a new, modern applicant management system for the administration and reporting of applicant data was further optimised in 2022. For example, certain processes such as the job requirements process were digitalised. In addition to this, agile work methods continued to be applied at the company and then also programmatically incorporated into personnel work in the form of training sessions and seminars.

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

RISK AND OPPORTUNITY REPORT

Risk report

Risk management system

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

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

The risk management system is also used to comply with the requirements of an early risk detection system pursuant to § 91 (2) of the German Stock Corporation Act (AktG).

Group-wide risk management

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

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

These companies together with the immaterial, controlled companies of the MLP Group form the MLP Financial Holding Group (MLP FHG). Within MLP FHG, MLP SE, as the licensed financial holding company, is the superordinated undertaking of the Group pursuant to § 10a (2) of the German Banking Act (KWG) and Art. 11 of the Capital Requirements Regulation (CRR). MLP Banking AG as the deposit and CRR financial institution is subordinated to it. In July 2022, MLP SE took over from MLP Banking AG as the parent company after receiving authorisation to act as the financial holding company. As such, MLP Banking AG is no longer the superordinated undertaking of the MLP FHG pursuant to the German Banking Act (KWG), although it remains within the scope of consolidation. In the sense of § 25a (3) of the German Banking Act (KWG) and in conjunction with Section 4.5 of Germany's "MaRisk"

Minimum Requirements for Risk Management, the Executive Board at MLP SE has therefore ensured appropriate control and monitoring of the significant risks at Group level through suitable processes. This approach encompasses in particular

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

In the context of the strategy process and the risk audit, MLP SE, acting as a controlling company of MLP FHG, obtains an overview of the risks in the Group on a regular and ad hoc basis. Based on the risks identified in the individual entities and their relative weighting, the "MaRisk scope of consolidation" is formed, which defines the scope of the Group-wide risk management system. In principle, all risks identified as significant within the Group by the controlling company are taken into account. To identify sustainability risks, relevant ESG risk drivers are recorded for risks previously identified as significant. Group-wide regulations and policies for establishing Group-wide risk management at MLP FHG are defined taking into account the type, scope, complexity and risk content, as well as the different application options provided by corporate law on an individual basis.

Risk policies

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

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

The Executive Board is responsible for proper organisation of the business and its further development:

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

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

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

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

An appropriate risk culture is critical for effective risk management. MLP sees its risk culture as the way in which employees handle risks within the scope of performing their duties. Our risk culture promotes identification and conscious handling of risks and is to ensure that decision-making processes lead to results that are also balanced in terms of risk criteria. Our risk culture is characterised by the clear commitment of the Executive Board to risk-appropriate conduct, strict observance of the risk appetite communicated by the Executive Board on the part of all employees, as well as facilitation and promotion of transparent and open dialogue on risk-relevant questions within the Group. A strong, group-wide awareness of risks across all divisions that goes beyond each employee's own area of responsibility and a corresponding risk culture are encouraged through appropriate organisational and incentive structures. In line with the requirements regarding pay systems, these are set out in such a way that negative incentives which could otherwise encourage managers and employees to enter into disproportionately high risk positions are avoided and no risk-taking is encouraged above the level of the risk appetite set out by the Executive Board. The appropriateness of the risk management and controlling system is continuously monitored and any adjustments that become necessary are implemented as quickly as possible. Appropriate quality standards are established and subjected to continuous reviews.

MLP engages in comprehensive risk communication, including risk reporting.

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

Objective

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

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

Risk capital management, liquidity management and stress tests

Risk capital management – risk-bearing capacity under the capital view

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

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

The Executive Board specifies the necessary capital allocation for covering the overall risk profile on the basis of the business policy orientation and the risk coverage fund derived from the risk coverage potential. The focus is on the key risks for MLP FHG, which are identified at least once a year within the scope of a risk audit performed throughout the Group. The Group-wide risk profile represents the basis for both risk capital management and the risk management and controlling processes.

The key risk types of counterparty default, market price, liquidity and operational risks are in particular quantified within the scope of the risk-bearing ability. The general business risks and reputation risks (other risks) also represent significant risk types, although they are not quantified per model. Amongst other things, these are taken into account in calculating the risk-bearing ability in the form of additional capital buffers. In addition to this, sustainability risks (that can in particular occur in the form of transitory or physical risks) can manifest themselves within the aforementioned risk types, which is why these are taken into account as drivers of existing risks.

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

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

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

As of the financial year 2023, MLP will perform risk management based on a refined so-called normative and economic perspective as per the guiding principles of the Federal Financial Supervisory Authority (BaFin).

Risk-bearing capacity under the liquidity view

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

Concentration of risk

Irrespective of the risk type, risk concentrations can occur and manifest themselves as intra-risk concentrations or inter-risk concentrations. Examples of intra-risk concentrations are blocks of credit risks at the same debtor or individual sales products that are critical to total income (earnings concentrations). A typical inter-risk concentration at a bank, on the other hand, is a reputation risk that materialises and triggers increased liquidity outflows through client deposits. Risk concentrations are reviewed regularly as part of the risk audit.

To preemptively reduce the emergence of risk concentrations in proprietary trading, this is managed via corresponding directives, including minimum requirements for external ratings, the tradability of shares, as well as issuer and sector limits and a corresponding maturity structure. To this end, capital investment directives are implemented at the key companies.

The "non-banking part of the MLP Group" has a large exposure due to the Group structure and the requirements of the Capital Requirements Regulation (CRR) relating to the formation of the supervisory scope of consolidation[1]. This is being continuously monitored and included in the risk reporting.

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

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

Stress tests

Pursuant to Section 4.3.3 in conjunction with Section 2.2 of the Minimum Requirements for Risk Management (MaRisks), stress tests are performed on a regular and ad hoc basis for significant risks of MLP FHG. Their effects are also reflected when assessing the risk-bearing capacity.

Univariate stress tests can be distinguished from multivariate stress tests on the basis of historical and hypothetical scenarios. When performing sensitivity analyses ("univariate stress tests“), only one risk parameter of one risk type is varied. In this way, the sensitivity of risk parameters and the increasing capital requirements associated with this are investigated with regard to the underlying risk factors. Interactions between various risk factors are not considered here. In scenario analyses (multivariate stress tests), on the other hand, multiple risk parameters are varied at the same time. The effects are derived from a predefined, typically macroeconomic scenario. Both extraordinary and plausible scenarios are simulated here.

The MLP Financial Holding Group differentiates between two forms of inverse stress tests. In the case of inverse stress tests of the risk-bearing capacity, one or more parameters are subjected to stress up to a limit (set at 100 % for individual risk types) or until the entire liquidity reserve runs out – i.e. the capital made available or the liquidity has been fully used up. Within the scope of inverse stress tests relating to survivability, an analysis is performed to determine how severely risk factors must negatively change in order to jeopardise the Group's survivability across all risks.

On the basis of the overall risk profile, the stress tests take into account various factors, including write offs relating to notable commitments, credit rating downgrades, changes in the yield curve and unanticipated cash outflows, as well as combinations of these risk parameters.

[1] Pursuant to Art. 18 and 19 of the Capital Requirements Regulation (CRR), MLP Banking AG, MLP SE, FERI AG, FERI Trust GmbH and FERI Trust (Luxembourg) S.A. are all consolidated. The remainder of the Group represents the "non-banking part of the MLP Group".

Organisation

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

Functional separation

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

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

Group Risk Manager

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

Risk controlling function

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

Risk management and controlling processes

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

The Risk Management department at MLP SE, which also includes the risk controlling function, is in particular responsible for the identification and assessment of risks, as well as monitoring of limits. This is accompanied by reporting the risks to the Executive Board and the business units that control the risks. Early detection systems support risk monitoring, identify potential problems early on and thereby enable prompt planning of measures.

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

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

Controlling monitors earnings trends

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

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

Internal controlling system in the accounting process

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

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

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

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

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

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

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

Compliance function

A compliance office has been established to handle risks that can result from non-compliance with the key legal provisions and requirements for MLP FHG. These in particular include supervisory provisions on avoiding money laundering, financing of terrorist activities and other criminal conduct or relating to financial sanctions, embargoes and the account screening procedure (in the following referred to as prevention of money laundering & fraud), prevention of insider trading, provision of ancillary securities services, protection of client assets, data and consumer protection, outsourcing management, as well as all other institute-specific provisions, whose non-compliance could put assets at risk or lead to a significant reputation risk. Compliance plays a key part in identifying risk potential through monitoring rules of conduct, as well as within the scope of management of conflicts of interest. As part of the risk management approach, the internal control system and the Internal Audit department represent key components of the processes used to identify new risks and ensure both the effectiveness and appropriateness of the risk management systems.

The Compliance function advises and supports management, as well as the responsible specialist departments. It works towards implementation of effective procedures ensuring compliance with substantive provisions and internal regulations as well as corresponding control measures performed by responsible units. It also provides regular reports, including ad-hoc reports on its activities to both management and the Supervisory Board when and where necessary. The compliance function also promotes and strengthens the Group-wide risk culture.

This in turn also leads to the control and reduction of operational risks.

Internal Audit

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

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

Risk reporting

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

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

Statement of risks

MLP FHG is exposed to various financial risks. These in particular comprise counterparty default, market price and liquidity risks. Alongside financial risks, there are also operational and other risks, such as general business risks and reputation risks. The values stated refer to MLP FHG, as presented within the scope of internal risk management. To increase transparency regarding the controlled risks, quantitative disclosures on the risk types were added in the reporting year.

The key risk types in the respective segments as of December 31, 2022 are presented below:

Types of risk

Segments	Counterparty default risk	Market price risks	Liquidity risks	Operational risks	Other risks
Holding and Others*	x	x	x	x	x
Banking	x	x	x	x	x
Financial Consulting	x		x	x	x
FERI	x		x	x	x
DOMCURA	x			x	x

*The operational risk and other risk identified in the Industrial Broker business segment have been assigned to the Holding and Others segment in the statement of risks.

**The counterparty default risks, market price risks, liquidity risks and operational risks identified in the DI Deutschland.Immobilien business segment have been assigned to the Holding and Others and Financial Consulting segments.

Counterparty default risks

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

Counterparty default risks are included in the proprietary and client business positions. The maximum default risk is expressed as the carrying amounts (following impairments) of the financial instruments recognised in the balance sheet (in particular originated loans and receivables), off-balance-sheet items (in particular revocable and irrevocable credit commitments, as well as sureties), as well as derivative financial instruments with positive market value. Bank lending is limited primarily to borrowers domiciled in the Federal Republic of Germany, who represent the majority of loan-bearing instruments (95 %).

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

Overall, the lending policy at MLP is characterised by only accepting risks that are both known and also appear reasonable in terms of their volume. Bad debts are written down accordingly. We are anticipating a moderate rise in the level of loan loss provisions due to the increase in volume of new business, as well as an increase in the average default rate due to potential liquidity bottlenecks of our clients, triggered by the high interest rate currently being encountered and rising living costs caused by inflationary factors. The non-performing loan (NPL) quota is the ratio of bad loans relative to the total volume of loans and credits, including deposits at banks and central banks. For the supervisory scope of consolidation, the NPL ratio as of December 31, 2022 is 0.4 % (0.4 %) and is therefore significantly below the supervisory monitoring threshold of 5 %. Non-performing loans, which are identified at MLP, are transferred to specialist departments, where they are individually managed by experts.

Credit management

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

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

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

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

For the positions rated internally using the VR rating system, the risks are calculated on the basis of the IRB method. For debtors that have not been rated internally but do have an external rating, a mapping table is used to convert and assess this external rating to the VR rating that MLP uses as the master scale. Based on the probability of default determined in this way and a dedicated assessment of qualitative aspects such as balance sheet KPIs, sector-specific findings and so on, externally rated debtors are treated the same as internally rated debtors and assessed using the IRB method.

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

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

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

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

Unrated receivables beside MLP Banking AG

With the exception of MLP Banking AG, the other companies in MLP FHG are subject to counterparty default risks that essentially result from financial assets and receivables, as well as other assets including commission receivables, receivables from the real estate business, receivables from the underwriting business and trade receivables. The standardised approach to credit risks, based on the regulatory formulae as per the Capital Requirements Regulation (CRR), is used for these risk items as unrated debtors.

Quantification of bank deposits, as well as commission receivables due from rated insurance companies, is performed using an IRB approach that is itself based on the Capital Requirements Regulation (CRR).

As of December 31, 2022, MLP FHG has a counterparty default risk of € 44.2 million (€ 40.7 million).

Market price risks

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

At MLP FHG, market risks essentially comprise the incomplete congruency of interest rate agreements between loans granted by MLP and their refinancing. In addition to this, there are market price risks within the scope of proprietary trading activities. There are currently only very minor open exposures in foreign currency in the portfolio. There are also no appreciable derivatives positions.

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

In this context, cash value changes of all items in the interest book are also shown in relation to equity via the so-called interest rate risk coefficient, applying the interest rate steps stipulated by the Federal Financial Supervisory Authority (BaFin). The simulation is performed by automated means for all the interest-bearing and interest-sensitive items. It is in this manner that the controlling of the interest risk is ensured. It also determined whether the change in value is always below the threshold of 20 % of equity.

Interest rate risks at MLP FHG.

	Interest risk: Change in net interest recognised in the income statement			
	Change in value rising interest scenario		Change in value falling interest scenario	
in € million	2022	2021	2022	2021
Net profit/loss	0.4	1.6	–3.6	–3.1
Quantification*			**–3.6**	**–3.1**

*lower value than risk value

Due to the dynamic development observed in the financial year, the underlying interest rate assumptions are generally calculated each quarter on the basis of the current data. As of December 31, 2022, simulations were modelled in the scenario of rising interest rates on the basis of 1 day or 10 years at +77 BP or +210 BP. In the scenario of falling interest rates, simulations were performed at –330 BP for 1 day and –134 BP for 10 years.

Interest rate risks at MLP FHG due to interest rate shock.

Simulated scenario	Effects in € million	
	2022	2021
Parallel shift +200BP	–4.3	1.2
Parallel shift +200BP	5.8	3.9
Steepening of the interest rate curve	–6.7	–10.8
Flattening of the interest rate curve	5.9	13.6
Short rates shock up	4.2	12.2
Short rates shock down	–4.5	–3.5

The interest rate risk coefficient for MLP FHG, defined as a quotient of the loss in net present value and equity, is 1.3 % (0.4 %).

Real estate risks MLP FHG

As part of the market price risks, significant real estate risks of DI Deutschland.Immobilien AG and its subsidiaries are taken into account while factoring in the capital share held by MLP.

Risk quantification is performed on the basis of a VaR approach that uses historic performance with a confidence level of 97 %. The real estate risk as of December 31, 2022 is € 4.0 million (€ 0.8 million).

The interest risk from MLP Banking AG of € 3.6 million (€ 3.1 million) results in a market price risk of € 7.6 million (€ 3.9 million).

Liquidity risks

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

Operational liquidity control

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

Structural liquidity control

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

The net stable funding ratio (NSFR) compares the available refinancing with the stable refinancing required. This performance indicator serves as a key balance sheet ratio. The simplified net stable funding ratio (sNSFR) is used to calculate it.

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

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

Calculation of the LVaR as of December 31, 2022 indicates a continuously positive year-on-year liquidity portfolio. As in the previous year, a survival horizon of 12 months remains in place. There are no anticipated additional refinancing costs (previous year: none). If, contrary to expectations, net cash outflows should occur, sufficient cash reserves are available. The liquidity risk at MLP FHG results primarily from MLP Banking AG as the deposit-taking bank. The refinancing structure is based largely on client deposits. Appropriate short and medium-term credit lines have also been agreed to safeguard against a possible short-term liquidity shortfall.

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

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

As of December 31, 2022, the liquidity risk at MLP FHG is € 1.2 million (€ 0 million). The available liquidity reserves of MLP FHG are € 1,202.6 million (€ 1,396.9 million).

Operational risks

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

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

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

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

Risks from internal procedures

Risks resulting from internal procedures can, in particular, occur due to processing errors within the internal organisation and communication, as well as in Sales, Compliance, Data Protection & Money Laundering and due to contractual obligations/arrangements.

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

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

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

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

Risks from human errors and employee availability

Risks resulting from human error and employee availability occur in particular due to a lack of employee qualification and availability, as well as unauthorised, fraudulent and criminal actions, health & safety at work and other human error.

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

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

Demographic changes and their effects on the workforce structure are systematically reviewed by MLP. We used a staff turnover simulation to analyse various scenarios and learn more about the effects on the workforce (including key positions). A dynamisation of the age curve, as well as an increasing average age of the workforce can be observed here. To counter this trend and continue thriving in the face of increasing competition, the material and non-material framework conditions are continuously optimised for the employees. The aim is to further strengthen our profile as a family-friendly employer offering flexible models in terms of working hours and places of work, as well as family-friendly conditions and fringe benefits. This was manifested with the workandfamily audit successfully performed in 2019, as well as the recertification of the audit in 2022. The certificate as a family-friendly employer is combined with an agreement on various measures and targets for further development of the family-friendly workplace over the course of the next three years. In order to counteract the predicted skills shortage, MLP has established a dedicated junior staff development programme and a management development programme. Alongside this, MLP traditionally invests in sustainable recruiting of talented young employees and, in addition to various training professions, also offers a university of cooperative education degree programme with many different fields of specialisation. The changes to the organisational structure of the HR department were completed in December 2021, also with the objective of further expediting the specialisation and professionalisation of the employees responsible for recruiting.

In line with the requirements regarding pay systems, these are set out in such a way that negative incentives which could otherwise encourage managers and employees to enter into disproportionately high risk positions are avoided and no risk-taking is encouraged above the level of the risk appetite set out by the Executive Board. To avoid incentives of this kind for employees, in particular those holding positions of responsibility, attention is paid when setting out such pay and incentive systems to ensure that these do not contradict the objectives defined in the strategies and that any risk of conflicts of interest is ruled out. Any change in strategy triggers a simultaneous review and, where necessary, adaptation of pay and incentive systems.

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

The Supervisory Board is responsible for the pay and incentive systems at management level, while the management team is responsible for the system used for employees. The pay systems are reviewed at least once a year by the Legal department and any necessary amendments are implemented.

MLP's greatest asset are its employees, which is why such emphasis is placed on qualified employees and managers. Nevertheless, human errors cannot be completely ruled out. In this context, we employ an open culture of constructive criticism with the objective of detecting mistakes early on, continuously improving our processes and strengthening our innovative capacity. This also lines up with MLP's mission statement, its core values of performance and trust, as well as its leadership principles. The risk of staff shortages is reduced through an active personnel and succession planning as well as targeted personnel marketing measures. Employees working with confidential information undertake to observe the respective regulations and handle the information responsibly. A clear separation of management and control functions restricts the risk of breaching internal and external regulations. Defined deputisation regulations secure our business and decision-making processes.

IT risks

IT risks result in particular from any failure of critical IT processes, applications, IT systems, as well as IT infrastructures, including potential cyber attacks.

MLP FHG pursues an IT strategy in order to effectively minimise potential IT risks. When selecting IT systems, the primary focus is on sector-specific software. If necessary, business-specific proprietary IT applications are developed by qualified internal and external specialists. The correct functioning of IT systems is secured by performing comprehensive system tests and pilot phases before they are commissioned. Databases are protected from a potential data loss by conventional means through the outsourcing of data centre operations to service providers with various locations, back-up systems and mirror databases, as well as establishment of a defined contingency plan.

IT systems are protected from unauthorised access through the access and authorisation concept, state-of-the-art malware protection, as well as other comprehensive security systems. MLP operates a Group-wide information security management system in order to identify potential risks with regard to information security and then take any appropriate action. In terms of the protective measures, we ensure that our technology always reflects the state of the art and have this regularly checked by external experts. Digital innovations are developed in a laboratory environment as a way of keeping risks to a minimum during the development phase.

Risks from external events

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

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

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

Internal security measures are also set up in such a way that any attempts at fraud, burglary or theft are prevented upfront. To prevent external cyber risks, such as hacker attacks and malware, corresponding precautions are taken, including firewalls, intrusion prevention / detection systems, virus scanners, as well as active patch and vulnerability management for systems.

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

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

Legal risks.

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

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

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

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

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

Tax risks

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

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

Capital charge based on a proprietary model

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

As of December 31, 2022 the operational risk of MLP FHG is € 21.1 million (€ 21.1 million).

Other risks

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

Reputation risks

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

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

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

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

General business risks

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

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

Overall economic risks

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

Business environment and sector-related risks

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

MLP is addressing the upcoming changes proactively. The quality of our consulting and our products as well as our focus on selected client groups and our independence give us a strong market position. Furthermore, the consolidation of the market provides acquisition opportunities for the Group.

Within the scope of its business activities, MLP in particular provides wealth management, old-age provision and insurance services. However, the real estate business is becoming more important for the Group; this segment offers additional investment opportunities within the scope of the holistic investment strategy.

Corporate strategy risks

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

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

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

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

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

Sustainability risks

We consider sustainability risks to include events or conditions resulting from the environment, social issues or corporate governance, whose occurrence can have actually or potentially significantly negative effects on MLP's net assets, financial position and results of operations, as well as its reputation. This also includes climate-related risks in the form of physical risks and transition risks. Sustainability risks can manifest themselves in all risk types, which is why we do not rate them as a dedicated risk type, but rather based on issues encountered within the scope of the respective relevant risk type. Identification of sustainability risks in existing risk types occurs on the basis of ESG risk drivers. They are taken into account in risk management in accordance with the principle of materiality.

Superordinate and macroeconomic risk position

Following decades of low inflation rates, the topic of sharply rising prices is the most important parameter for global economic performance and the capital markets. Having enjoyed a phase of expansive monetary policy that continued up to 2022, the global situation was then negatively impacted by sharply rising prices for raw materials and energy sources as a result of Russia's invasion of Ukraine. This served to accelerate the process of rising inflation even further. With the major central banks having underestimated the inflation trend for quite some time, first the US Federal Reserve and then the European Central Bank corrected its course with measures to fight inflation, focussing in particular on increasing interest rates. In addition, China's "Zero COVID" policy led to higher industrial procurement costs and reduced availability of further raw materials in the second half of 2022. In the near term, this trend is expected to continue, albeit at a somewhat slower pace.

Further interest rate rises by the ECB to fight inflation should therefore still be anticipated, following on from the interest rate turnaround already observed in 2022.

At MLP, these developments will primarily lead to rising costs. The observable changes in interest rates are having a positive impact on the interest margin, although reductions in present value relating primarily to the credit portfolio have also been observed in the short to mid term. The rise in interest rates also led to a value-induced reduction in securities portfolios. Declining capital markets had a negative impact on assets under management at MLP, although this was softened by an increase in net cash inflows. Volatile capital markets should also be anticipated for 2023.

The strategic orientation of the Group is not significantly influenced by the influential factors described above, as the diversified business model ensures a cushioning effect in the event of risks occurring. Opportunities are taken if they are in line with strategies. Among other things, the present value interest risks are managed using the interest rate risk coefficient. Fourteen-day monitoring of total deposits is also used to monitor the liquidity situation.

Risk-bearing ability & capital requirements

The risk-bearing capacity concept ensures that the risks incurred are offset against sufficient risk coverage potential at all times. Within the scope of the risk-bearing capacity concept, MLP FHG controls its risks until December 31, 2022 primarily using a going-concern approach with a confidence level of 97 %. This is based on meeting the minimum capital backing required by law and thereby a continuation of the business operations of MLP FHG. Free equity capital that is available after meeting the regulatory ratios for minimum capitalisation and an additional buffer therefore serve as risk coverage potential.

The Executive Board set up a risk coverage fund of € 115 million in 2022 (as of December 31, 2021: € 115 million). The risk coverage fund is used to cover the risk types classified as significant by MLP. These are the counterparty default risk, the market price risk, the liquidity risk, as well as operational and other risks.

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

After deducting the risk buffer for other risks (5 %) from MLP FHG's risk cover funds and a risk buffer (5 %) for further risks, the following limits remain for MLP FHG as of December 31, 2022:

Type of risk (in € million)			**Dec. 31, 2022**			**Dec. 31, 2021**
	Limit	**Risk**	**Utilisation**	**Limit**	**Risk**	**Utilisation**
Counterparty default risk	67.5	44.2	65.4 %	69.1	40.7	58.9 %
Market price risk	8.1	7.6	93.7 %	7.1	3.9	55.4 %
Operational risk	26.6	21.1	79.3 %	26.1	21.1	81.0 %
Liquidity risk	1.5	1.2	81.7 %	1.5	0.0	0.0 %
Total	**103.8**	**74.1**	**71.4 %**	**103.8**	**65.8**	**63.4 %**

The special risk situation in the DI Deutschland.Immobilien segment, which can essentially be attributed to the negative developments in the real estate market, is taken into account in the risk load with an additional risk of € 8.5 million.

Capital adequacy requirements and capital control under banking supervisory law

A primary objective of equity control is to ensure that the legal solvency regulations for banking and financial services businesses, which prescribe a minimum capital adequacy, are fulfilled and that the quantitative and qualitative equity base is strengthened. At MLP, the examinations performed for the purpose of complying with the Capital Requirements Regulation (CRR), which came into force on January 1, 2014, as well as Article 7 and Article 11 et seq. of EU Directive No. 575/2013 of the European Parliament and Council from June 26, 2013 regarding the supervisory requirements of financial institutions and investment firms, are performed on a consolidated basis (Group). Since January 1, 2017, MLP has been drafting an independent IFRS consolidation on the supervisory scope of consolidation. The disclosures are based on the legal foundations in place and valid on the reporting date.

At the request of MLP SE and with authorisation letter issued by the Federal Financial Supervisory Authority (BaFin) on June 30, 2022 that came into effect as of July 8, 2022, MLP SE is classified as the parent financial holding company of the MLP Financial Holding Group. While MLP Banking AG assumed the function of the controlling company pursuant to § 10a (2) of the German Banking Act (KWG) from January 1, 2022 up to the point of reclassification of MLP SE, this function was transferred to MLP SE from the point of reclassification.

In the sense of the legal provisions associated with the Capital Requirements Regulation (CRR), MLP employs both an appropriate organisational structure and appropriate internal control/monitoring procedures such that proper consolidation of the corporate group is ensured.

As per § 10a (2) of the German Banking Act (KWG) in connection with Article 11 of the Capital Requirements Regulation (CRR), the relevant Group includes MLP SE, Wiesloch, MLP Banking AG, Wiesloch, FERI AG, Bad Homburg v. d. Höhe, FERI Trust GmbH, Bad Homburg v. d. Höhe, FEREAL AG, Bad Homburg v. d. Höhe, FERI Trust (Luxembourg) S. A., Luxembourg.

The following means and measures for controlling and adjusting the equity capital of the Group are available to MLP: (I) issuing new shares and (II) retention of a portion of the earnings (III) making transfers to the statutory reserve to strengthen Tier 1 common capital.

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

MLP applies the standardised approach to credit risk for determining the risk-weighted exposure values (counterparty default risks) in accordance with Article 111 et seq. of the Capital Requirements Regulation (CRR). The basic indicator approach is used for determining the amount for the operational risk (Article 315 et seq. of the CRR).

Supervisory KPIs (Pillar I)

Shareholders' equity (in € million)	2022	2021
Tier 1 common capital	321.3	276.1
Tier 1 additional capital	–	–
Tier 2 capital	–	–
Eligible own funds	321.3	276.1
Capital adequacy requirements for counterparty default risks	105.5	104.4
Capital adequacy requirements for operational risk	22.6	18.8
Core capital ratio (in %)	20.06	17.39
Tier 1 common capital ratio (in %)	20.06	17.39

Amounts on the basis of submitted statement

The investments in other subsidiaries are now taken into account using the equity method. Application of the equity method in Basel Pillar I and the resulting increase in equity associated with this, as well as the increase in corresponding exposures from investments leads to an increase in Tier 1 common capital by € 14.9 million to € 321.3 million.

Summary

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

Both MLP FHG as a whole as well as the business segments always acted within the scope of their financial risk-bearing ability in 2022.

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

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

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

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

Opportunity report

Opportunity management

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

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

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

Opportunities

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

Opportunities from changing framework conditions

The economic forecasts for the year 2023 suggest only limited opportunities for MLP. The ongoing lack of availability of raw materials and intermediate products due to the coronavirus pandemic, as well as the drastic rises in energy prices caused by the war in Ukraine have together led to high inflation and consumer reticence. Should the German economy display significantly better development than assumed in our forecast, this will only have an indirect influence on the operating development at the company in the short term. In principle, however, this could have a positive effect for MLP, particularly in terms of attracting new clients.

Further framework conditions that could have a positive effect on the opportunities of MLP in 2023 include the end of the low interest rate era (MLP Banking SE), as well as heightened awareness of the importance of health, healthcare provision and existential risks (consulting fields: old-age provision, as well as non-life and health insurance). Wealth management, as well as the associated development of the capital markets, is increasingly also influencing the earnings performance of the MLP Group. Should this perform significantly better than anticipated, it could have a positive impact on assets under management and performance-linked compensation.

The ever-stricter regulation of the financial services sector in Germany, with the objective of stabilising the financial system and increasing investor protection, presents both challenges and opportunities for

MLP. Stricter regulatory requirements will initially lead to additional costs and reduced productivity, as administration costs increase and processes in the company have to be adapted. However, the regulation also tightens the quality standards required of market actors. This will accelerate consolidation of the market, as individual brokers will not be able to comply with the stricter requirements. The number of brokers is likely to decrease further overall. In 2021 alone, the number declined by some 4,600 brokers. At the same time, this development could lead to a situation in which qualified brokers from other market actors display a stronger desire to work for MLP or ZSH. In addition to this, we were quick to align our operations to the new framework conditions over the last few years, which will enable us to benefit from this development in the mid term.

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

Corporate strategy opportunities

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

Interlinking these areas with one another and with the private client business will furthermore enable us to create corresponding revenue potential. Its broadly diversified positioning gives MLP an important USP in the private client business. Further developing these opportunities offers significant potential for the next few years. This opens up further prospects in wealth management, in which MLP clearly sets itself apart from the market through its highly transparent price model. It also presents opportunities in the financing business, primarily for physicians, as well as the non-life insurance business, in which MLP is developing the business of its subsidiaries DOMCURA and RVM. Additional gains are also conceivable based on a stronger than anticipated recovery in old-age provision. In addition to this, there is potential for further developing the real estate business, despite the uncertainties that have been observed in the market in the last few months.

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

Business performance opportunities

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

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

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

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

Over the last few years we have introduced and implemented various measures to increase the productivity of our consultants. These include further development of our consulting applications, even greater support for our consultants – for example in product selection – and even more effective service from the back-office in Wiesloch.

The Corporate University is continuously expanding its training programme for self-employed consultants to keep up with current needs and regulatory requirements. As of July 1, 2023, it is also set to introduce a four-month trainee programme that will prepare trainees for their future work as a commercial agent.

The basic structure of the training programme is presented in a dedicated policy. The consultants can filter and sort the programme by focus topics, qualifications, dates, etc. on the intranet. A needs analysis is performed each year and the results are then used to continuously adapt the training on offer in terms of content, volume, quality and didactics.

Since 2022, the CU has also been providing training and development opportunities for back office staff, employees at the company HQ and external participants via the School of Financial Education (SOFE). The plan for 2024 is to present some initial training programmes for Group subsidiaries and thereby make use of synergies within the Group.

Should we be more successful in recruiting new consultants than anticipated in our current planning, this could also lead to additional potential. The Service Centre of our subsidiary MLPdialog also plays a key part and makes an important contribution by assuming standardised support and consulting services. As an underwriting agency, the DOMCURA Group has also extended the added value chain of the MLP Group for standard products in the non-life insurance business field with its processes and expertise and will continue to do so in future. The goal of these measures is to allow our consultants to focus even more on their core task, namely advising and supporting their clients. This provides important revenue potential for the future.

Opportunities in the real estate business that go beyond current planning could arise due to planned projects being implemented more quickly and cost-effectively or indeed through implementation of a greater number of projects. However, these opportunities are being hampered by higher construction interest rates, a general rise in construction costs, as well as the ongoing lack of availability of construction materials.

Opportunities from development of asset and risk positions

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

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

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

Summary

MLP sees several significant opportunities. These relate in particular to opportunities in the area of corporate strategy and business performance as well as asset and risk positions.

FORECAST

Future overall economic development

The economic upswing anticipated after the coronavirus pandemic is being thwarted by the war in Ukraine and the resulting energy crisis. The sharply rising energy prices are also hitting private consumption extremely hard. The surplus savings set aside by many during the coronavirus pandemic have now been largely used up, which will directly fuel consumer reticence. FERI Investment Research is anticipating a decline in economic development, which will in turn lead to a slight drop in Germany's GDP of 0.1 % for 2023. This will leave Germany right at the bottom of the table in Europe.

Further interest rate rises planned

Based on estimates provided by FERI, inflation is set to fall over the course of 2023 as a result of base effects and potentially lower energy prices. However, increased producer prices and ongoing supply constraints are still preventing a quick return to the 2 % mark. FERI is predicting an inflation rate of over 4 % for Germany at the end of 2023 and an average of around 7.5 % for the year. According to the European Central Bank (ECB), further interest rate rises are also planned for the future as a way of getting inflation under control.

Employment market defying the crisis

Despite the challenging economic environment, the Institute for Employment Research of the German Federal Employment Agency (IAB) is not expecting the German employment market to collapse, although it does anticipate dampening effects as a result of the energy crisis. For 2023, the IAB is forecasting a slight increase in unemployment of 60,000 over the previous year to 2.472 million individuals. At the same time, however, it is also forecasting an increase in employment subject to compulsory social security contributions of around 300,000 to 34.8 million individuals.

Higher salaries and wages

The Tax Estimation workgroup of Germany's Federal Ministry of Finance is forecasting a 3.7 % increase in gross salaries and wages for 2023. According to the Fiscal Report 2023 of the German government, the disposable income of private households in Germany is increasing by 4.6 %.

FERI Investment Research is anticipating a lower savings rate of 9.1 % in Germany for 2023 (2022: 10.8 %).

Future industry situation and competitive environment

Old-age provision

The economic environment for old-age provision is likely to remain challenging in 2023. Although initial wage adjustments are to be expected in several sectors, the German Insurance Association (GDV e.V.) is of the opinion that the increased prices could lead to continuing reservations in terms of signing long-term contracts. However, the end of the low interest rate era should provide some positive stimulus in the form of new and attractive returns, as well as a reduction in the additional interest reserve. Based on estimates provided by Assekurata, life insurers are set to benefit from the turnaround in interest rates in the long term.

Trust in the statutory pension declines even further

On its own, the statutory pension will in future no longer be sufficient to maintain the same standard of living following retirement. According to a survey undertaken by the German Institute for Capital Formation and Old-Age Provision (DIVA), some 60.8 % of German citizens expect the statutory pension level to decline in future. Around 60 % are therefore worried about old age poverty.

Those surveyed are also aware that they must themselves assume greater responsibility for their own old-age provision. Indeed, around a third of respondents (31.9 %) stated that they are keen to invest more in occupational pension provision in future. Some 42.8 % of respondents are also planning to allocate more funds to their private provision policies.

No reforms currently expected

Alongside their plans for strengthening statutory pension, the so-called “traffic light” German coalition government also stressed the importance of private and occupational pension provision in the coalition agreement and announced reforms to this end.

However, in light of the effects associated with Russia's invasion of Ukraine, the energy crisis and also inflation, the German Insurance Association (GDV e.V.) does not reckon with any quick political actions. The German Insurance Association (GDV e.V.) is therefore not anticipating any significant regulatory boost for 2023 in terms of demand for occupational or private old-age provision policies.

Occupational provision still holds great future potential

The shortage of skilled specialists reached a new all-time high in 2022. Based on estimates of the IFO Institute, this problem is likely to become even more acute in the mid to long term. The effects of demographic developments in Germany will also serve to exacerbate the shortage of skilled specialists. Around 13 million people in gainful employment are set to take retirement by 2036 – representing almost a third of all specialists currently in the employment market.

In this context, occupational pension provision is becoming increasingly important in Germany as a key provision pillar, as underlined by the Willis Towers Watson Global Benefits Attitudes Survey 2021/2022. According to this survey, some 55 % of employees believe that occupational pension provision is more important than ever, compared with a figure of just 45 % in 2020. Occupational pension provision also has an influence on the choice of employer, as 37 % of those surveyed stated that occupational pension provision was a key factor when choosing their current employer (2020: 29 %). 68 % also consider appropriate occupational pension provision an important reason for remaining with an employer.

Sustainability also important when it comes to old-age provision

Sustainability is one of the most important future issues in terms of financial investment and old-age provision. More and more German citizens are keen to invest their money to ensure a stable pension, while consciously avoiding socially and ecologically questionable sectors and also making an active contribution to greater sustainability. This is the conclusion of a survey undertaken by the insurer Pangaea Life.

Market likely to grow overall

Based on the economic and geopolitical framework conditions, the German Insurance Association (GDV e.V.) is forecasting slightly positive overall development in gross life insurance premiums of between 0.2 % and 1.3 % for 2023.

Wealth management

Based on estimates provided by FERI, the outlook for the economy and capital markets is highly subdued and characterised by high degrees of uncertainty, significant weakening, as well as recessive trends in many areas of the global economy. This means lower corporate profits and latent margin pressure in sectors that are sensitive to economic cycles. Although partial improvements are possible over the course of the year, these would require a significant reduction in inflation, energy prices and the global interest rate trend. In comparison with previous years, the world is facing a massively changed economic and investment scenario of enormous complexity. This will play a key part in shaping not only 2023, but also many years to come.

However, since the stock markets are starting the investment year 2023 from lower valuation levels, they could potentially display more favourable trends or even offer some positive surprises despite lower corporate profits. Yet based on estimates submitted by FERI, this would require support from the bond markets, which are expected to stabilise or even display slight recovery in 2023. Overall, the investment year 2023 will likely be characterised by highly changeable market trends and possible surprises in both directions.

Client requirements are changing

In light of the current situation on the capital markets, MLP is also anticipating a marked increase in the need for wealth management consultancy services in future.

According to a survey of asset managers performed by Accenture, client requirements could change quite drastically by 2025. While clients today consider trust the most important factor, responsible investment is likely to become the main requirement by 2025. Despite increased use of digital consulting models, information provided by the study authors suggests that complex personal and personalised financial planning is set to become even more important in future for wealth management.

MLP is therefore well-positioned in this market through FERI. In the retail client sector, young clients will remain a key focus. Long-term savings plans will be set up and already existing assets will be invested flexibly for this target group.

Resilience in times of crisis

Based on estimates provided by FERI, resilience is likely to become the key success factor for financial investments over the course of the next few years. A resilient investment strategy recognises opportunities and limits risks resulting from crises and structural upheavals. Active wealth management and a multi-asset approach that goes beyond conventional forms of diversification are the prerequisites for this. Both of these rank among the core competencies of MLP subsidiary FERI.

Inherited wealth continuously increasing

As per forecasts of the Hans Böckler Foundation, the annual volume of inherited wealth in Germany, including gifts, is likely to reach up to € 400 billion by 2027. The structure of MLP's client base means that the volume should be above average here. This is another reason why MLP places great emphasis on guiding and assisting young clients in their savings processes by acting as a wealth management partner right from the beginning.

Non-life insurance

Based on estimates provided by Assekurata, the economic consequences of tackling the pandemic (supply chain problems), the record levels of inflation, as well as the geopolitical situation are also likely to curb general growth prospects in 2023.

Risks of natural disasters continue to rise

The German Insurance Association (GDV e.V.) is anticipating extreme weather events caused by climate change to increase in both frequency and intensity in Germany. In the mid-term, a further increase in potential non-life insurance and vehicle insurance claims should therefore be anticipated. However, growth potential remains high. According to the German Insurance Association (GDV e.V.), only around a half of all homeowners in Germany are currently insured against natural hazards such as torrential rain, high water and flooding.

Commercial insurance as an important mainstay

According to AssCompact, the market for commercial and industrial insurance products is fiercely contested and on the up. Indeed, more than 55 % of those recently surveyed believe that the importance of the commercial property and casualty business is likely to increase to a high or extremely high level over the next few years. Some 82 % of survey respondents consider cyber security policies as a key future sales revenue trend for the next five years, while almost half of those surveyed are anticipating greater business from D&O liability insurance policies, legal expense insurance policies, as well as technical insurance policies.

Sustainability becoming increasingly important as a decision-making criterion

Sustainability is set to become increasingly important for insurers over the next few years and, based on the estimates of ratings agency Assekurata, will permanently change the industry. Based on a survey conducted by Assekurata, more than half of clients (53.9 %) consider sustainability aspects to be important criteria when signing up for a new insurance policy. A similar number of clients (54.9 %) indicated that they were keen to make the switch to a more sustainable insurance provider – while otherwise retaining the same conditions.

Residential properties as a growth driver

Based on estimates provided by Assekurata, the need for asset protection in the field of residential properties and home contents is growing as a result of increasing climate risks and greater risk awareness. This is likely to provide important future sales opportunities.

According to calculations performed by the German Insurance Association (GDV e.V.), premiums for building insurance are set to rise by at least 14.7 % in 2023. This can be attributed to inflation, as well as increased building and wage costs. Overall, the German Insurance Association (GDV e.V.) expects gross premium income from property and casualty insurance to increase by between 3.4 % and 5.6 % in 2023.

Health insurance

The healthcare system in Germany will continue to face challenges in future. The statutory health insurance funds are anticipating a historic deficit of € 17 billion for 2023. The premiums for those in the statutory health insurance system will therefore increase by 0.3 points in 2023 to a record average level of 16.2 % of gross wages.

Those paying into the statutory health insurance system should also reckon with rising insurance premiums in the mid-term. According to a survey undertaken by the Institute for German and European Studies (IGES), the statutory health insurance funds will be facing a record deficit of € 27.3 billion by 2025. The average additional premium could therefore even increase by 1.6 percentage points by 2025.

Private health provision remains in demand

A clear majority of the population (86 %) is expecting statutory health insurance premiums to rise in future and believes that the consequences of COVID-19 will continue to put pressure on the healthcare system for quite some time (71 %). This is the conclusion of the MLP Health Report 2022. A majority of the population also believes that patients will likely have to bear more costs themselves in future, for example for doctor's appointments, prescriptions or surgery (57 %). According to the latest Continentale Survey, the majority of those paying into the statutory health insurance system (68 %) therefore consider private supplementary provision absolutely vital.

Occupational health insurance offers potential

Due to the ever more acute shortage of skilled professionals, occupational health insurance represents an increasingly important instrument for employers seeking to win the best employees and then keep them loyal to the company. In a survey commissioned by Gothaer, 64 % of employees also stated that being offered occupational health insurance would increase their loyalty to the company. As such, occupational health insurance ranks far ahead of other benefits offered by employers, such as a company car or mobile phone.

Market outlook moderate

In its current market outlook, Assekurata rates the business prospects of comprehensive private health insurance as stable. Accordingly, no comprehensive insurance policyholders are expected to cancel their policy due to the effects of the coronavirus pandemic. Assekurata actually sees growth potential for supplementary insurance and occupational health insurance policies, where focus is shifting to private nursing care insurance.

Assekurata also believes that consumers are becoming increasingly aware of the importance of general health and health provision, which could in turn provide positive stimulus for insurers.

Real estate

The real estate sector in Germany is currently characterised by a construction industry with full order books, a shortage of skilled professionals, supply bottlenecks regarding materials, as well as rapidly rising costs for new buildings and refurbishments. According to the "Real Estate Market 2022/2023" DZ Survey, the number of new building completions in Germany is therefore likely to continue declining.

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

Further value gains

In the German housing market, prices are also set to continue rising in the long term. Indeed, the purchase price forecast included in the latest Postbank Residential Atlas is predicting further price rises up to 2030, above all in and around urban centres. In more than half of Germany's 401 administrative districts and cities, house and apartment owners can expect their property to continue increasing in value in real terms until at least 2030. In the short term, however, the Association of German Pfandbrief Banks (vdp) expects the prices for residential properties to decline for the first time since 2011. Indeed, a comparison between the second and third quarter of 2022 shows a reduction of 0.7 % in residential property prices for the first time. The Association of German Pfandbrief Banks (VdP) considers rising interest and inflation rates, as well as continuing political and economic uncertainty as the main reasons behind this decline.

Figure: Price trend in Germany's "Big Seven" cities 2020-2030

Average price increase in real terms per year (percentage)

Position	City	Price trend %	Price per sqm 2020*
1	Munich	1.99 %	€ 8,612.83
2	Düsseldorf	1.09 %	€ 4,527.72
3	Berlin	1.07 %	€ 4,972.69
4	Frankfurt am Main	1.02 %	€ 6,050.07
5	Cologne	0.91 %	€ 4,261.17
6	Hamburg	0.91 %	€ 5,568.99
7	Stuttgart	0.78 %	€ 4,844.37

*Apartments in existing structures

Sources: VALUE AG (empirica systems market database), German Federal Statistical Office, HWWI calculations

Smaller, more energy-efficient properties in focus

According to estimates provided in the DZ Real Estate Survey, demand in the housing market could potentially also be influenced by the rising costs of heating in winter. The increases in basic rent (i.e. without heating costs) are now also being accompanied by higher service charges and overheads, therefore increasing overall living costs. As such, those searching for accommodation could potentially choose to focus more on smaller apartments as a way of compensating for the higher overall costs per square metre. Therefore apartments with comparatively moderate heating bills have the edge here. Despite often having higher basic rental prices, interest in newer and renovated dwellings with better energy efficiency and insulation is likely to be greater than before.

According to the DZ Survey, housing requirements are also likely to increase even further in future as a result of those fleeing the war in Ukraine, as well as the arrival of greater numbers of skilled professionals from overseas. Due to unabated high demand for housing, no significant price reductions should therefore be anticipated from today's perspective.

Retirement and nursing properties remain in great demand

Nursing properties are becoming increasingly popular as an investment. In light of demographic developments in Germany, the need for in-patient nursing care is set to rise to 3.51 million patients by 2060. This is the estimate of real estate research specialist Bulwiengesa. Accordingly, the number of citizens specifically receiving in-patient care as a percentage of all those requiring nursing care is likely to increase from 31 % to 73 %.

The market for nursing properties and retirement homes is displaying dynamic development. According to the 2022 Spring Report of the real estate sector, the total transaction volume increased by around 10 % to approximately € 3.7 billion. Housing for the elderly will no longer be considered a niche product in the next few years, but rather develop into a growth market.

Loans and mortgages

According to real estate consulting and analysis company Bulwiengesa, higher interest rates and construction costs are leading to a further reduction in new business with loans and mortgages. In addition, those looking to purchase a property will need to find larger deposits in future in order to secure a mortgage.

For 2023, the experts at private mortgage specialist Interhyp are expecting the interest rate to remain at its present level or increase slightly.

Revised German Development Bank (KfW) incentivisation now to be launched on March 1, 2023

The relaunch of the German government's new building funding scheme has been delayed. The revised programmes offered by the German Development Bank (KfW) were actually supposed to be ready by January 2023. However, it will now be possible to apply for funding from the new KfW "Climate-Friendly New Construction" programme from March 1, 2023 onwards.

Demand for real estate supporting growth in financing

Even if the interest rate continues to rise, it will still remain at a low level in real terms due to inflation. Based on estimates of the real estate experts from Bulwiengesa, real estate therefore remains a highly attractive asset class. Demand for real estate – together with the corresponding financing requirements – is therefore also set to remain high.

Competition and regulation

Coming changes moving towards greater sustainability

The financial services sector is expected to support and also steer the transformation of the entire economy towards sustainability. The disclosure requirements and regulations that are relevant for MLP were described in the chapter "Competition and regulation". The MLP sales and consulting process is also set to be continuously extended in future to include further sustainability aspects.

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

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

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

The new German government will likely continue to address the transformation of the old-age provision system in Germany. The basic premise of a standard product governed by public law (sovereign wealth fund) is also very likely to play a part here. However, it is not yet clear what the concrete ideas of the coalition government will look like or what the announced review will deliver. Implementation during 2023 or the year after also appears unlikely, not least due to the complexity of such an undertaking and the fact that there are still so many fundamental questions still to be answered.

Law on share-based pensions planned

A draft bill on the share-based pension scheme that was also announced in the coalition agreement represents a more realistic option. Based on the plans of the FDP, the coalition partner driving the idea, this is likely to be set up as a capital market-oriented supplement within the scope of the statutory state pension. The German government is setting aside € 10 billion for this. A corresponding law is to be drafted in the first half of 2023. The objective here is to establish the institutional prerequisites that will enable the funds to be set up for investment of the € 10 billion. Irrespective of any such measure relating to the statutory state pension, supplementary old-age provision remains essential for citizens in Germany.

Federal Financial Supervisory Authority (BaFin) observing the cost trend

The actual costs of private pension insurance policies are a key factor in the draft explanatory leaflet on prudential conduct aspects of endowment life insurance products that was published by the Federal Financial Supervisory Authority (BaFin) in 2022. In this vein, BaFin is keen to take a closer look at the top quartile of insurers. In MLP's new business, the actual costs of the products brokered are significantly below the top quartile in the market. In addition to this, BaFin will continue to analyse the levels of acquisition and marketing expenses. In this process, the quality of the business is also to be analysed, based in particular on cancellation rates.

Ongoing drafting of the EU Retail Investment Strategy

The ongoing consultations within the scope of drafting the EU Retail Investment Strategy are aimed at increasing the participation of small investors in the capital markets and strengthening consumer protection for these small investors. A draft of the strategy is due to be published in spring 2023. This essentially focuses on simplifying the previous provisions in the retail investor arena and making them easier to understand. The aspiration is also to adapt the regulations to digital innovations, as well as to improve financial education offers. The questions relating to disclosure requirements and financial incentives remain controversial. It is also important to note that the strategy itself does not represent an actual law or legislative package.

Further regulation to be anticipated

Over the next few years, the regulatory bodies are likely to continue work on ways to make the costs associated with financial products more comparable for clients, while clients themselves are likely to become more conscious about costs and consulting quality overall. Fee-based consulting in particular is likely to remain an important topic in the world of politics. MLP today already offers fee-based consulting in those areas in which we sense corresponding demand on the part of our clients, such as retirement planning.

Well prepared for regulatory requirements

MLP also considers itself to be well-positioned for progressive regulation of the financial services market. But irrespective of this, the regulatory developments will certainly represent a challenge overall and lead to additional implementation costs.

Anticipated business development / revenue development forecast

Worldwide economic development continued to feel the effects of the global coronavirus pandemic in 2022, yet it was primarily impacted by the return and drastic hike in inflation. The sharp rise in costs is causing a general loss of purchasing power and a decline in investable capital, which is also significant for MLP. Another significant negative factor was the Russian war in Ukraine. This had a substantial negative impact on global supply chains. The war further worsened the availability of raw materials, intermediate and end products, which had already been impaired by the effects of the coronavirus pandemic, and brought the trade of individual sectors with Russia to a complete standstill as a result of Western sanctions. In addition, the war triggered a far-reaching energy crisis, which further fuelled inflation as an additional price driver. All in all, these factors will continue to be decisive in 2023 and will, as MLP sees it, lead to a downward trend in the German economy in 2023. In terms of client potential for the MLP Group, the ever growing number of individuals with academic qualifications in gainful employment that we are anticipating, as well as the low number of unemployed graduates is encouraging overall.

There is still a strong demand for value-maintaining, broadly diversified investment opportunities, especially among clients that already have assets. The market environment has changed considerably as a result of the significant increase in inflation and the interest rate hikes by the central banks. Against this background, we generally expect to see an increased need for consulting services in the field of professional wealth management across all of the Group's target client groups in the coming years. In addition, more and more clients of MLP Banking AG are approaching the age at which financial investments become significantly more important to them, not least due to their increasing personal wealth. Above all, we see growth opportunities through the massive potential of this consulting field among our client base at MLP. At FERI, we are continuing to also benefit from the comprehensive expertise in alternative forms of investment. However, we are still anticipating volatility on the markets to remain high in some cases in the financial year 2023. The MLP Group therefore anticipates revenue development in this consulting field to remain stable overall.

Despite all uncertainties, demographic developments still hold massive long-term potential for MLP. For example, in Germany we are generally still expecting to see an increase in demand for both private and occupational pension provision policies. In the old-age provision field of consulting, MLP expects the reservations displayed when it comes to signing long-term provision contracts to continue throughout the market in 2023, primarily due to the economic uncertainties that have arisen. However, the measures already implemented and those still in progress aimed at boosting our young consultants segment can deliver significant impetus in this regard. Alongside insurance cover, our consultants are also starting to broker initial provision modules here. We also expect an overall increase in new business for occupational pension provision in 2023, after companies held back in some cases in the previous year due to the difficult situation in supply chains and energy supply. We are also expecting continued positive impetus from our digital occupational pension provision portal for small and medium-sized companies. This portal makes it easier for employers to manage their occupational pension provision contracts, while providing employees with clearly structured and compact information on their company's occupational pension provision offers. We are anticipating overall new business and revenue in the old-age provision business field to be slightly above the previous year's level in the financial year 2023.

We consider non-life insurance to hold great growth potential; The ongoing expansion of the Industrial Broker segment is continuing to play an important part here, although more and more companies that are active in the market and which are potential acquisition targets are being overrated. There is also potential on the concept side (DOMCURA) and from a sales perspective (MLP Finanzberatung). In particular, the significant premium adjustments for building insurance contracts in the market and at DOMCURA will have an effect on the development of sales revenue in this consulting field. There also continues to be great growth potential in the client base at MLP, among other things through portfolio acquisitions. Overall, we are therefore expecting a significant increase in revenue in the non-life insurance consulting field for 2023.

In health insurance, no significant change in market conditions is foreseeable in 2023, after interest in private health insurance had already increased in the previous year as a result of the pandemic experiences of many citizens. Demand in the area of supplementary insurance continues to offer growth potential. In addition, we see future potential in the occupational health insurance business, after companies and insured persons became more aware of it in 2022. Overall, we also expect revenue in the field of health insurance to remain stable in 2023.

As part of a diversified investment strategy and as a protection against inflation, we continue to view investment properties as a good investment option for our target group. Above all, we see growth potential in the brokerage of new buildings and concept-driven properties. This applies in particular to nursing care and senior citizen housing. With Deutschland.Immobilien, we have special expertise in this area. We are also benefiting from an extended product portfolio for our consultants, more and more of whom are incorporating the topic of real estate in their comprehensive client consulting activities. We remain confident that this market continues to offer opportunities, especially since there is currently a lack of suitable housing in Germany. Against this backdrop, we also see the development of the real estate projects initiated for care and age-appropriate living generally as positive despite the subdued environment. Specifically, we expect that the brokered volume, sales from own projects and sales revenue will increase slightly in the financial year 2023. Due to the development of interest rates and energy prices, as well as regulations, which are presenting major challenges in the nursing care market, this forecast is subject to special risks.

In financing, we expect the slump in the market from the fourth quarter of 2022 to be only temporary. Set against the background of ongoing high demand for home ownership, in particular in our client group, we are anticipating a slight increase in revenue for the year 2023.This forecast is also subject to special risks, in particular from developments in property prices and interest rates.

Due to the interest rate turnaround initiated in 2022 by the central banks, first and foremost the American Fed, and as a result also the ECB, we expect a slight increase in interest income and net interest income.

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

Analysis of revenue performance 2023 (compared to the previous year)

2023	
Revenue from wealth management	Unchanged
Revenue from old-age provision	Slight increase
Revenue from non-life insurance	Sharp increase
Revenue from health insurance	Unchanged
Revenue from real estate	Slight increase
Revenue from loans and mortgages	Slight increase
Revenue from interest business	Slight increase

Continuation of the growth initiatives

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

Focus still on physicians

In 2020, we have started to further focus our activities on the physician market, among other things by further developing the target group segment of entrepreneurial physicians, through diversification of activities in the field of classic practices, expansion of association work and cooperations, as well as intensification of the qualification measures for MLP consultants. We will continue along this path in 2023.

Further acquisitions targeted

Our objective is in particular to further develop business in the Industrial Broker segment. and which continues to be the focus of our M&A strategy. Our objective is to establish RVM among the top ten industrial insurance brokers in Germany over the course of the next few years. We will seek to achieve this through implementation of a consistent buy-and-build strategy. However, as the market also appears overpriced to us in some areas, we are only concerned with acquisition targets for which this assessment does not apply.

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

Consistently expediting digitalisation – online client portal being extended

The comprehensive refinement of the MLP consultant portal enables our consultants to provide even more efficient client support. The core of this digital consulting support is the definition and reconciliation of financial goals together with the client. Further wealth management functionalities, such as self services, have been integrated and gradually expanded in MLP's online client portal in 2023. The customer portal is characterised above all by the fact that it offers a complete overview of finances, including accounts, securities accounts and insurance contracts ("Financial Home"). In our view, the combination of personal advice and "Financial Home" represents a unique selling proposition.

Digital customer service substantially enhanced

More than ever, we see personal consulting in conjunction with supplementary digital offers and services as the key to long-term client satisfaction. With the new "MLP Choice" brand, we have expanded our client-focussed approach. On request, those clients without a direct personal consultant can then receive support directly from the company HQ in Wiesloch for the topics that are relevant to them. This is done on an ad hoc basis and digitally in the vast majority of cases. The key focus is on the insurance sector.

Digital corporate benefits platform set up

MLP acquired a majority stake in "pxtra", a start-up that deals with the digital administration of corporate benefits, in 2022. This involves voluntary additional benefits that employers can provide for their employees. Employees of a participating company can individually compile benefits from their employer via the platform. These can include, for example, leasing bicycles, shopping vouchers or contributions to the company pension scheme. In return, "pxtra" takes fees from the participating companies. With our involvement in "pxtra", we want to expand our service portfolio in the area of corporate benefits, because we see an increasing demand from our customers and in the market. This is part of our corporate client strategy, which we are pursuing alongside our consulting services for family clients in the MLP Group.

Recruiting remains in focus

Recruitments of new consultants therefore remains a focus topic in 2023 and beyond. The young consultants have successful and experienced consultants at their side in the form of regional managers and "university team leaders". In addition to this, we have further optimised the training and qualification offers for this group of consultants. With these greater investments, we will create the basis for future growth in terms of consultants, revenue and income.

To this end, we will strengthen our recruiting activities via our online presences (including expansion of active sourcing activities). We are anticipating a net increase in our number of consultants for 2023. However, it is important to note that our overall estimate is based on annual employee turnover of no more than 10 %.

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

Attracting other brokers to ZSH

With the expansion of its management in 2022, ZSH is establishing another sales segment (ZSH Easy) aimed at broad segments of the population. ZSH enables relevant brokers in this segment to provide system-supported financial advice. This includes a guided process on the basis of defined standards in the analysis phase and subsequent advice with corresponding tools. Overall, we expect a significant increase in the number of advisors at ZSH in 2023 and the following years. This is also due to the ongoing consolidation in the broker market, as a result of which smaller broker offices are finding it increasingly difficult to cope with the growing demands of regulation and digitalisation and are joining larger companies.

Consistent efficiency management programme supports growth strategy

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

Forecast

A consistent cost management approach is one of the pillars for continuously growing profitability. At the same time, however, we will also be making investments in our future. The forecast administration costs therefore still include expenses for investments in the future, in particular for recruiting young consultants within the scope of expanding the young segment. With these expenses, we consciously sacrificed short-term earnings growth in order to strengthen our future earnings potential, yet were still able to break even in this field last year. Added to this are further investments, in particular in IT, which are largely necessary for further implementation of our digitalisation strategy. At the same time, we are already benefiting significantly from our investments in IT of recent years, in particular from the implementation of the IT Target Vision at MLP Finanzberatung SE.

Reasons for the increases in personnel expenses include a targeted workforce expansion at FERI, DOMCURA and ZSH, the mid-year integration of Dr. Schmitt Würzburg GmbH into the Industrial Broker segment, which is being included for full 12 months for the first time, as well as planned salary reviews and one-off payments in 2023.

We are therefore anticipating an overall increase in administrative expenses in the upper single-digit percentage range.

Set against the background of the significant increase in project business we expect to see in the field of real estate, we are also anticipating a considerable rise in expenses from real estate development. We are anticipating a slight overall increase in terms of commission expenses.

2023 forecast: EBIT anticipated in a corridor of € 75 to 85 million

Based on our expected revenue and costs and set against the background of the risks in our markets, which already increased significantly in 2022 and are likely to remain in place for the financial year 2023, we are anticipating EBIT in a corridor between € 75 and 85 million – despite continuing to make extensive investments. Overall, our forecast is based on the assumption that the framework conditions in our core markets will not become significantly worse and that there will not be any political and military escalation due to Russian aggression in particular.

We are anticipating the finance cost to remain below the previous year's level in 2023. We expect the 2023 tax rate to be around 32 % to 33 %, which is a comparable level to the previous year.

Mid-term planning: significant increase in EBIT still anticipated

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

Dividends of € 0.30 per share

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

On this basis, the Executive Board and Supervisory Board will propose a dividend of € 0.30 per share to the Annual General Meeting on June 29, 2023. The payout ratio is therefore around 67 % of the consolidated net income. We are keen to continue paying out between 50 % and 70 % of Group net profit in future.

Planned financing activities and investments

The MLP Group held sufficient shareholders' equity and cash holdings as of the balance sheet date. Our business model is not very capital intensive and generates high cash flows. From today's perspective, sufficient internal financing capacity is therefore in place for the forecast period. Should suitable opportunities arise – in particular in the area of real estate project development – we are in a position to increase our financial leeway by borrowing adequate funds. We will use our cash flow to allow shareholders to participate in the company's success, to strengthen the Group's financial power and for investments.

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

Slight increase in return on equity anticipated

Return on equity was 9.8 % (13.8 %) in the financial year 2022. Assuming unchanged shareholders' equity, we are anticipating a slight increase in return on equity for 2023.

However, the overall liquidity situation remains good. Liquidity will be reduced by the intended dividend payment of € 32.8 million for the financial year 2022. It will increase again in the second half of 2023 thanks to the typical year-end business. Acquisitions which are largely financed through our cash holdings would also have a negative effect on the Group's liquidity and capital adequacy. We are not anticipating any liquidity squeezes for the financial year 2023.

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

MLP anticipates that the challenging market conditions will continue throughout the financial year 2023. At the same time, we are increasingly benefiting from the future-oriented strategic alignment of the Group, which we have expedited in the last few years. This in particular includes successful further development of the young segment, the real estate business but also our digitalisation strategy. We are expecting EBIT to develop in the corridor between € 75 and 85 million for 2023. In terms of revenue, we are expecting to see a slight overall increase. This is based on the assumption of a significantly strengthened structural earning power that goes beyond performance fees. We enjoy a sound financial standing, which we are keen to use to further extend our strong market position.

Prognoses

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

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

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

SUPPLEMENTARY DISCLOSURES FOR MLP SE (IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB))

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

BUSINESS AND GENERAL CONDITIONS

General company situation

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

Six key subsidiaries are arranged under MLP SE. The brokerage business is part of MLP Finanzberatung SE. In this segment, MLP Finanzberatung SE is the Group's consulting company for private and corporate clients and is registered as an insurance broker. The majority stake in DI Deutschland.Immobilien AG, which was acquired in 2019 by MLP Finanzberatung SE, has significantly extended both the expertise and the portfolio in the real estate sector. Deutschland.Immobilien is an independent real estate platform for all real estate classes. MLP Banking AG is supervised by the Federal Financial Supervisory Authority (BaFin). It offers banking services to both private and business clients – from accounts and cards, through loans and mortgages, to wealth management. As an investment house for institutional investors, high net-worth families and foundations, the FERI Group (FERI) offers services in the main business fields of investment management, investment consulting and investment research. As an underwriting agency, DOMCURA designs, develops and implements extensive coverage concepts for private and corporate clients in the non-life insurance consulting field. With the acquisition of the RVM Group in the financial year 2021, MLP laid the crucial foundations for developing the commercial and industrial insurance market segment. As an industrial insurance broker, RVM has a proven business model that focuses on small and medium-sized companies. You can find more information on this in the chapter entitled "Performance" in the joint management report of the MLP Group.

Business performance at MLP SE

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

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

RESULTS OF OPERATIONS

At € 6.5 million (€ 5.3 million), revenue was above the previous year's level. Revenue essentially comprises rental income from affiliated companies. The increase is mainly attributable to the letting of a building from MLP SE to Domcura, which MLP SE acquired on July 1, 2022. At € 5.1 million (€ 3.5 million), other operating revenue was also up on the previous year.

Personnel expenses declined to € 6.8 million (€ 10.5 million) in the last financial year. Amortisation expenses were € 2.8 million (€ 3.0 million). Other operating expenses fell to € 11.1 million (€ 13.8 million) and essentially contain expenses for the refurbishment of buildings. The previous year included higher consulting costs in connection with M&A projects. Earnings before interest and taxes improved to –€ 9.0 million (–€ 18.5 million).

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

Finance cost in the reporting year was € 52.6 million (€ 73.5 million) and as such significantly below the previous year's level. This can essentially be attributed to income from profit/loss transfer agreements, which declined to € 52.5 million (€ 74.7 million) in the reporting year. In the previous year, the excellent performance recorded by FERI AG, as well as the considerably higher profit transfer in this context, had a positive influence on this. EBT fell to € 43.6 million (€ 55.0 million). Following deduction of income taxes of € 10.6 million (€ 16.0 million), this resulted in net profit of € 32.9 million (€ 38.8 million). Net accumulated profit of € 32.9 million was recorded in the reporting year (€ 38.8 million).

NET ASSETS

As of the balance sheet date on December 31, 2022, the balance sheet total of MLP SE was € 424.0 million (€ 444.5 million).

On the assets side of the balance sheet, property, plant and equipment recorded a significant increase to € 35.2 million (€ 26.8 million). The increase can mainly be attributed to the acquisition of the DOMCURA building, which was previously being rented. Tax reserves remained unchanged at € 242.3 million (€ 242.3 million). Receivables and other assets decreased significantly to € 71.2 million (€ 98.0 million). This is mainly due to the decline in receivables from affiliated companies to € 69.6 million (€ 97.4 million). This increase is primarily attributable to receivables from those subsidiaries of MLP SE with profit and loss transfer agreements in place. Other assets were € 1.6 million (€ 0.6 million).

On the equity side of the balance sheet, shareholders' equity was € 391.9 million (€ 391. 8 million). The share capital and capital reserves remained unaltered at € 109.3 million (€ 109.3 million) and € 139.1 million (€ 139.1 million) respectively. Retained earnings increased to € 110.6 million (€ 104.6 million). Net accumulated profit was € 32.9 million (€ 38.8 million).

Provisions decreased to € 30.0 million (€ 50.3 million), mainly due to lower tax provisions. Provisions for pensions and similar obligations amounted to € 16.0 million (€ 17.3 million). Tax reserves dropped to € 6.7 million (€ 23.8 million). Liabilities fell to € 2.1 million (€ 2.4 million), which can essentially be attributed to a decline in other liabilities to € 1.4 million (€ 1.5 million). Liabilities due to affiliated companies also fell to € 0.0 million (€ 0.2 million).

FINANCIAL POSITION AND DIVIDENDS

As of December 31, 2022, MLP SE had cash holdings (cash on hand and on deposit with the Deutsche Bundesbank, bank deposits and cheques) of € 75.1 million (€ 77.2 million). This item was reduced by the dividend payout to our shareholders at € 0.30 per share and a total volume of € 32.8 million. The profit/loss transfers agreements in place with subsidiaries had the opposite effect.

At 92.4 % (88.1 %), the equity ratio remained at the previous year's level. MLP SE therefore continues to enjoy a very good equity capital backing.

The liabilities of MLP SE declined to € 2.1 million (€ 2.4 million, essentially due to lower tax liabilities and liabilities due to affiliated companies. Almost all liabilities at MLP SE are current liabilities.

The dividend payments of MLP SE are made in accordance with the financial and profit situation, as well as future liquidity requirements of the company. As announced, the distribution rate for the financial year will be between 50 % and 70 % of net profit of the MLP Group. Concretely, the Executive Board and Supervisory Board will propose a dividend of € 0.30 per share at the Annual General Meeting on June 29, 2023. This corresponds to a distribution rate of around 67 % of the Group's net profit.

COMPARISON OF ACTUAL AND FORECAST BUSINESS PERFORMANCE

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

Specifically, MLP SE's business performance in the past financial year developed as we anticipated at the start of the financial year 2022:

We are anticipating a significant decline in EBT for 2022 following the highly pronounced increase in 2021. This expectation was essentially based on the fact that it would not be possible to maintain the high level of performance fees received by FERI AG, which rose very sharply in 2021, for the year 2022 and that the profit transfer of FERI AG would therefore be lower for 2022. This expectation has been confirmed.

In terms of revenue, we anticipated a slight increase in the financial year 2022 over the previous year. This expectation was also confirmed.

RESEARCH AND DEVELOPMENT

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

EMPLOYEES

In the last financial year 2022, MLP SE employed an average of 24 employees (6). This change can primarily be attributed to the transfer of employees from individual subsidiaries to MLP SE as a result of MLP SE being awarded approval to operate as a financial holding company.

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

COMPENSATION REPORT OF MLP SE

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

RISKS AND OPPORTUNITIES AT MLP SE

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

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

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

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

FORECAST FOR MLP SE

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

Specifically, we expect slightly positive development in EBT for 2023.

In terms of revenue development, we are anticipating a slight increase in the financial year 2023 over the previous year.

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

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

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

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

EXPLANATORY REPORT ON THE DISCLOSURES PURSUANT TO § 176 (1) OF THE GERMAN STOCK CORPORATION ACT (AKTG), § 289A (1), § 315A (1) OF THE GERMAN COMMERCIAL CODE (HGB)

Composition of capital

As of December 31, 2022, the company's share capital amounts to € 109,334,686 and is divided into 109,334,686 ordinary bearer shares with a nominal value of € 1 per share.

Restrictions on voting rights or on the transfer of shares

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

Capital stakes

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

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

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

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

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

3) Notification for HanseMerkur Krankenversicherung AG as shareholder.

Shares with special control rights

Shares that confer special control rights have not been issued.

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

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

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

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

Amendments to the company's Articles of Association

Pursuant to Art. 59 of the SE Regulation in connection with § 179 (1) and (2) p. 1 of the German Stock Corporation Act (AktG), any amendment to the company's Articles of Association requires a resolution of the Annual General Meeting with a majority of at least three quarters of valid votes cast. When making amendments to the company's Articles of Association for which only a simple majority is required for stock corporations incorporated under German law (AG), § 19 (4) of the company's Articles of Association provides in deviation from § 179 (2) Sentence 1 of the German Stock Corporation Act (AktG) that resolutions seeking to amend the company's Articles of Association by the Annual General Meeting can be passed with just a simple majority of the share capital votes entitled to vote on the resolution, unless mandatory legal provisions require a greater majority, provided at least half of the share capital is represented, otherwise a majority of two thirds of votes cast. However, the Supervisory Board is authorised, pursuant to § 23 of the company's Articles of Association, to make amendments to the company's Articles of Association that relate to the formulation thereof.

Authority of the Executive Board to issue or buy back shares

A resolution passed by the Annual General Meeting on June 2, 2022 authorised the Executive Board, with the Supervisory Board's approval, to increase the company's share capital by up to € 21.5 million in total by June 1, 2027 by issuing on one or more occasions new ordinary bearer shares in exchange for cash or non-cash contributions and, with the Supervisory Board's approval, to exclude the shareholders' subscription rights for the issuance of shares in exchange for non-cash contributions.

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

As per the resolution of the Annual General Meeting from June 24, 2021, the company is also authorised, pursuant to § 71 (1) No. 8 of the German Stock Corporation Act (AktG), to purchase up to € 10,933,468 – i.e. slightly less than 10 % of the company's share capital during the authorisation period up to June 23, 2026. On the basis of this authorisation, MLP Finanzberatung SE – a wholly-owned subsidiary of MLP SE, which was also authorised in this regard by the Annual General Meeting – acquired 509,520 shares up to March 30, 2022 on the basis of an Executive Board resolution and with the consent of the Supervisory Board at MLP SE. With the consent of both the Executive Board and the Supervisory Board at MLP SE, the Executive Board at MLP Finanzberatung SE approved the share buyback in 2022. The redeemed shares are to be used to cover consultant entitlements in connection with the 2022 participation programme. MLP Finanzberatung SE still held 46,598 shares on the reporting date of December 31, 2022. These shares and further bought-back shares are then once again to be issued to the commercial agents working for MLP Finanzberatung SE within the scope of the 2022 participation programme – this is likely to take place in the second quarter of 2023.

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

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

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

The contracts of employment between the company and the Chief Executive Officer, Dr. Uwe Schroeder-Wildberg, and Executive Board members Manfred Bauer and Reinhard Loose contain a clause stating that said members are entitled to terminate their contracts with a notice period of one month in the event that a third party who had a share in MLP of less than 10 % at the time at which the contracts were concluded acquires a share of at least 50 % of the voting rights. If any of these Executive Board members chooses to exercise this right to terminate, MLP is obliged to pay said member compensation corresponding to four times (4x) the respective fixed annual salary if the contract has not been terminated as a result of the change in control, provided. that the respective contract is terminated more than two years before it reaches its normal termination date. For all members of the Executive Board, the compensation to be paid in the event of a "change of control" corresponds to no more than twice the average compensation, based on the total compensation of the last full financial year prior to termination of their contract and the total anticipated compensation for the year still in progress when their contract is terminated. The service contract of Dr. Schroeder-Wildberg is set to run until December 31, 2027, the service contract of Mr. Manfred Bauer is set to run until April 30, 2025 and the service contract of Mr. Reinhard Loose is set to run until January 31, 2024. In the case of a termination of contract within two years of the scheduled termination date, the severance payment will only be paid pro rata temporis.

NON-FINANCIAL REPORT OF BUSINESS ACTIVITIES

General note

MLP is structured as a holding in which central control tasks are performed by the Group's parent company, MLP SE. The five significant subsidiaries DOMCURA AG, FERI AG, MLP Finanzberatung SE (with its subsidiary DI Deutschland.Immobilien AG), MLP Banking AG and RVM GmbH are arranged below this. As per the requirements of § 289b et seq. and § 315b of the German Commercial Code (HGB), MLP SE submits a separately drafted non-financial report as the parent company of the MLP Group.

Within the scope of our 2022 Sustainability Report, we report on the non-financial aspects of our business activities. The key focuses of our sustainability activities result from our materiality analysis, with which sustainability aspects with relevance for MLP and our stakeholders are identified. This is based on the results of our initial analysis from 2017 and is being continuously adapted to changing social developments, as well as the expectations of our stakeholders.

To ensure our sustainability activities have a comparable and transparent framework, we align our annual reporting with the reporting standard of the German Sustainability Code (DNK). Based on our materiality analysis, these GSC criteria are supplemented to include certain indicators of the Global Reporting Initiative (GRI Standard) with relevance to MLP.

We publish this non-financial report on our website at https://mlp-se.com/sustainability.

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

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

WORDING OF THE DECLARATION OF COMPLIANCE OF MLS SE PURSUANT TO § 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG) (IN THE VERSION OF DECEMBER 15, 2022)

Pursuant to § 161 of the German Stock Corporation Act (AktG), the Executive Board and Supervisory Board of MLP SE hereby declare that the Company has generally complied with the recommendations of the Government Commission for the German Corporate Governance Code in the version dated December 16, 2019 (hereinafter also referred to as the "GCGC 2019") since the last Declaration of Compliance was issued and will generally continue to comply with the recommendations of the Government Commission for the German Corporate Governance Code in the version dated April 28, 2022 (hereinafter also referred to as the "GCGC 2022") in the future. With regard to the recommendations of the Government Commission for the German Corporate Governance Code in the version dated December 16, 2019 reference is made to the Declaration of Conformity of December 15, 2022. Accordingly, only the recommendations in A.1, B.1, B.5, C.1 sentence 2, sentence 4 and sentence 5, C.2, C.4, C.6, C.7, C.8, C.9, C.10, C.14, D.4, G.7 and G.10 of the GCGC 2019 were not applied in the past.

With regard to the recommendations of the Government Commission for the German Corporate Governance Code in the version dated April 28, 2022, only recommendations B.1, B.5, C.1 sentence 6, C.2, C.4, C.6, C.7, C.8, C.9, C.10, D.10 and G.10 have not been complied with.

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

Recommendation A.2 of the GCGC 2022 (considering diversity when making appointments to executive positions)

As per the recommendations of the GCGC 2022, the Executive Board should consider diversity when making appointments to executive positions.

In the current financial year, the Executive Board has intensified its efforts with respect to diversity making appointments to executive positions. In 2020, the Executive Board of MLP SE approved a target of at least 33 percent for female managers at the first management level below the Executive Board of MLP SE and achieved this objective in 2022. The company's Executive Board just recently established a second management level below the Executive Board. A target to have female managers account for at least 33 % of all managers at this management level was approved by the Executive Board in the fourth quarter of 2022. This target has already been met.

For this reason, MLP declares that it deviated from this recommendation in the financial year 2022, but will comply with the recommendation from now on.

Recommendation B.1 of the GCGC 2022 (diversity in the composition of the Executive Board)

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

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

The Supervisory Board is of the opinion that the state of implementation achieved to date is not yet sufficient to meet the requirements set out in recommendation B.1 of the GCGC 2022. MLP therefore declares it will deviate from this recommendation in the financial year 2022 and in the financial year 2023.

Recommendation B.5 of the GCGC 2022 (age limit for members of the Executive Board and disclosure in the declaration on corporate governance)

As per the recommendations of the GCGC 2022, an age limit is to be specified for members of the Executive Board and disclosed in the declaration on corporate governance.

No age limit is set for members of the Executive Board. The appointment of members of the Executive Board should be based solely on their knowledge, skills and specialist experience. MLP did not follow this recommendation in the financial year 2022 and will also not follow it in the financial year 2023.

Recommendation C.1 sentence 2 and Sentence 5 of the GCGC 2022 (Diversity on the composition of the Supervisory Board)

As per the recommendations of the GCGC 2022, the Supervisory Board should specify specific targets for its composition. In doing so, the Supervisory Board should also pay attention to diversity. Pursuant to stock corporation law, the Supervisory Board is required to specify target figures for the proportion of women on the Supervisory Board.

In its meetings during the past financial years, the Supervisory Board at MLP SE addressed the topic of setting concrete targets for the composition of the Supervisory Board, paying particular attention to diversity and approved a skills profile. Assuming equivalent professional and personal suitability of the candidates, the Supervisory Board has set itself the goal of filling at least 25 % of the positions on the Supervisory Board on the shareholder side with suitable female members. It has therefore not been possible to report on any specific measures for achieving these targets in the past, including in the Declaration of Corporate Governance. Nonetheless, the Supervisory Board once again presented a resolution proposal to the shareholders at the Annual General Meeting in 2022 to approve the appointment of a woman to the Supervisory Board. The resolution was subsequently adopted and the target figure was therefore achieved.

MLP therefore declares that it did not follow this recommendation in the financial year 2022 on purely formal grounds, as the Supervisory Board had not approved any fixed, gender-specific targets, but instead sought to fill Supervisory Board vacancies based solely on the respective qualifications and personality of the candidates put forward. MLP now declares that the Supervisory Board has provided specific targets for its composition and is also paying attention to diversity in this regard. To this end, the Supervisory Board has specified a target figure for the proportion of women on the Supervisory Board. MLP will therefore comply with this recommendation both now and in the future.

Recommendation C.2 of the GCGC 2022 (age limit for members of the Supervisory Board and disclosure in the declaration on corporate governance)

As per the recommendations of the GCGC 2022, an age limit is to be specified for members of the Supervisory Board and disclosed in the declaration on corporate governance.

No age limit has been or is set for members of the Supervisory Board at MLP. The election of members of the Supervisory Board should be based solely on their knowledge, skills and specialist experience. MLP did not follow this recommendation in the financial year 2022 and will also not follow it in the financial year 2023.

Recommendation C.4 of the GCGC 2022 (number of non-group mandates)

As per the recommendations of the GCGC 2022, a member of the Supervisory Board that does not hold a position on any Executive Board at a listed company should not assume more than a total of five Supervisory Board mandates at listed companies outside the Group or comparable functions, whereby the position of Chair of the Supervisory Board counts as two mandates.

As per Principle 12 of the GCGC 2022, the Supervisory Board should ensure that all candidates can commit the time likely to be required when making proposals for election of new members to the Supervisory Board. This recommendation was based on the fact that the workload resulting from the individual mandates and other offices, as well as the personal situation of the candidates, can vary quite markedly. § 100 (2) no. 1 of the German Stock Corporation Act (AktG) limits the maximum number of Supervisory Board mandates to ten mandates per person. Set against this background, MLP considered that it was adopting the correct approach by having its Supervisory Board ensure that the respective candidate can commit the required amount of time and also reviewing this regularly. § 25d (3) of the German Banking Act, which applies to MLP SE following the granting of permission to operate as a financial holding company, also serves to further limit the number of mandates.

MLP therefore declares that it is still deviating from this recommendation in the financial year 2022. However, the intention is to follow this recommendation once new elections of Supervisory Board members have been held at the 2023 Annual General Meeting.

Recommendation C.1 sentence 6, C.6, C.7, C.8, C.9 and C.10 of the GCGC 2022 (independence of Supervisory Board members and committee members)

As per recommendation C.1 sentence 6 of the GCGC 2022, the declaration on corporate governance should also report on the number of independent shareholder representatives deemed appropriate on the basis of the assessment performed by the Supervisory Board, as well as stating their names. As per recommendation C.6 of the GCGC 2022, the Supervisory Board should include a number of independent members on the shareholder side that the Supervisory Board itself deems appropriate. The ownership structure should be taken into account here. In the sense of this recommendation, a member of the Supervisory Board can be classed as independent if said person is independent from the Company and its Executive Board, as well as independent from a controlling shareholder.

As per recommendation C.7 of the GCGC 2022, more than half of the shareholder representatives should be independent from the Company and from the Executive Board. As stipulated by the GCGC 2022, a member of the Supervisory Board is independent from the Company and its Executive Board when said person is not engaged in any kind of personal or business relationship with the Company or its Executive Board that could constitute a significant and not only temporary conflict of interests. When assessing the independence of its members from the Company and from the Executive Board, the shareholder side should in particular take into account whether the actual member of the Supervisory Board or one of their close family members

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

In the past, the Executive Board and Supervisory Board intentionally chose not to follow these recommendations. However, the stipulations relating to the composition of the Supervisory Board and the requirements profile for members of the Supervisory Board at MLP SE were amended in 2022. This amendment was undertaken particularly in light of the upcoming election of new Supervisory Board members at the Annual General Meeting in 2023.

MLP therefore declares that it is currently deviating from above recommendations (C.1 sentence 6, C.6, C.7, C.8, C.9, C.10 and D.4 of the GCGC 2022), as the Supervisory Board had not approved any fixed targets for the number of independent members of the Supervisory Board in the past, had not issued a definition of the term 'independence' in the GCGC 2022, had not specified any appropriate number of independent members of the Supervisory Board in the sense of the GCGC 2022 and had also not provided their names, but instead elected to fill vacant positions on the basis of the respective qualifications. However, MLP intends to follow the above recommendations after the election of new Supervisory Board members by the Annual General Meeting in 2023.

Recommendation C.14 of the GCGC 2022 (inclusion of a curriculum vitae for candidate proposals)

As per the recommendations of the GCGC 2022, all candidate proposals are to be submitted to the Annual General Meeting together with a CV that provides information on the relevant knowledge, expertise and experience of the respective candidate.

MLP deviated from this in the past as a precautionary measure, as alongside publication of the legally required disclosures on candidates proposed to the Annual General Meeting, it had only posted the curriculum vitae on its homepage.

Posting a curriculum vitae on the homepage is deemed legally sufficient for future elections of Supervisory Board members. As of the 2023 Annual General Meeting, the recommendation pursuant to C.14 of the GCGC 2022 will therefore be followed and implemented in full. MLP will therefore comply with this recommendation both now and in the future.

Recommendation D.10 (meeting with the auditor without the Executive Board)

As per the recommendations of the GCGC 2022, the Audit Committee is to consult regularly with the auditor, also without the Executive Board being present.

With the Law on Strengthening the Integrity of Financial Markets (FISG), the legislator has stated that if the auditor is invited to attend meetings of the Supervisory Board or its various committees as an expert, the Executive Board will not attend these meetings, unless the Supervisory Board or the committee deems its participation necessary. However, the Supervisory Board also intends to regularly invite the Executive Board to attend the meetings of the Audit Committee or the Risk & Audit Committee in future, insofar as there is a good reason for this. In terms of the consultations of the Supervisory Board, it is critically important that the Executive Board can provide its own assessment regarding conclusions drawn by the auditor on accounting questions under consideration.

MLP therefore declares it will deviate from this recommendation in the financial year 2022 and also in the financial year 2023.

Recommendation G.10 of the 2022 GCGC (share-based compensation; availability of long-term variable payments granted)

Based on recommendation G.10 sentence 1 of the GCGC 2022, the long-term variable compensation elements granted to a member of the Executive Board should predominantly be invested in shares in the Company by said member or granted accordingly on the basis of shares. In addition to this, a member of the Executive Board should only qualify for the long-term variable compensation elements after four years.

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

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

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

MLP therefore declares that it is deviating from these recommendations in the financial year 2022 and also in the financial year 2023. As such, it will not introduce any share-based variable compensation or make any stipulations regarding use of the variable compensation granted to members of the Executive Board. The same applies to an extension of the qualifying period for payment of the long-term variable compensation components granted.

Wiesloch, December 2022

MLP SE

The Executive Board   The Supervisory Board

In December 2022, the Executive and Supervisory Boards issued the above Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG) and made it permanently available to shareholders via the company's website. You can also view the wording of the Declaration of Compliance in the version of December 15, 2022 at https://mlp-se.com/investors/corporate-governance/declaration-of-compliance/.

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

The compensation report for the last financial year and the auditor's report as per § 162 of the German Stock Corporation Act (AktG), the pay system in place as per § 87a (1) and (2) Sentence 1 of the German Stock Corporation Act (AktG) and the last compensation decision as per § 113 (3) of the German Stock Corporation Act (AktG) can be viewed at https://mlp-se.com/investors/corporate-governance/executive-board-and-supervisory-board/.

CORPORATE GOVERNANCE

Responsible and value adding management

By mainly complying with the stipulations of the German Corporate Governance Code (GCGC) in the version of April 28, 2022 (GCGC 2022), MLP SE continues to reinforce the confidence of its shareholders, clients, employees and other stakeholders in the management of the company. Responsible management geared toward long-term added value is a high priority for us. The Executive and Supervisory Boards ensure that MLP continues to review and develop corporate governance across the Group.

Management and control structure

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

Executive Board

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

The members of the Executive Board hold joint responsibility for the entire management. Decisions made by the Executive Board are reached during Executive Board meetings held at regular intervals. Resolutions are drafted as ordinary resolutions with majority votes and recorded accordingly.

Composition of the Executive Board

According to MLP SE's Articles of Association, the Executive Board at MLP SE comprises at least two members. The Supervisory Board decides on the number of Executive Board members, their appointment and the revocation of their appointment as well as the conclusion, amendment and termination of the employment contracts with Executive Board members. The members of the Executive Board are Dr. Uwe Schroeder-Wildberg (CEO and Chairman of the Board), Manfred Bauer and Reinhard Loose.

As per the recommendations of the GCGC 2022, an age limit is to be specified for members of the Executive Board and disclosed in the declaration on corporate governance. No age limit is set for members of the Executive Board. The appointment of members of the Executive Board should be based solely on their knowledge, skills and specialist experience.

As per Recommendation B.2 of the GCGC 2022, the Supervisory Board should work together with the Executive Board to secure long-term succession planning. As the financial holding company, § 25d (11) of the German Banking Act (KWG) already stipulates that the Supervisory Board at MLP SE must adhere to institutionalised principles when identifying applicants to fill a management position and when preparing election nominations, as well as when checking the basic principles employed by management for selection and appointment of the persons at the upper management level. The Supervisory Board has approved a requirements profile for members of the Executive Board at MLP SE, which addresses the professional and personal aptitude of potential candidates. Alongside this, the Supervisory Board of MLP SE has already been including the topic of long-term succession planning in the agenda of its meetings at least once every year for quite some time. This focuses on discussion of both conceptual issues associated with succession planning and specific potential candidates. In accordance with above requirement profile, the Supervisory Board regularly reviews whether a defined group of persons possesses adequate theoretical knowledge and practical experience including managing a financial holding or whether targeted development of a group of individual candidates can be achieved through a development programme within the company to acquire the necessary theoretical and practical experience in the form of individual measures.

Supervisory Board

The Supervisory Board advises and monitors the Executive Board. The responsibilities and duties of the Supervisory Board are derived from the German Stock Corporation Act (AktG), MLP SE's Articles of Association and a set of rules of procedures for the Supervisory Board.

Resolutions of the Supervisory Board are made during meetings convened by the Chairman of the Supervisory Board or on his behalf and require a majority vote. The Supervisory Board is informed of particularly important or urgent projects outside of the regular meetings. Where necessary, resolutions can also take the form of circular resolutions or be passed via telephone. A transcript of each meeting is drafted.

Supervisory Board composition

MLP SE's Articles of Association provide for a Supervisory Board that comprises six members, two of whom are employee representatives. Both the size and the tripartite composition of the Supervisory Board are thereby stipulated in MLP SE's Articles of Association. The members of the Supervisory Board at a dualistically structured SE are generally appointed by the Annual General Meeting (Art. 40 (2) of the SE Regulation) becoming effective. MLP SE deviates from this with regard to the employees' representatives. The appointment of the employees' representatives on the Supervisory Board is based on a participation agreement that has been agreed between the company and a negotiation committee established for this purpose. Accordingly, employees' representatives are elected directly through an election in the company. The members of the Supervisory Board are currently: Ms. Sarah Rössler – elected at the Annual General Meeting held on June 2, 2022 to replace Ms. Tina Müller, who stepped down from her position on the Supervisory Board at this time – as well as Dr. Peter Lütke-Bornefeld (Chairman of the Supervisory Board), Dr. Claus-Michael Dill, Mr. Matthias Lautenschläger, Mr. Alexander Beer (employees' representative) and Ms. Monika Stumpf (employees' representative). Ms. Rössler has held a seat on the Supervisory Board since the financial year 2022, Dr. Lütke-Bornefeld since the financial year 2002, Dr. Dill since the financial year 2008, Mr. Lautenschläger since the financial year 2018, Ms. Stumf since the financial year 2021 and the other employees' representative Mr. Beer since financial year 2013, whereby the membership in the periods prior to September 2017 related to MLP AG, as the change in corporate form from MLP AG to MLP SE took place at that time.

As per the recommendations of the GCGC 2022, the Supervisory Board should specify specific targets for its composition and draw up a skills profile for the entire Board. In doing so, the Supervisory Board should also pay attention to diversity. Proposals submitted to the Annual General Meeting by the Supervisory Board should take into account these targets and, at the same time, aim to meet the skills profile for the entire Board.

In its meetings during past financial years, the Supervisory Board at MLP SE addressed the topic of setting specific targets for the composition of the Supervisory Board, paying particular attention to its own target of securing diversity in terms of its composition, as the Supervisory Board has set itself specific targets for its composition. In particular, a requirements profile for Supervisory Board candidates which defines the knowledge, skills, professional experience and personal aptitude characteristics that candidates must possess in order to be considered for this role, has already been adopted in the past. This requirements profile was revised in 2022 after MLP SE was granted authorisation to operate as a financial holding company and will be revised again following the new Supervisory Board elections to be held in 2023. You can find statements on the stipulations for promoting equal participation of women in management positions pursuant to § 76 (4) of the German Stock Corporation Act (AktG) within this Declaration of Corporate Governance.

The Supervisory Board also reviewed the knowledge and experience required of the Supervisory Board members and of the Chairman of the Audit Committee under the German Corporate Governance Code with regard to reporting and internal control procedures. The Chairman of the MLP SE Audit Committee fully complies with these requirements.

Independence of the Supervisory Board

As indicated in above Declaration of Compliance, MLP declares that it deviates from recommendations C.1 Sentence 6, C.6, C.7, C.8, C.9, and C.10 of the GCGC 2022, since the Supervisory Board so far had not approved any fixed targets for the number of independent Supervisory Board members, did not agree with the definition of independence in the GCGC 2022, had not stipulated any appropriate number of independent Supervisory Board members in the sense of the GCGC 2022 and also had not provided their names, instead considered appointments on the basis of the respective qualifications.

However, the stipulations relating to the composition of the Supervisory Board and the requirements profile for members of the Supervisory Board at MLP SE were amended in 2022. This was, in particular, performed in light of the upcoming election of new Supervisory Board members at the Annual General Meeting in 2023. In its latest Declaration of Compliance, MLP therefore declares that it is currently still deviating from the above recommendations of the GCGC 2022. However, MLP intends to follow the above recommendations after the election of new Supervisory Board members by the Annual General Meeting in 2023 and to then comply with the corresponding recommendations of the GCGC 2022.

In addition to this, the shareholder representatives on the Supervisory Board have stipulated that in future three of the four members of the Supervisory Board elected by the shareholders should be independent of the company and its Executive Board. These requirements are to be met with the election of new Supervisory Board members at the company in 2023.

Age limit

As per the recommendations of the GCGC 2022, an age limit is to be specified for members of the Supervisory Board and disclosed in the declaration on corporate governance. No age limit is set for members of the Supervisory Board at MLP. In the Supervisory Board's opinion, the election of members of the Supervisory Board should be based solely on knowledge, skills and specialist experience.

Efficiency of the Supervisory Board

In 2022 the Supervisory Board also reviewed the efficiency of its own activities. Particular attention was paid to the efficiency of the procedures in the Supervisory Board, the information flow between the committees and the Supervisory Board and the timeliness and sufficient content of reporting by the Executive Board to the Supervisory Board. To this end, a self-evaluation form containing specific questions is completed and evaluated once a year by all members of the Supervisory Board. On this basis, the Supervisory Board then undertakes intensive and expedient discussion with the aim of developing measures aimed at further increasing efficiency.

Supervisory Board committees

The Supervisory Board of MLP SE has set up committees in order to improve the effectiveness of its work.

To this end, the Supervisory Board had established a Personnel Committee, an Audit Committee and a Nomination Committee by November 9, 2022. The previous Personnel Committee prepared the resolutions on HR issues concerning Executive Board members with the company. The previous Audit Committee was responsible for auditing accounting processes, risk management issues and the auditing system itself, as well as ensuring the independence of the auditors. The same applies when selecting the auditor, awarding the audit contract to the auditor, as well as determining the focal points of the audits and agreements on fees. The Committee also discussed the annual financial statements, the consolidated financial statements and the joint management report of MLP SE and the MLP Group and submitted a recommendation for resolution to the Supervisory Board. The Supervisory Board also formed a Nomination Committee, composed exclusively of shareholder representatives, that proposes suitable Supervisory Board candidates for recommendation to the Annual General Meeting and addresses the requirements that these candidates must meet. The members of the previous Personnel Committee were: Ms. Sarah Rössler (since August 8, 2022), Ms. Tina Müller (up to June 2, 2022), Dr. Peter Lütke-Bornefeld (Chairman of the Personnel Committee), Mr. Matthias Lautenschläger and Ms. Monika Stumpf. The members of the Audit Committee were: Dr. Claus-Michael Dill (Chairman of the Audit Committee), Mr. Matthias Lautenschläger, Dr. Peter Lütke-Bornefeld, Mr. Alexander Beer and Ms. Sarah Rössler (since June 2, 2022). The members of the Nomination Committee were: Ms. Sarah Rössler (as of August 8, 2022), Ms. Tina Müller (up to June 2, 2022), Dr. Peter Lütke-Bornefeld (Chairman of the Nomination Committee), Mr. Matthias Lautenschläger and Dr. Claus-Michael Dill.

After MLP SE was granted a license by the German Federal Financial Supervisory Authority (BaFin) to operate as a financial holding company in 2022, the Supervisory Board aligned its structure and activities to the relevant requirements. To this end, in November 2022 as per the mandatory requirements of § 25d (7) et seq of the German Banking Act (KWG), the Supervisory Board has therefore established a joint Risk and Audit Committee, as well as a Nomination Committee and a Compensation Control Committee. These have now also taken over the duties of the previous Audit Committee, Personnel Committee and Nomination Committee. No meetings of the newly established joint Risk and Audit Committee, the Nomination Committee or the Compensation Control Committee were held in the financial year 2022, as they were only established in mid-November 2022.

The duties of the newly established committees include:

The newly established Nomination Committee focuses on preliminary deliberations regarding personnel matters of the members of the Executive Board, definition of targets and a strategy to ensure better representation of the underrepresented gender on the Supervisory Board. It is also involved in drafting guidelines/processes for assessing the individual and overall aptitude of the members of the Executive Board and Supervisory Board, as well as in the regular (at least once a year) assessment of the structure, size, composition, performance, knowledge, skills and experience of individual members of the Executive Board and of the Supervisory Board, succession planning for the Executive Board and Supervisory Board, preparation of election proposals of the Supervisory Board for the election and appointment of shareholders' representatives to the Supervisory Board.

The new Compensation Control Committee focuses on supporting the Supervisory Board in designing and stipulating appropriate pay systems for the members of the Executive Board, as well as reviewing the appropriate set-up of the pay systems, the effects of the pay systems on risk management, capital management and liquidity management, supporting the Supervisory Board in monitoring proper involvement of the internal control operations when setting up the pay systems and supporting the Supervisory Board in drafting the compensation report.

The duties of the newly established joint Risk and Audit Committee include preliminary deliberations regarding the financial statements and the management report, the consolidated financial statements and the group management report, as well as reviewing the reporting and accounting processes, the effectiveness of the control system, the internal risk management system, the internal audit system and execution of the actual audit. The joint Risk and Audit Committee prepares proposals for the appointment of an auditor, as well as submitting proposals for the level of the auditor's compensation and deliberates on termination or continuation of the audit engagement. It deliberates on the company's current and future overall risk propensity and strategy, it reviews whether the company's risk, capital and liquidity structure is adequately factored into the incentives offered by the pay system. It also monitors rapid rectification of any deficiencies determined by the auditor or bank-internal audit functions during internal and external audits.

The members of the newly established joint Risk and Audit Committee that were elected during the meeting of the Supervisory Board on November 9 are: Dr. Claus-Michael Dill, who is also Chairman of the committee, Ms. Sarah Rössler, Dr. Peter Lütke-Bornefeld and Mr. Matthias Lautenschläger. The members of the newly established Nomination Committee that were elected during the meeting of the Supervisory Board on December 15, 2022 are: Dr. Peter Lütke-Bornefeld, who is also Chairman of the committee, Ms. Sarah Rössler, Dr. Claus-Michael Dill, Mr. Matthias Lautenschläger and Ms. Monika Stumpf. The members of the newly established Compensation Control Committee that were elected during the meeting of the Supervisory Board on December 15, 2022 are: Dr. Peter Lütke-Bornefeld (Chairman), Ms. Sarah Rössler, Mr. Matthias Lautenschläger and Ms. Monika Stumpf.

Corporate governance in the Supervisory Board

In 2022, the Executive and Supervisory Boards of MLP SE again dealt intensively with the German Corporate Governance Code and further new legislation significant to the work performed by the Supervisory Board and its committees. The GCGC and its amendments passed on April 24, 2022, were a subject of discussion by the Supervisory Board. Stipulations were analysed and corresponding adjustments to the internal regulations and procedures followed by the Supervisory Board were either proposed or submitted for verification.

Requirements profile and diversity concept for the Executive Board and Supervisory Board

The Supervisory Board has approved a requirements profile for the composition of the Executive Board in order to secure an orderly selection process, applying objective and comprehensible requirement criteria to the proposals for the appointment of new members of the Executive Board at MLP SE. Accordingly, each member of the Executive Board must display a certain level of indispensable general knowledge and experience. Only those candidates whose personal integrity, independence, commitment, motivation and personality indicates that they are capable of properly performing the duties of a member of the Executive Board at MLP SE, as well as the Financial Holding Group managed by it and its controlled companies, are to be proposed. The Executive Board should be composed in such a way that qualified management of MLP SE is assured at all times. Its members should together possess the knowledge, skills and specialist experience required to perform their respective legal duties properly. Members of the Executive Board must be reliable. As well as meeting the general requirements in terms of personal reliability, personal independence and freedom from conflicts of interest, each member of the Executive Board should also possess the kind of general professional expertise needed in order to execute the respective management role properly. This means that the candidates must possess sufficient theoretical and practical knowledge of the respective business, as well as specific management experience.

The Supervisory Board has also approved a requirements profile that applies to the composition of the Supervisory Board or to the proposals that are to be sent to the Annual General Meeting for appointing the Supervisory Board in order to secure an orderly selection process, applying objective and comprehensible requirement criteria to the proposals for the appointment of new members of the Supervisory Board at MLP SE. Accordingly, each member of the Supervisory Board must possess a certain level of indispensable general knowledge and experience. Only those candidates whose personal integrity, independence, commitment, motivation and personality indicates that they are capable of properly performing the duties of a member of the Supervisory Board at MLP SE, as well as the Financial Holding Group managed by it and its controlled companies, are to be proposed. The composition of the Supervisory Board must ensure qualified advising and monitoring of the Executive Board at MLP SE by the Supervisory Board at all times. Its members should together possess the knowledge, skills and specialist experience required to perform the respective legal duties properly. As well as meeting the general requirements in terms of personal reliability, personal independence and freedom from conflicts of interest, each member of the Supervisory Board should also possess the requisite professional expertise. All members should be capable of both understanding and evaluating the reports presented to the Supervisory Board, as well as drawing their own conclusions regarding the content. Alongside this, they should also display a general understanding of the brokerage, insurance, wealth management and banking business, as well as the real estate agent and real estate project development business and in particular the market environment, the individual business fields, the client requirements and the regions in which MLP SE and its subsidiaries are active and the strategic alignment of both MLP SE and the Group. From the perspective of the Supervisory Board, the ability to judge the correctness, efficiency, legality and expediency of the business decisions to be assessed also represents an absolute qualification requirement for members of the Supervisory Board. Alongside this, candidates should also be capable of understanding and evaluating the annual financial statements and associated documents. The member to be proposed should possess commercial experience gained from having worked in corporate management or as a senior executive and/or member of a Supervisory Board or comparable corporate body.

The legislation on equal participation of women and men in management positions came into force on May 1, 2015. It stipulates an obligation to specify targets for members of supervisory and executive boards, as well as the two upper management levels, although it does not define an actual minimum target. Insofar as the percentage of women is below 30 %, the targets must then not fall below the percentage reached. The legal deadline for achievement of the first targets was fixed for June 30, 2017. After that deadlines can be up to five years. The targets and deadlines are to be specified in concrete terms. In addition to this, it must be stated whether the specified targets have been achieved and, if not, information as to the reasons must be specified.

The Supervisory Board at MLP SE has set internal rules for the composition of both the Executive Board and Supervisory Board. Assuming equal personal and professional aptitude, these stipulate a minimum 25 % representation of women in both bodies (in the case of the Supervisory Board on the shareholder side). MLP SE has met this quota on the shareholder side of the Supervisory Board. The Supervisory Board has had at least one female member continually since 2015. The quota has therefore been met for many years. This makes any further reporting on the implementation steps with regard to meeting the quota unnecessary.

In November 2020, the Supervisory Board confirmed the target of at least 25 percent for the proportion of women on the Executive Board – which currently only comprises three persons – and set itself the end of the financial year 2025 as the implementation deadline. Therefore, it is currently also not possible to report on any concrete measures for achieving these objectives in the Declaration of Corporate Governance. However, the Supervisory Board aims to take into account the aforementioned objective in the event of personnel changes. This is to be supported by various measures, including efforts with respect to diversity making appointments to executive positions, as well as giving appropriate consideration to women at the management levels in the company. To this end, measures directed at improving reconciliation of work and family life have already been introduced in the company in the past. The newly established Nomination Committee will also address the aforementioned objective of promoting representation of the underrepresented gender, as well as the strategy for achieving this. The legal regulation, based on which the Executive Board at listed companies must include at least one woman or one man when it has four or more members is not applicable to MLP SE.

Cooperation between Executive Board and Supervisory Board

Intensive dialogue between the Executive and Supervisory Boards forms the basis of transparent and responsible company management. The Executive Board of MLP SE provides the Supervisory Board with regular, timely and comprehensive information on the Group's position, including information on its risk situation, risk management and compliance. The Supervisory Board is informed of particularly important or urgent projects outside of the regular meetings. Furthermore, the Chairman of the Supervisory Board meets with the Executive Board on a regular basis to discuss specific issues. The Chairman of the Supervisory Board informs the other members of the Supervisory Board in detail about the content of his meetings with the Executive Board. The Supervisory Board discusses the Group's corporate planning and plans for strategic growth with the Executive Board.

Significant legal transactions by the Executive Board require the consent of the Supervisory Board. A set of rules of procedures issued by the Supervisory Board in particular governs the distribution of business, powers of approval outside the Articles of Association and co-operation with the Executive Board. Further details on the co-operation between Executive Board and Supervisory Board can be found in the report by the Supervisory Board.

Further disclosures on the Supervisory Board's activities can be found in the report by the Supervisory Board.

Directors' Dealings

Pursuant to Art. 19 of the Market Abuse Regulation (MAR), persons assuming executive positions at the issuer of shares must notify the issuer and the Federal Financial Supervisory Authority (BaFin) of transactions in financial instruments. This obligation also applies to natural persons and legal entities that are closely linked to such a person assuming an executive position.

Transactions up to a total value of € 20,000 per calendar year are exempt from the reporting obligation.

Two transactions pursuant to Art. 19 of the Market Abuse Regulation (MAR) were reported to us in the financial year 2022.

Reported transactions from previous years can be viewed on our website at www.mlp-se.com.

Corporate governance practices – Compliance as a management duty

Compliance regulations

The trust of our clients, shareholders and business partners in our capacity to act professionally and responsibly forms the basis of our business operations. Compliance with all relevant legislation and capital market regulations represents the foundation of our business activities and an integral part of our corporate culture. Violations against applicable legislation and regulations not only have the potential to lead to legal disputes and financial losses, but can also have a negative effect on our Group's reputation. The Executive Board at MLP SE ensures Group-wide compliance with legal provisions and internal company guidelines, while also guaranteeing both a trusting and transparent system of corporate governance.

The basic principles of abidance to laws, integrity and economically successful business practices are firmly anchored in our Code of Business Conduct and Ethics. Our compliance activities are based on a Group-wide compliance strategy, which in particular employs preventive measures to avoid the occurrence of risks due to non-compliance with applicable legislation, internal standards and processes. The focus here is on compliance with legal provisions and corporate policies with regard to the provision of (ancillary) securities services, consumer and data protection, as well as the prevention of money laundering, financing terrorist activities and all other criminal conduct. In the interests of our clients, shareholders and employees, the Compliance department supports and advises the Executive Board in establishing uniform standards for all Group companies. Taking into account the constantly changing regulatory requirements and market conditions, Compliance steers the continuous further development of our internal behavioural standards and monitors implementation of applicable requirements.

On the basis of a Group-wide risk analysis, the Compliance department identifies, analyses and evaluates the compliance risks relevant to MLP SE's business operations. Compliance also collaborates with the specialist departments responsible for developing risk-reducing measures and continuously monitors their effectiveness in our day-to-day business.

Regular training sessions, during which all employees of the MLP Group familiarise themselves with the key regulations as a way of preventing any accidental infractions while also providing support in applying our Code of Business Conduct and Ethics, represent an important element of our risk prevention measures.

In particular they include web-based training events on market abuse legislation, securities compliance, data and consumer protection as well as the prevention of money laundering, financing of terrorist activities and criminal conduct. Compliance is also available to all employees as a point of contact for reporting internal suspicious transactions with regard to criminal activities or violations against our compliance regulations. Any violations determined are investigated promptly, comprehensively clarified and then used to eliminate any weaknesses identified. The Executive Board and Supervisory Board are regularly informed of all relevant actions and measures taken by the Compliance department.

The Compliance Policy in the MLP Group also sets out the measures for insider trading prevention and describes the internal provisions for execution of employee transactions. Our Code of Conduct also ensures that confidential information is handled responsibly at MLP and defines standards for advising and supporting our clients, as well as the policy on giving and accepting invitations and gifts. To prevent any impairment of client interests, we have defined policies regarding the avoidance and monitoring of conflicts of interest and the acceptance of gifts. These policies are regularly reviewed and adapted to changing requirements.

Defined company values

Group vision with mission statement

The MLP Group and its brands Deutschland.Immobilien, DOMCURA, FERI, MLP, RVM and TPC is the financial services provider for private, corporate and institutional clients. Special added value is created by networking the various perspectives and areas of expertise – enabling clients to reach better financial decisions.

In 2021, MLP developed a Group vision as a way of further strengthening the common basis for successful cooperation. In this context, a mission statement was drafted for the MLP Group.

"Our network provides suitable solutions for all financial matters – always committed to our clients. We help individuals and companies reach better decisions."

An intensive transfer of knowledge and expertise takes place within the Group. The specialists support one another in the areas of research and concept development, as well as in client consulting. This valuable and targeted interaction generates additional value for clients, as well as for the company and its shareholders.

The various corporate missions are arranged under the umbrella of a common Group vision, which all companies work to. The mission statement of the MLP brand is: "We motivate people to engage with the topic of finance. We help people reach better financial decisions independently. That is MLP." The corporate mission of MLP with its governing principles is based on various core values, which were defined with input from a large number of employees and consultants. "Performance" and "Trust" were identified as special core values. You can find details on our corporate mission on our homepage at www.mlp-se.com.

On the basis of the corporate mission, new governance principles were then developed in an interactive workshop in the autumn of 2021 with input from managers at all hierarchy levels. These were implemented, communicated and anchored in the course of the financial year 2022. Initial management and personnel development instruments, such as a comprehensive leadership feedback survey with questions on direct line managers, on general management, as well as on the company and the general sentiment, were also derived on this basis in the financial year 2022.

The personnel strategy and its vision represent another part of the corporate governance practices. MLP is an attractive employer and is perceived as such both by its own employees and by relevant stakeholders and applicants on the employment market. All employees, including trainees and students, see themselves as a part of MLP and are proud to make an important contribution to the company's sustainable success as a business through their work. Within the economic framework conditions, staff at MLP can express and continuously develop their preferences and strengths. MLP regards itself as a dynamic and learning organisation that promotes lifelong learning for all. Not only do the employees feel a connection with MLP's mission statement and leadership principles, they also identify with MLP's culture of performance and trust.

Various HR fields of action have also been defined on the basis of this. This exemplifies the positioning of the employer brand or the increase in employer attractiveness, in particular for women - among other things through active expansion and optimisation of the family-friendly framework conditions associated with working at MLP. Another action area revolves around actively working towards greater participation of women at all management levels within the company, which has been gaining significance at MLP since 2021. Focus is also on increasing the identification and commitment of employees through targeted measures for promoting staff retention, as well as further development of strategic personnel and succession planning.

An explanation of the business and risk strategy as well as the risk management system can be found in the chapter "Risk and disclosure report" of the Annual Report.

Stipulations for promoting equal participation of women in management positions pursuant to § 76 (4) of the German Stock Corporation Act (AktG)

The legislation on equal participation of women and men in management positions came into force on May 1, 2015. It stipulates an obligation to specify targets for members of supervisory and executive boards, as well as the two upper management levels, although it does not define an actual minimum target. Insofar as the percentage of women is below 30 %, the targets must then not fall below the percentage reached. The deadline for achievement of the first targets was fixed for June 30, 2017. After that deadlines can be up to five years. The targets and deadlines are to be specified in concrete terms. In addition to this, it must be stated whether the specified targets have been achieved and, if not, information as to the reasons must be specified.

MLP places great emphasis on promoting women and helping employees combine a career with a family. The company has therefore already made this topic a focus over the last few years and implemented various measures to promote women into management positions. The concept for example includes measures such as family-friendly meeting arrangements or flexible work place and working hours arrangements. As a sign of its public commitment to diversity, MLP signed the Diversity Charter in 2014. In addition to this, the workandfamily audit was successfully performed in 2019. As part of the target agreement associated with this, various measures aimed at promoting the concept of women in management positions and part-time management were successfully implemented. On the basis of the recertification of the audit in 2022, further implementation objectives for promoting family friendliness, as well as life phase-oriented alignment of the measures for employee retention have been agreed for the next three years.

In November 2020, the Executive Board at MLP SE approved a target of at least 33 % for female managers at the first management level at MLP SE. In December 2022, the Executive Board has furthermore approved the same minimum target figure of 33 % for female managers at the second management level at MLP SE. These targets are to be met by the end of the financial year 2025.

Equal pay for women and men doing the same or equivalent work as per the German Transparency of Pay Act (EntgTranspG)

The Transparency of Pay Act (EntgTranspG) came into force on July 6, 2017 to counteract wage differences between women and men doing the same or equivalent work. The legislation promotes disclosure of company pay systems and prescribes an individual right to information regarding in-house pay structures for staff at enterprises with more than 200 employees.

A "pay system" works agreement was concluded in December 2015 as the basis for establishing improved transparency of pay at MLP. This works agreement applies to MLP SE, MLP Banking AG, as well as MLP Finanzberatung SE in the version dated July 2, 2019. Each job type is assessed independently of the incumbent, i.e. in a gender-neutral way, and then assigned to a salary range. The salary benchmark is then based on this assignment when hiring new staff and redeploying existing staff. Private employers that generally have more than 500 employees are called upon to use operational audit procedures to regularly review the application of their pay systems and the various pay components paid for compliance with the equal pay requirement in the meaning of this legislation. MLP has decided to perform these audits for MLP SE, MLP Banking AG and MLP Finanzberatung SE in 2018.

Special legal provisions

As per Recommendation F.4 of the GCGC 2022, the Supervisory Board and Executive Board at listed companies that are subject to special legal provisions should specify in the Declaration of Corporate Governance which recommendations of the Code could not be applied due to statutory provisions. It is the opinion of the Executive Board and Supervisory Board that the provisions of the Ordinance on the Supervisory Requirements for Institutions' Pay Systems (InstitutsVergV) take precedence over the provisions of the German Stock Corporation Act (AktG) or the GCGC in certain cases. Alongside this, the mandatory requirements of § 25d (7) et seq. of the German Banking Act (KWG) for establishing a joint Risk and Audit Committee, as well as a Nomination Committee and a Compensation Control Committee also represent a deviation from the provisions of the German Corporate Governance Code 2022 (GCGC). On the basis of a special legal provision, MLP is also deviating from Recommendation D4 of the German Corporate Governance Code 2022 (GCGC), according to which the Supervisory Board should establish a Nomination Committee exclusively composed of shareholder representatives. § 25d (11) of the German Banking Act (KWG) stipulates that the Nomination Committee of the Supervisory Board must also assume further duties that should not only be performed by the representatives of the shareholders on the Supervisory Board. The Nomination Committee of the Supervisory Board at MLP SE therefore also includes one employee representative. However, assurances are in place that the nominations proposed to the Annual General Meeting for the election of shareholder representatives to the Supervisory Board are prepared solely by the representatives of the shareholders that sit on the Supervisory Board.

MLP Compensation Report

COMPENSATION REPORT AS PER §162 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

Fundamentals of the pay system

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

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

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

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

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

A contractual regulation that goes beyond the statutory provisions regarding the reclaiming of variable compensation components already paid out is contained in the existing Executive Board service contracts in accordance with the pay system for the Executive Board of MLP SE passed by the Annual General Meeting on June 24, 2021, insofar as these were newly concluded or with effect from January 1, 2022.

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

Executive Board compensation

Principles of Executive Board compensation

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

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

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

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

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

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

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

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

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

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

- In the event of negative performance or misconduct on the part of the Executive Board member in question in the sense of § 5 of the Ordinance on the Supervisory Requirements for Institutions' Pay Systems (InstitutsVergV), the Supervisory Board is entitled to reduce the benefits to which said member is entitled at its discretion when said member resigns from his or her position voluntarily.
- The members of the Executive Board undertake not to engage in any personal hedging or other counter-measures as a way of limiting or even eliminating the risk-orientation of compensation.
- Pursuant to § 25a (5) of the German Banking Act (KWG), the variable compensation component must not exceed 200 % of the fixed compensation component for each member of the Executive Board. An AGM resolution that proposes increasing the variable compensation cap from 100 % to 200 % of the fixed compensation component, and thereby deviates from § 25a (5) Sentence 2 of the German Banking Act (KWG), has been submitted.

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

In addition to this, a horizontal comparison is performed. The benchmark companies are selected in accordance with the stipulations in the pay system. For the financial year 2022, the benchmark group comprised the following companies: Aareal Bank AG, Bausparkasse Schwäbisch Hall AG, Deutsche Beteiligungs AG, Deutsche Pfandbriefbank AG, DWS Group GmbH & Co. KGaA, GRENKE AG, Hypoport AG, INDUS Holding AG, Nürnberger Beteiligungs AG, Oldenburgische Landesbank AG, OVB Holding AG, Sparkasse Bremen AG, Südwestbank AG, Union Investment and Teambank AG.

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

Fixed and variable portions of compensation

The following tables show the compensation both granted and owed to active members of the Executive Board in the financial years 2021 and 2020 pursuant to § 162 (1) Sentence 1 of the German Stock Corporation Act (AktG).

The one-year variable compensation for activities in the reporting year is considered to be compensation granted in the reporting year, even if payment is not made until after the end of the reporting year, since the underlying activity was fully performed in the reporting year. The same applies to the multi-year variable compensation.

All figures in €'000	Dr. Uwe Schroeder-Wildberg 2021 Absolute figure	2021 Percentage of total compensation	2022 Absolute figure	2022 Percentage of total compensation	Manfred Bauer 2021 Absolute figure	2021 Percentage of total compensation	2022 Absolute figure	2022 Percentage of total compensation
Fixed compensation	550	30.92 %	550	27.49 %	360	34.58 %	360	29.90 %
Benefits incl. company car	16	0.90 %	19	0.95 %	23	2.21 %	17	1.41 %
Total	**566**	**31.82 %**	**569**	**28.44 %**	**383**	**36.79 %**	**377**	**31.31 %**
One-year variable compensation	367	20.63 %	438	21.89 %	245	23.54 %	292	24.25 %
Multi-year variable compensation	395	22.20 %	577	28.84 %	263	25.26 %	385	31.98 %
Total compensation (under §162 of the German Stock Corporation Act (AktG))	**1,328**	**75 %**	**1,584**	**79 %**	**891**	**86 %**	**1,054**	**88 %**
Old-age provision	451	25.35 %	417	20.84 %	150	14.41 %	150	12.46 %
Total compensation (incl. old-age provision)	**1,779**	**100.00 %**	**2,001**	**100.00 %**	**1,041**	**100.00 %**	**1,204**	**100.00 %**

All figures in €'000	Reinhard Loose 2021 Absolute figure	2021 Percentage of total compensation	2022 Absolute figure	2022 Percentage of total compensation
Fixed compensation	360	34.68 %	360	29.85 %
Benefits incl. company car	20	1.93 %	19	1.58 %
Total	**380**	**36.61 %**	**379**	**31.43 %**
One-year variable compensation	245	23.60 %	292	24.21 %
Multi-year variable compensation	263	25.34 %	385	31.92 %
Total compensation (under §162 of the German Stock Corporation Act (AktG))	**888**	**86 %**	**1,056**	**88 %**
Old-age provision	150	14.45 %	150	12.44 %
Total compensation (incl. old-age provision)	1,038	100.00 %	1,206	100.00 %

A total of five former members of the Executive Board received pensions of € 1.1 million from MLP SE in the financial year 2022. As of December 31, 2022, pension provisions of € 8.9 million were in place for former members of the Executive Board.

Portions of compensation correspond with the pay system

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

Promotion of long-term development

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

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

Use of performance criteria

The compensation is based on the EBIT of the MLP Group, the individual performance of each of the members of the Executive Board is taken into consideration via the rights of adjustment provided for in the employment contract These rights of adjustment were applied for all three members of the Executive Board for the financial year 2022. The immediate payment of the variable compensation was reduced by 5 %.

Comparison of Executive Board compensation, earnings performance, employee pay

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

For the purpose of presentation, the table below comprises all employees of the following Group companies: MLP SE, MLP Finanzberatung SE, MLP Banking AG, ZSH GmbH Finanzdienstleistungen, MLP Dialog GmbH, FERI AG, Feri Trust GmbH, FERI Trust (Luxembourg) S.A., FERI (Switzerland) AG, DOMCURA AG, NORDVERS GmbH and nordias GmbH Versicherungsmakler, RVM GmbH, RVM Versicherungsmakler GmbH, RISConsult GmbH, Jahn & Sengstack GmbH, Dr. Schmitt GmbH Würzburg, DI Deutschland.Immobilien AG. Benefits for old-age provision are not taken into account with respect to both the members of the Executive Board and the employees.

Group EBIT of € 75,613 thsd (previous year: € 96,812 thsd) was used as the basis for calculating the Executive Board compensation.

All figures in €'000	2021	2022	Change (in %)
Total compensation of the Executive Board	3,858	4,411	14.33 %
Group income	54,977	43,590	-20.71 %
Average pay of employees	72,175	76,923	6.58 %

Share-based compensation

The Executive Board compensation does not provide for the granting of shares (see also the statements in the Declaration of Compliance for the GCGC). For this reason, no shares or share options were granted to the members of the Executive Board for the financial year 2022.

Withheld or reclaimed variable portions of compensation

Variable portions of compensation were not withheld or reclaimed for any members of the Executive Board in the financial year 2022.

Compliance with the defined maximum compensation

The calculated compensation did not reach the defined maximum compensation for any member of the Executive Board so that the defined maximum compensation was complied with in the financial year 2022 for all members of the Executive Board without the need for capping.

All figures in €'000	Total compensation 2022	Defined maximum compensation
Dr. Uwe Schroeder-Wildberg	2,001	2,700
Manfred Bauer	1,204	1,800
Reinhard Loose	1,206	1,800

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

In the financial year 2022, no member of the Executive Board was promised or granted benefits by a third party with regard to their work as a member of the Executive Board.

In the financial year 2022, no benefits were promised to any member of the Executive Board in the event of premature termination of their employment; existing commitments in this regard were not adjusted.

In the financial year 2022, no benefits were promised to any member of the Executive Board in the event of regular termination of their employment; existing commitments in this regard were not adjusted.

In the financial year 2022, no members of the Executive Board terminated their employment. As such, no benefits associated with the termination of the employment of a member of the Executive Board were either promised or granted during the course of the financial year 2022.

Compensation of members of the Supervisory Board

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

Individualised Supervisory Board compensation

All figures in €'000 (without tax)	Compensation 2022	Compensation 2021
Dr. Peter Lütke-Bornefeld (Chairman)	151	155
Dr. Claus-Michael Dill (Vice Chairman)	125	125
Matthias Lautenschläger	88	90
Tina Müller*	27	65
Sarah Rössler**	47	0
Alexander Beer	75	75
Monika Stumpf	63	62
Total	**576**	**572**

* until June 2, 2022

** as of June 2, 2022

In the financial year 2022, € 17 thsd (previous year: € 13 thsd) was paid as compensation for expenses.

MLP consolidated financial statements

CONSOLIDATED INCOME STATEMENT

Consolidated income statement for the period from January 1 to December 31

All figures in €'000	Notes	2022	2021
Revenue	(9)	913,790	907,297
Other revenue	(10)	35,354	27,219
Total revenue		949,144	934,516
Inventory changes	(11)	17,818	16,881
Commission expenses[1]	(12)	–438,405	–451,695
Expenses from real estate devlopment[1]	(13)	–57,339	–30,766
Interest expenses	(14)	–440	–323
Valuation result/loan loss provisions	(15)	–12,933	1,570
Personnel expenses	(16)	–187,899	–180,479
Depreciation and impairments	(17)	–35,008	–30,390
Other operating expenses	(18)	–162,249	–166,807
Earnings from investments accounted for using the equity method	(19)	2,924	4,306
Earnings before interest and taxes (EBIT)		**75,613**	**96,812**
Other interest and similar income		2,783	700
Other interest and similar expenses		–5,427	–4,855
Valuation result not relating to operating activities		119	596
Finance cost	**(20)**	**–2,526**	**–3,559**
Earnings before taxes (EBT)		**73,088**	**93,253**
Income taxes	(21)	–24,442	–30,427
Net profit		**48,645**	**62,826**
of which attributable to			
owners of the parent company		51,486	62,632
non-controlling interests		–2,841	195
Earnings per share in €[2, 3]	**(22)**		
basic		**0.47**	**0.57**
diluted		**0.47**	**0.57**

[1] Previous year's figures adjusted. Since January 1, 2022, real estate development expenses have been disclosed in a separate item (previously this figure was reported under commission expenses).

[2] Basis of calculation basic: average number of ordinary shares outstanding as of December 31, 2022: 109,207,378

[3] Basis of calculation diluted: average number of ordinary shares outstanding as of December 31, 2022: 109,334,686

Consolidated statement of comprehensive income for the period from January 1 to December 31

All figures in €'000	Notes	2022	2021
Net profit		**48,645**	**62,826**
Gains/losses due to the revaluation of defined benefit obligations		19,744	4,897
Gains/losses due to equity instruments measured at fair value through other comprehensive income		23	–
Deferred taxes on non-reclassifiable gains/losses	(21)	–5,846	–1,449
Non-reclassifiable gains/losses		**13,920**	**3,449**
Gains/losses due to currency exchange ratees		289	–59
Deferred taxes on reclassifiable gains/losses	(21)	–	–
Reclassifiable gains/losses		**289**	**–59**
Other comprehensive income		**14,209**	**3,390**
Total comprehensive income		**62,855**	**66,216**
Of which attributable to			
owners of the parent company		65,695	66,022
non-controlling interests		–2,841	195

STATEMENT OF FINANCIAL POSITION

Assets as of December 31, 2022

All figures in €'000	Notes	Dec. 31, 2022	Dec. 31, 2021
Intangible assets	(23)	234,514	226,780
Property, plant and equipment	(24)	136,553	128,099
Investments accounted for using the equity method	(19)	4,689	6,087
Deferred tax assets	(21)	3,531	11,115
Receivables from clients in the banking business	(25)	1,149,294	961,402
Receivables from financial institutions in the banking business	(26)	753,225	478,263
Financial assets	(27)	243,558	195,248
Inventories	(28)	51,899	34,606
Tax refund claims	(21)	8,365	12,088
Other receivables and assets	(29)	237,730	261,888
Cash and cash equivalents	(30)	961,231	1,377,807
Total		**3,784,590**	**3,693,383**

Liabilities and shareholders' equity as of December 31, 2022

All figures in €'000	Notes	Dec. 31, 2022	Dec. 31, 2021
Equity attributable to MLP SE shareholders		527,379	495,245
Non-controlling interests		–1,855	986
Total shareholders' equity	**(31)**	**525,524**	**496,231**
Provisions	(32)	97,593	137,048
Deferred tax liabilities	(21)	19,277	11,295
Liabilities due to clients in the banking business	(33)	2,633,482	2,516,098
Liabilities due to financial institutions in the banking business	(33)	137,035	129,288
Tax liabilities	(21)	18,582	33,131
Other liabilities	(34)	353,097	370,292
Total		**3,784,590**	**3,693,383**

CONSOLIDATED STATEMENT OF CASH FLOW

Consolidated statement of cash flow for the period from January 1 to December 31

All figures in €'000	2022	2021
Net profit (total)	**48,645**	**62,826**
Income taxes paid/reimbursed	–30,530	–8,877
Interest received	19,903	9,943
Interest paid	–2,096	–1,975
Earnings from investments accounted for using the equity method	–2,924	–4,306
Dividends received from investments accounted for using the equity method	4,322	3,645
Depreciation/impairments/write-ups of intangible assets and property, plant and equipment	35,008	30,390
Depreciation/impairments/write-ups of financial assets	1,173	–4,435
Allowances for bad debts	12,174	3,392
Earnings from the disposal of intangible assets and property, plant and equipment	–21	–7
Adjustments from income taxes, interest and other non-cash transactions	37,112	7,503
Changes in operating assets and liabilities		
– Increase/+ decrease of receivables from financial institutions in the banking business	–274,962	273,203
+ Increase/- decrease of liabilities due to banks in the banking business	7,747	21,817
– Increase/+ decrease of receivables from clients in the banking business	–190,390	–84,145
+ Increase/- decrease of liabilities due to clients in the banking business	117,384	244,180
– Increase /+ decrease of rights of use IFRS 16	–11,126	–15,981
– Increase/+ decrease of inventories	–17,294	–16,789
– Increase/+ Decrease of other assets	20,067	–57,734
+ Increase/- decrease of other liabilities	–27,182	63,881
+ Increase/- decrease of provisions	–39,463	19,818
Cash flow from operating activities	**–292,452**	**546,350**
– Purchase of intangible assets and property, plant and equipment	–22,271	–10,063
+ Proceeds from disposal of intangible assets and property, plant and equipment	55	742
+ Repayment of /- investment in other investments (fixed and time deposits	–9,743	–41
+ Repayment of/- investment in fixed income securities	–32,004	7,519
– Payments/+ proceeds from purchase/disposal of other financial assets (non-consolidated subsidiaries)	–6,556	–3,626
– Cash outflows from the acquisition of subsidiaries (net of cash acquired)	–13,924	–39,901
Cash flow from investing activities	**–84,444**	**–45,371**
Dividends paid to shareholders of MLP SE	–32,787	–25,142
Acquisition of treasury stock	–381	–12
+ Cash inflow from borrowings	18,942	54,600
– Cash outflows from the repayment of borrowings	–9,149	–2,480
Principal payments of leasing liabilities	–13,841	–12,950
– Cash outflows from the repayment of purchase price liabilities	–1,000	–

Cash flow from financing activities	**–38,216**	**14,016**
Cash and cash equivalents at beginning of period	**1,373,953**	**855,797**
Change in cash and cash equivalents	–415,112	514,995
Change in cash and cash equivalents due to changes to the scope of consolidation	–	3,705
Changes in cash and cash equivalents due to exchange rate movements	–118	66
Changes in liabilities to banks due on demand (excluding the banking business)	–1,083	–610
Cash and cash equivalents at end of period	**957,640**	**1,373,953**
Composition of cash and cash equivalents		
Cash and cash equivalents	961,231	1,377,807
Liabilities to banks due on demand (excluding the banking business)	–3,592	–3,854
Cash and cash equivalents at end of period	**957,640**	**1,373,953**

The disclosures on the statement of cash flow appear in Note 35.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity for the period from January 1 to December 31, 2022

All figures in €'000	Sub-scribed capital	Capital reserves	Gains/losses from changes in the fair value of financial assets	Revaluation gains/losses related to defined benefit obligations after taxes	Currency changes	Retained earnings	Total share-holders' equity	Non-controlling interests	Total Share-holders' equity
As of January 1, 2022	**109,314**	**150,445**	**–**	**–17,546**	**–59**	**253,091**	**495,245**	**986**	**496,231**
Acquisition of treasury stock	–26	–	–	–	–	–355	–381	–	–381
Share-based compensation	–	–393	–	–	–	–	–393	–	–393
Dividend	–	–	–	–	–	–32,786	–32,786	–	–32,786
Changes in non-controlling interests	–	–	–	–	–	–	–	–	–
Transactions with owners	**–26**	**–393**	**–**	**–**	**–**	**–33,142**	**–33,561**	**–**	**–33,561**
Net profit	–	–	–	–	–	51,486	51,486	–2,841	48,645
Other comprehensive income	–	–	16	13,904	289	–	14,209	–	14,209
Total comprehensive income	**–**	**–**	**16**	**13,904**	**289**	**51,486**	**65,695**	**–2,841**	**62,855**
Changes to the scope of consolidation	–	–	–	–	–	–	–	–	–
As of December 31, 2022	**109,288**	**150,052**	**16**	**–3,642**	**230**	**271,435**	**527,379**	**–1,855**	**525,524**

The notes on shareholders' equity appear in Note 31.

Statement of changes in equity for the period from January 1 to December 31, 2021

All figures in €'000	Sub-scribed capital	Capital reserves	Gains/losses from changes in the fair value of financial assets	Revaluation gains/losses related to defined benefit obligations after taxes	Currency changes	Retained earnings	Total share-holders' equity	Non-controlling interests	Total Share-holders' equity
As of January 1, 2021	**109,326**	**149,918**	**–**	**–20,995**	**–**	**214,994**	**453,243**	**776**	**454,019**
Acquisition of treasury stock	–12	–	–	–	–	–59	–71	–	–71
Share-based compensation	–	528	–	–	–	–	528	–	528
Dividend	–	–	–	–	–	–25,142	–25,142	–	–25,142
Changes in non-controlling	–	–	–	–	–	–268	–268	16	–252
Transactions with owners	**–12**	**528**	**–**	**–**	**–**	**–25,469**	**–24,953**	**16**	**–24,938**
Net profit	–	–	–	–	–	62,632	62,632	195	62,826
Other comprehensive income	–	–	–	3,449	–59	–	3,390	–	3,390
Total comprehensive income	**–**	**–**	**–**	**3,449**	**–59**	**62,632**	**66,022**	**195**	**66,216**
Changes to the scope of consolidation	–	–	–	–	–	934	934	–	934
As of December 31, 2021	**109,314**	**150,445**	**–**	**–17,546**	**–59**	**253,091**	**495,245**	**986**	**496,231**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Information about the company

The consolidated financial statements were prepared by MLP SE, Wiesloch, Germany, the parent company of the MLP Group. MLP SE is listed in the Mannheim Commercial Register under the number HRB 728672 at the address Alte Heerstraße 40, 69168 Wiesloch, Germany.

Since it was founded in 1971, MLP has been operating as a broker and adviser for academics and other discerning clients in the fields of old-age provision including occupational pension provision, healthcare provision, non-life insurance, loans and mortgages, wealth management, development and management of real estate properties and banking services.

2 Principles governing the preparation of the financial statements

The consolidated financial statements of MLP SE have been prepared in accordance with International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standard Board (IASB), as they apply in the European Union (EU), taking into account the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). In addition, the commercial law regulations to be observed pursuant to § 315e (1) of the German Commercial Code (HGB) were also taken into account. The financial year corresponds to the calendar year.

MLP prepares its consolidated balance sheet based on liquidity in descending order. This form of presentation offers information that is more relevant than if it were based on the time-to-maturity factor. The consolidated financial statements are prepared on a going concern basis.

The income statement is prepared in accordance with the nature of expense method.

The consolidated financial statements are drawn up in euros (€), which is the functional currency of the parent company. Unless otherwise specified, all amounts are stated in thousands of euros (€'000). Both single and cumulative figures are values with the smallest rounding difference. As a result, differences to reported total amounts may arise when adding up the individual values.

The term "branch office manager", which is used in the following section of the report, encompasses the branch office managers at MLP Finanzberatung SE and the sales agents at MLP Banking AG. We use the term "MLP consultants" to refer to all consultants of the MLP Group.

3 Amendments to the accounting policies

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

In the financial year 2022, the following new or amended accounting principles from the IFRS standards are to be used for MLP for the first time:

- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Annual Improvements to IFRS 2018-2020 Cycle

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

Adoption of the following new or revised standards and interpretations was not yet binding for the financial year commencing on January 1, 2022:

IFRS 17 Insurance Contracts [1] Amendments to IFRS 17 Comparative information pursuant to IFRS 17 & IFRS 9 [1]	First-time adoption of IFRS 17 Insurance Contracts
Amendments to IAS 1[1]	Disclosure obligations in accordance with the accounting principles
Amendments to IAS 1 [2, 3]	Classification of liabilities as current or non-current
Amendments to IAS 8 [1]	Amendments to the definition of accounting estimates
Amendments to IAS 12 [1]	Amendment to Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IFRS 16 [2,3]	Leasing liabilities in connection with sale and leaseback transactions

[1] To be applied for financial years beginning on or after January 1, 2023.
[2] To be applied for financial years beginning on or after January 1, 2024.
[3] EU endorsement still pending.

MLP did not adopt any standards or interpretations ahead of time that have already been issued but have not yet come into force. The Group will apply the new/revised standards and interpretations at the latest when their adoption becomes binding following endorsement by the EU. The amendments to the standards are not expected to have any significant effects on the consolidated financial statements of MLP SE.

4 Business combinations and start-ups

To strengthen the Industrial Broker segment, RVM GmbH made another acquisition in the financial year. On March 16, 2022, RVM GmbH signed the acquisition agreement for 100 % of the shares in Dr. Schmitt GmbH Würzburg, Würzburg, including both subsidiaries, Dr. Schmitt Versicherungsmakler GmbH, Würzburg, and Bavaria-Assekuranz Versicherungsmakler GmbH, Nuremberg (together referred to as the "DSV Group"). The acquisition was completed on April 1, 2022 (acquisition date) with economic effect from January 1, 2022. The transaction costs were € 251 thsd.

The DSV Group has longstanding and broad expertise as an industrial insurance broker, particularly in the fields of healthcare and commercial property. The company, which employs some 85 staff, generated sales revenue of around € 6 million in 2021. With this acquisition, MLP is consistently continuing its expansion of the Industrial Broker segment and of its regional presence.

In April 2022, RVM GmbH acquired the remaining 50 % stake in Hartmann Versicherungsmakler GmbH with economic effect from January 1, 2022 and now holds 100 % of the company. Hartmann Versicherungsmakler GmbH was then merged with Jahn & Sengstack GmbH.

DOMCURA Aktiengesellschaft acquired a total of 51 percent of the shares in underwriting agency asspario Versicherungsdienst GmbH, Bad Kreuznach, in the first quarter with retroactive effect from January 1, 2022.

MLP took a majority stake in pxtra GmbH, Rostock, which specialises in flexible employee benefits, when it was founded in 2022. In this way, pxtra is addressing the increasingly challenging labour market for employers, in which employee benefits are becoming an important factor in attracting and retaining employees. Employers and employees organise all services and processes related to employee benefits via a digital platform and the associated app.

Please refer to Note 38, for further details regarding the acquisition.

In the financial year, the identification and valuation of the acquired assets and liabilities of the Jahn Group acquired in the previous year and the DSV Group acquired in 2022 was completed.

The calculation of goodwill on the basis of the final purchase price allocations in connection with the Jahn Group acquired in the previous year and the DSV Group acquired in the financial year is presented below:

Acquired net assets of DSV and the Jahn Group

All figures in €'000	Carrying amount before purchase	Adjustment	Fair value
Intangible assets	10	16,613	16,623
Property, plant and equipment	981	–	981
Deferred tax assets	105	–	105
Financial assets	1,266	3,981	5,246
Tax refund claims	202	–	202
Other receivables and assets	2,419	–	2,419
Cash and cash equivalents	2,159	–	2,159
Assets	**7,142**	**20,593**	**27,735**
Provisions	–29	–	–29

Tax liabilities	–516	–	–516
Liabilities	–3,106	–	–3,106
Deferred tax liabilities	–299	–4,724	–5,022
Debts	**–3,950**	**–4,724**	**–8,674**
Net assets			**19,061**
Acquired goodwill [1]			**5,039**
Purchase price			24,100
Cash outflow from the acquisition			24,100

[1] The acquired goodwill of the Jahn Group is deductible for tax purposes

Goodwill essentially comprises anticipated synergies from the business combinations and staff bases.

As of December 31, 2022, Dr Schmitt GmbH Würzburg contributed an EBIT of –€ 749 thsd to net profit and € 2,853 thsd to the revenue of the Group. If the company acquisition had been performed at the beginning of the year and based on significantly simplified assumptions this would have resulted in Group net profit of € 50,397 thsd (€ 1,003 thsd thereof are attributable to Dr. Schmitt GmbH Würzburg) and Group revenue for 12 months of € 916,890 thsd (€ 5,953 thereof are attributable to Dr. Schmitt GmbH Würzburg) as of December 31, 2022.

5 Scope of consolidation, as well as shares in associates and disclosures on non-consolidated structured entities

MLP SE and all significant subsidiaries that are controlled by MLP SE are included in the consolidated financial statements. Associated companies included in the consolidated financial statements are measured using the equity method.

Changes to the scope of consolidation:

In the context of the company acquisitions disclosed in Note 4, Dr. Schmitt GmbH Würzburg, Würzburg, was included as a subsidiary for the first time in the financial year.

nordias GmbH Versicherungsmakler, Kiel was merged with and into ZSH GmbH Finanzdienstleistungen, Heidelberg in Q1 2022 with effect from January 1, 2022.

A control agreement pursuant to § 291 of the German Stock Corporation Act (AktG) was concluded between MLP SE and RVM GmbH in April 2022. The Shareholders' Meeting of RVM GmbH then approved this on April 28, 2022. Consent was granted by the Annual General Meeting of MLP SE on June 2, 2022. The control agreement was registered in the Commercial Register responsible for RVM GmbH on July 13, 2022.

On March 11, 2022, the Annual General Meeting of DOMCURA Aktiengesellschaft approved an exemption pursuant to § 264 (3) of the German Commercial Code (HGB) from the need to draft a management report as per § 289 of the German Commercial Code (HGB) for the financial year 2022. The company is included in the 2022 consolidated financial statements of MLP SE with its registered office in Wiesloch. The consolidated financial statements are transmitted electronically to the body keeping the company register within the statutory time limits for entry in the company register. A single-entity relationship is in place between the company and MLP SE which obliges MLP SE to the assumption of losses and liability and DOMCURA Aktiengesellschaft to the transfer of profit as per § 302 of the German Stock Corporation Act (AktG).

Alongside MLP SE as the parent company, some 44 (previous year: 37) fully consolidated subsidiaries, thereof 2 fully consolidated foreign subsidiaries (previous year: 2) and 2 associates (previous year: 2), were included in the consolidated financial statements as of December 31, 2022.

Listing of shareholdings for the consolidated financial statements as per § 313 of the German Commercial Code (HGB)

As of December 31, 2022	Registered office	Share of capital in %
Fully consolidated subsidiaries		
MLP Finanzberatung SE (100 % subsidiary of MLP SE)	Wiesloch	100.00 %
MLPdialog GmbH (100 % subsidiary of MLP Finanzberatung SE)	Wiesloch	100.00 %
ZSH GmbH financial services (100 % subsidiary of MLP Finanzberatung SE)	Heidelberg	100.00 %
DI Deutschland.Immobilien AG (75.10 % subsidiary of MLP Finanzberatung SE)	Hannover	75.10%
IT Deutschland.Immobilien GmbH (100 % subsidiary of DI Deutschland.Immobilien AG)	Hannover	100.00 %

Vertrieb Deutschland.Immobilien GmbH (100 % subsidiary of DI Deutschland.Immobilien AG)	Hannover	100.00 %
Web Deutschland.Immobilien GmbH (100 % subsidiary of DI Deutschland.Immobilien AG)	Hannover	100.00 %
Projekte Deutschland.Immobilien GmbH (100 % subsidiary of DI Deutschland.Immobilien AG)	Hannover	100.00 %
22. Projekte Deutschland.Immobilien GmbH (100 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Bocholt	100.00 %
32. Projekte Deutschland.Immobilien GmbH (100 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00 %
33. Projekte Deutschland.Immobilien GmbH (80 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	80.00 %
41. Projekte Deutschland.Immobilien GmbH (100 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00 %
53. Projekte Deutschland.Immobilien GmbH (100 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00 %
54. Projekte Deutschland.Immobilien GmbH (80 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	80.00 %
62. Projekte Deutschland.Immobilien GmbH (100 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00 %
Neunte Projekte 2 Deutschland.Immobilien GmbH (100 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00 %
Pflegeprojekt Haus Netzschkau GmbH (100 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00 %
Pflegeprojekt Rosenberg UG (94 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Minden	94.00 %
Projekte 2 Deutschland.Immobilien Lauben GmbH (75 % subsidiary of Projekte Deutschland.Immobilien GmbH)**	Hannover	75.00 %
Projekte Deutschland.Immobilien Bad Münder GmbH (100 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00 %
Projekte Deutschland.Immobilien Balingen GmbH & Co. KG (100 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00 %
Projekte Deutschland.Immobilien Göggingen GmbH (100 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00 %
Projekte Deutschland.Immobilien Waldmössingen GmbH & Co. KG (100 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00 %
Zwölfte Projekte 2 Deutschland.Immobilien GmbH (100 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100.00 %
Projekte Deutschland.Immobilien Kißlegg GmbH (11 % subsidiary of Projekte Deutschland.Immobilien GmbH)*	Hannover	11.00 %
Projekte Deutschland.Immobilien Stetten GmbH (10.10 % stake held by Projekte Deutschland.Immobilien GmbH)*	Hannover	10.10 %
Sechste Projekte Deutschland.Immobilien GmbH (10.10 % stake held by Projekte Deutschland.Immobilien GmbH)*	Hannover	10.10 %
Seniorenwohnpark Ehingen GmbH (formerly 20. Projekte Deutschland.Immobilien GmbH) (0 % stake held by Projekte Deutschland.Immobilien GmbH)*	Bocholt	0.00 %
Seniorenzentrum Albstadt GmbH (formerly 21. Projekte Deutschland.Immobilien GmbH) (11 % stake held by Projekte Deutschland.Immobilien GmbH)*	Bocholt	11.00 %
STW Magdeburg GmbH (formerly Projekte Deutschland.Immobilien Magdeburg GmbH) (11 % stake held by Projekte Deutschland.Immobilien GmbH)*	Bocholt	11.00 %
Projekte Deutschland.Immobilien Moosthenning GmbH (formerly 61. Projekte Deutschland.Immobilien GmbH) (11 % stake held by Projekte Deutschland.Immobilien GmbH)*	Bocholt	11.00 %
Zehnte Projekte 2 Deutschland.Immobilien GmbH (10.10 % stake held by Projekte Deutschland.Immobilien GmbH)*	Hannover	10.10 %

* Despite holding fewer than 50 % of the share-based voting rights, MLP exercises control of these real estate project enterprises on the basis of contractual agreements in place regarding the development and sale of the respective real estate projects.

** The company filed for insolvency in 2022.

DOMCURA Aktiengesellschaft (100 % subsidiary of MLP SE)	Kiel	100.00 %
NORDVERS GmbH (100 % subsidiary of DOMCURA Aktiengesellschaft)	Kiel	100.00 %
FERI AG (100 % subsidiary of MLP SE)	Bad Homburg v.d. Höhe	100.00 %
FERI (Switzerland) AG (100 % subsidiary of FERI AG)	Zurich	100.00 %
FERI Trust (Luxembourg) S.A. (100 % subsidiary of FERI AG)	Luxembourg	100.00 %
FERI Trust GmbH (100 % subsidiary of FERI AG)	Bad Homburg v.d. Höhe	100.00 %
RVM GmbH (100 % subsidiary of MLP SE)	Wiesloch	100.00 %
RVM Versicherungsmakler GmbH (100 % subsidiary of RVM GmbH)	Stuttgart	100.00 %
Jahn & Sengstack GmbH (100 % subsidiary of RVM GmbH)	Hamburg	100.00 %
RISConsult GmbH (100 % subsidiary of RVM Versicherungsmakler GmbH)	Stuttgart	100.00 %
Dr. Schmitt GmbH Würzburg (100 % subsidiary of RVM GmbH)	Würzburg	100.00 %
MLP Banking AG (100 % subsidiary of MLP SE)	Wiesloch	100.00 %

Associates consolidated at equity		
MLP Hyp GmbH (49.80 % stake held by MLP Finanzberatung SE)	Wiesloch	49.80 %
Projekte 2 Deutschland.Immobilien GmbH (50 % subsidiary of DI Deutschland.Immobilien AG)	Hannover	50.00 %

Subsidiaries not consolidated and associates not accounted for using the equity method due to immateriality		
DIFA Research GmbH (49 % stake held by MLP Finanzberatung SE)	Berlin	49.00 %
Uniwunder GmbH (39.70 % stake held by MLP Finanzberatung SE)	Dresden	39.70 %
pxtra GmbH (78.50 % subsidiary of MLP Finanzberatung SE)	Rostock	78.50 %
amaravia GmbH (20 % stake held by DI Deutschland.Immobilien AG)	Überlingen	20.00 %
Convivo Wohnparks Deutschland Immobilien GmbH (50 % subsidiary of DI Deutschland.Immobilien AG)	Hannover	50.00 %
WD Wohnungsverwaltung Deutschland GmbH (100 % subsidiary of DI Deutschland.Immobilien AG)	Hannover	100.00 %
WiD Wohnungen in Deutschland GmbH & Co. KG (50 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Mainz	50.00 %

30. Projekte Deutschland.Immobilien GmbH (50 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	50.00 %
Convivo Wohnparks Deutschland.Immobilien Wittmund GmbH & Co. KG (50 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	50.00%
CP 135. Grundstücks GmbH & Co. KG (50 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Bremen	50.00 %
Grundstücksgesellschaft Berlin Methfesselstraße 29/31 GmbH & Co. KG (50 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Berlin	50.00 %
Patricius Wohnbaugesellschaft mbh (40 % stake held by Projekte Deutschland.Immobilien GmbH)	Bocholt	40.00 %
Projekt Deutschland.Immobilien Tengen GmbH (50 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Saarbrücken	50.00 %
Projekte Deutschland.Immobilien Bad Goegging GmbH (50 % subsidiary of Projekte Deutschland.Immobilien GmbH)	Neustadt an der Donau	50.00 %
Achte Projekte 2 Deutschland.Immobilien GmbH (100 % subsidiary of Projekte 2 Deutschland.Immobilien GmbH)	Hannover	37.55 %
Care Beteiligungs GmbH (50 % subsidiary of Projekte 2 Deutschland.Immobilien GmbH)	Gießen	18.78 %
Seniorenresidenz „Dr.-Unruh-Str. Wismar“ Immobilien GmbH & Co. KG (41 % stake held by Projekte 2 Deutschland.Immobilien GmbH)	Gießen	15.40 %
Seniorenresidenz Velten GmbH & Co. KG (41 % stake held by Projekte 2 Deutschland.Immobilien GmbH)	Gießen	15.40 %

DIEASS GmbH (100 % subsidiary of DOMCURA Aktiengesellschaft)	Kiel	100.00 %
innoAssekuranz GmbH (50 % subsidiary of DOMCURA Aktiengesellschaft)	Kiel	50.00%
asspario Versicherungsdienst GmbH (51 % subsidiary of DOMCURA Aktiengesellschaft)	Bad Kreuznach	51.00%

AIF Komplementär GmbH (25 % stake held by FERI AG)	Munich	25.00%
AIF Register Treuhand GmbH (100 % subsidiary of FERI AG)	Bad Homburg v.d. Höhe	100.00 %
FERI Private Equity GmbH & Co. KG (100 % subsidiary of FERI Trust GmbH)	Munich	100.00 %
FERI Private Equity Nr.2 GmbH & Co KG (100 % subsidiary of FERI Trust GmbH)	Munich	100.00 %
FPE Direct Coordination GmbH (100 % subsidiary of FERI Trust GmbH)	Munich	100.00 %
FPE Malip GmbH & Co. Beteiligungs KG (100 % subsidiary of FPE Direct Coordination GmbH)	Munich	100.00 %
FPE Private Equity Beteiligungs-Treuhand GmbH (100 % subsidiary of FERI Trust GmbH)	Munich	100.00 %
FPE Private Equity Koordinations GmbH (100 % subsidiary of FERI Trust GmbH)	Munich	100.00 %
Limmat Wealth AG (100 % subsidiary of FERI (Switzerland) AG)	Zurich	100.00 %

Hans L. Grauerholz GmbH (100% subsidiary of RVM GmbH)	Hamburg	100.00 %
RVM Verwaltungs GmbH (100% subsidiary of RVM GmbH)	Stuttgart	100.00 %
Allkuranz Versicherungsmakler GmbH & Co. KG (27.80% stake held by RVM Versicherungsmakler GmbH)	Münster	27.80%

BIG Versicherungsmakler GmbH (25 % stake held by RVM Versicherungsmakler GmbH)	Mannheim	25.00%
Vetter Versicherungsmakler GmbH (25 % stake held by RVM Versicherungsmakler GmbH)	Ulm	25.00%
Erich Schulz GmbH (100 % subsidiary of Jahn & Sengstack GmbH)	Hamburg	100.00 %
Hartmann Versicherungsmakler GmbH (100 % subsidiary of Jahn & Sengstack GmbH)	Mannheim	100.00 %
Dr. Schmitt Versicherungsmakler GmbH (100 % subsidiary of Jahn & Sengstack GmbH)	Würzburg	100.00 %
Bavaria-Assekuranz Versicherungsmakler GmbH (100 % subsidiary of Jahn & Sengstack GmbH)	Nuremberg	100.00 %

Disclosures on non-consolidated structured entities

Structured entities are companies at which the voting rights or comparable rights are not the dominant factor when determining control, such as when voting rights refer exclusively to administrative duties and the relevant activities are governed by contractual agreements. Examples of structured companies include securitisation companies, asset-backed finance companies and private equity companies. As is also the case with subsidiaries, the structured entities need to be consolidated whenever MLP SE controls them.

Non-consolidated structured entities of the MLP Group are private equity companies. Due to the fact that they engage in similar activities, disclosures on non-consolidated structured entities are bundled.

The activities of the companies focus on establishing, maintaining and managing a portfolio of passive investments (target companies), in particular by acquiring shareholdings. The investments primarily comprise shareholdings and are regularly financed by shareholders' equity. The business model prescribes utilisation of potential returns for equity suppliers through investments in shareholdings via an umbrella fund concept. The objective is to generate income for the equity suppliers on the basis of two different approaches: firstly through regular dividend payouts from profitable target companies, and secondly by selling participations for a profit towards the end of the shareholding. The companies generally do not have any business operations of their own or employ any staff.

The carrying amounts of non-consolidated structured entities in the MLP Group are € 4,217 thsd as of December 31, 2022 (previous year: € 3,633 thsd). In the financial year 2022, MLP SE recorded an income of € 660 thsd from non-consolidated structured entities (previous year: € 610 thsd).

The MLP Group's maximum risks of loss from non-consolidated structured entities corresponds to the total of their investment carrying amounts.

6 Significant discretionary decisions, estimates and changes in estimates

On occasions, the preparation of the financial statements included in IFRS consolidated financial statements requires discretionary decisions, assumptions and estimates, which influence the level of the disclosed assets and debts, the disclosures of contingent liabilities and receivables, the income and expenses of the reporting period and the other disclosures in the consolidated financial statements.

The estimates include complex and subjective measurements, as well as assumptions, some of which are uncertain due to their very nature and can be subject to changes. The actual values may deviate from the estimates.

Information on significant discretionary decisions, assumptions and estimation uncertainties that have the greatest impact on the amounts disclosed in the consolidated financial statements when applying the accounting policies is provided in the following notes:

- Note 4
  – Measurement of assets and debts within the scope of purchase price allocations
- Note 5
  – Aggregation principles for structured entities
  – Definition of the group of consolidated companies
  – Inclusion of special purpose entities
- Notes 7 and 9
  – Recognition of revenue at a point in time or over time, as well as determination of the revenue level with variable transaction prices
- Notes 7 and 23
  – Measurement of intangible assets
  – Impairment test (discounted cash flow forecasts and significant assumptions applied)
- Notes 7, 25, 26, 27, 29, 31, 32 and 38
  – Classification and measurement of financial instruments, as well as fair value disclosures
  – Allowances for bad debts
- Notes 7 and 28
  – Measurement of inventories
- Notes 7, 32 and 37
  – Provisions and corresponding refund claims as well as contingent assets and liabilities
- Notes 7 and 32
  – Measurement of pension and jubilee provisions
- Note 7
  – Measurement of leasing liabilities
- Note 21
  – Recognition of tax receivables/tax reserves

7 Accounting policies

The application scope of **IFRS 15 "Revenue from Contracts with Customers"** includes mutual contracts in which the other contracting party qualifies as a client, i.e. concludes a contract with MLP regarding receipt of services or real estate objects from ordinary business activities in return for payment. The identification of a client with regard to MLP's transactions can be performed regularly and easily.

IFRS 15 standardises the following cumulative requirements of contracts with clients:

- The contracting parties have approved the contract and are obligated to fulfil their mutual services.
- The rights of each party and the payment conditions with regard to the goods to be delivered /services to be provided can all be identified.
- The contract has commercial substance (in the sense of anticipated effects on the company's future cash flows).
- The company is likely to receive the payment.

Pursuant to IFRS 15, recognition of revenue is tied to fulfilment of independent benefit obligations, according to which the services are transferred to the client if the client gains control of the respective assets. Accordingly, MLP only recognises revenue when the client gains the "authority of disposal".

Depending on the way in which control is transferred to the client, IFRS 15 provides recognition of revenue at a point in time or over time. MLP recognises revenue from pure brokerage services (in particular acquisition commission and dynamic commission) at a point in time. Recognition of revenue over time is, in particular, performed for sustainable services (for example portfolio management, fund management). In these cases, MLP recognises revenue at the level of the fixed and performance-linked compensation for the services performed for clients in the period.

In the fields of **old-age provision, non-life insurance and health insurance,** commission income is generated from the brokering of insurance products. Acquisition commission is recorded at the time of contract conclusion. Commission income from unit-linked old-age provision products that is paid on a pro rata basis is recognised at a specific point in time, taking into account a probable percentage of completion.

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

In the old-age provision and health insurance consulting field, MLP receives commission payments pertaining to the management of contracts for ongoing support of the policyholder. The service is performed over a time period, which leads to a situation in which respective revenue is to be recognised over time.

Due to the obligation to refund portions of the commission received if brokered insurance policies are terminated prematurely, the amount of commission to which brokers are entitled is tied to uncertainties. Pursuant to IFRS 15, there is a **variable transaction price**. MLP estimates the transaction price on the basis of statistical empirical values for the risk of termination and mortality. Revenue is recorded to the extent that it is highly probable that there will be no significant cancellations in a future period. Insofar as the insurers pay brokerage commission in advance but with a right to reversal, MLP establishes provisions for cancellation risks on the basis of empirical values and capitalises the associated refund claims against MLP consultants and branch office managers. The change in provisions is disclosed under revenue, while the change in the refund claim associated with this is disclosed under commission expenses.

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

Revenue from **wealth management** contains both revenue to be recognised at a point in time and over time. Revenue recognised at a point in time includes issue surcharges/premiums, custody fees, account management fees, mutual fund brokerage fees, as well as brokerage and trailer commissions from wealth management mandates. Other wealth management revenue recognised at a point in time results from research services. Revenue is recognised over time, in particular, for services performed in the fields of fund management and investment consulting. Alongside fixed compensation, MLP also records variable payments in these fields of business, the level of which is based on the performance achieved in the respective accounting period (performance-linked compensation). The agreed term of payment is set at an average of 30 days.

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

Insofar as the cumulative performance (contract costs and, where relevant, results of the contract) exceed the advance payments in individual cases, the construction contracts are recognised on the assets side of the balance sheet under **contract assets**. The contract asset represents the Group's claim for counterperformance. In accordance with the German Ordinance on Estate Agents and Property Developers (MaBV), payments are typically made in parallel to performance provision on the basis of regular invoices. If a negative balance remains following deduction of the advance payments from the disclosed contract asset, this is disclosed on the liabilities side of the balance sheet under **contract liabilities** as a performance obligation. At the project-based level, this is presented on a net basis.

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

Other commission and fees are generated at the level to which consulting services are performed. They are paid in particular for consulting services to companies on setting up occupational pension provision schemes, for consulting services in connection with medical practice financing and business start-ups.

In addition to this, **revenue is generated from the interest rate business**. Revenue from the interest rate business also includes interest income from the investment of funds of MLP Banking AG.

Interest income is earned by MLP for the duration of the capital investment in line with the effective interest method. Commissions that are part of the effective interest return of a receivable are treated as interest income and recorded in those periods in which they are actually earned. They include commitment interest for giving loan commitments or taking over an existing liability. The company realises fees for other current handling and processing services (for example prematurity compensation) after providing these services.

Interest income from the investment of money from other Group companies is a constituent of the finance cost and is earned for the duration of the capital investment in line with the effective interest method, while dividends are recognised the moment an entitlement to payment arises.

Currency translation

Foreign currencies are converted to the corresponding functional currency of the Group companies at the spot rate on the day of the transaction. The Group operates virtually exclusively in Germany, Luxembourg and Switzerland.

Monetary assets and debts held in a foreign currency on the closing date are converted to the functional currency using the market price on the reporting date. Non-monetary assets and debts which are measured at fair value in a foreign currency are converted using the rate that is applicable at the time of determining the fair value. Non-monetary items that are measured at historical costs in a foreign currency are converted using the exchange rate in place on the day of the transaction. Currency translation differences are generally recorded as profit or loss for the period and disclosed under other expenses and other income.

Assets and debts of foreign operations, including goodwill and fair value adjustments arising from the acquisition are converted to € using the exchange rate on the closing date. The income and expenses of foreign operations are converted using the exchange rate in place at the time of the respective transaction. Any currency translation differences occurring are recognised under other expenses and other income and are disclosed under currency translation reserve in shareholders' equity, insofar as the currency translation difference is not assigned to minority interests.

The relevant closing rate / average exchange rate of the Swiss Franc used for the currency translation was € 1.0334 as at December 31. 2022, and € 1.0408 for the year 2022.

Fair value

A range of accounting policies and Group disclosures require determination of the fair value.

For the determination of the fair value, MLP uses data observed in the market insofar as possible. If there is no active market on the closing date, the fair value is determined using recognised valuation models. Based on the input factors used in the valuation models, the fair values are classified in various tiers within the fair value hierarchy as per IFRS 13:

1. Fair values at hierarchy level 1 are determined using prices available in active markets for the respective valuation object (quoted market prices).
2. The fair values at hierarchy level 2 are either determined using prices on active markets for comparable but not identical valuation objects or using valuation techniques based primarily on data from observable markets.
3. When using valuation techniques, which incorporate a key parameter that cannot be observed in the market, fair values are assigned to hierarchy level 3.

If the input factors used to determine the fair value can be assigned to various tiers in the fair value hierarchy, the entire measurement of fair value is assigned to the tier in the fair value hierarchy that corresponds to the lowest input factor of overriding importance for the measurement.

The Group recognises re-assignments between the various tiers in the fair value hierarchy at the end of the reporting period in which the respective amendment was implemented.

You can find further information on the assumptions made when determining fair values in Note 38

Intangible assets

Intangible assets are disclosed at their acquisition or manufacturing costs minus all accumulated depreciation and amortisation charges as well as accumulated impairment losses. MLP does not apply the revaluation method.

Definite-lived intangible assets need to be estimated with regard to the depreciation methods and duration. At MLP this mainly concerns client relations and software. The respective useful life periods are defined on the basis of empirical values. Due to changed overall economic circumstances, the amortisation period may need to be adjusted, which can have significant effects on the level of amortisation expenses. Definite-lived intangible assets are usually written down on a straight-line basis over their economic life.

Intangible assets generated internally are only capitalised at their cost of conversion if the conditions required pursuant to IAS 38 are fulfilled. The cost of conversion includes all costs directly attributable to the development process and appropriate portions of development-related overheads.

Goodwill and other **indefinite-lived intangible assets** are not amortised. The indefinite-lived intangible assets are subjected to an impairment test once a year or when there are indications of an impairment. These tests are either performed individually or at the level of a cash-generating unit. At MLP, this in particular affects the trademarks acquired within the scope of business combinations.

Business combinations require estimates of the fair value of the assets acquired, assumed debts and contingent liabilities purchased. Property, plant and equipment are usually valued by independent experts, while marketable securities are shown at their stock market price. If intangible assets are to be valued, MLP either consults an independent external expert or calculates the fair value based on a suitable valuation method, depending on the type of asset and the complexity involved in calculating the value. Depending on the type of asset and the availability of information, various valuation techniques are applied (market-price-oriented, capital-value-oriented and cost-oriented methods). For instance, when valuing trademarks and licences, the relief-from-royalty method may be appropriate, whereby the value of intangible assets is assessed on the basis of royalties saved for trademarks and licences held by the company itself.

Insofar as cash-generating units are restructured, a re-allocation of the goodwill assigned to these units is performed on the basis of the relative revenue values. Trademarks are re-allocated on the basis of sustainable revenue or relative earnings values.

MLP tests **goodwill** from business combinations for impairment at least once a year. For the purpose of the impairment test, goodwill is allocated to cash-generating units at the acquisition date. The impairment test compares the carrying amount of the cash-generating units with their recoverable amount. The recoverable amount is the higher amount of either the fair value less costs of sale or the value in use of the cash-generating unit. This requires an estimate of the value in use of the cash-generating unit, to which the goodwill is allocated. To this end, corporate management must estimate the likely future cash flow of the cash-generating units. The calculation of the present value of anticipated future cash flows is based on assumptions on the portfolio development, future sales volumes and expenses. The cash flow estimate is based on detailed planning periods with a planning horizon of four years. In addition to this, an appropriate discount rate must be selected to determine the present value of this cash flow.

Property, plant and equipment

Items of property, plant and equipment are measured at cost and, if applicable, less straight-line depreciation and impairment losses. MLP does not apply the revaluation method. For further details, please refer to Note 16.

The profits or losses resulting from the disposal of assets are determined as the difference between the net disposal proceeds and the carrying amount and are recognised in the income statement as other income or other expenses in the period in which the item is derecognised. Maintenance work and small repairs in the context of upkeep expenses, are recognised directly in the income statement when incurred.

Impairment test

The carrying amount of all indefinite-lived intangible assets, intangible assets that are not yet ready for use and goodwill is tested at the end of each financial year.

The significant assumptions that are used when calculating the recoverable amount in the form of the use value are the discount rates, terminal value growth rates and growth rate of earnings before tax. The discount rate is based on a risk-free basic interest rate plus a company-specific risk premium, which is derived from the systematic market risk (beta factor) and the current market risk premium. The discounted cash flow model is based on future cash flows over a period of four years. Cash flows after this time period are extrapolated using a growth rate, which is based on the management's estimate of the long-term average annual growth rate in earnings before tax. For further details, please refer to Note 23.

Inventories

Inventories comprise developed and undeveloped land that is held for resale. With the exception of undeveloped land, inventories are recognised in the balance sheet at the lower value of acquisition/manufacturing costs and net realisable value. Undeveloped land is recognised at the lower value of either acquisition costs or net realisable value.

Leasing

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

For lessees, IFRS 16 dictates a uniform approach for the accounting of leases, based on which right-of-use assets and liabilities for payment obligations are to be recognised for all leases in the balance sheet. For lease objects of low value and for short-term leases (fewer than 12 months), the simplified application rules are applied. The option to capitalise non-lease components (service) as per IFRS 16.15 is not applied. Non-leasing components are not taken into account in the recognised right-of-use asset.

Lease payments are discounted at the underlying implicit interest rate, provided it can be readily determined. Otherwise – and this is generally the case in the Group – discounting is performed at the group-wide uniform lessee's incremental borrowing rate on the basis of Group-wide uniform maturity bands, i.e. the interest rate that the respective lessee would have to pay if he needed to borrow funds in order to acquire a comparable value for a comparable term with comparable security under comparable conditions. For further details, please refer to Note 20.

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

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

MLP sublet a small number of properties in the financial year. For further details, please refer to Note 24.

Investments accounted for using the equity method

The acquisition costs are adjusted on an annual basis by the corresponding changes in equity of the associated company. The change in pro rata shareholders' equity is performed either according to MLP's capital share or on a disquotal basis. Unrealised gains and losses from transactions with associates are eliminated based on the percentage of shares held. The changes of the pro rata shareholders' equity are shown in the company's income statement under earnings from investments accounted for using the equity method. Dividends received reduce the carrying amount. For further details, please refer to Note 19.

Financial instruments

Financial assets are initially measured at fair value. The MLP Group applies the date of settlement for determining the fair value

Under IFRS 9, financial assets are **classified** in three categories in accordance with a uniform model

1. financial assets measured at **amortised cost (AC)**,
2. financial assets measured at **fair value through other comprehensive income (FVOCI)** and
3. financial assets measured at **fair value through profit or loss (FVPL)**.

Financial assets whose cash flows exclusively comprise interest and principal payments are classified on the basis of the business model. The assessment as to whether a financial asset comprises solely interest and principal payments is based on the commercial substance of the cash flows and not on the contractual designations. All contractual agreements, which increase the risk or volatility in the contractual cash flows, are not consistent with an elementary credit agreement and therefore represent a violation of the cash flow criterion. However, those contractual conditions that either have a de minimis effect on contractual cash flows or are non-genuine can be disregarded for the assessment of the cash flow criterion.

MLP purchases financial assets in the "Hold" business model exclusively with the objective of collecting contractual cash flows. This means that divestments prior to the end of the term will generally be excluded. Divestments performed due to deterioration of the credit quality of individual assets, divestments performed near to the end of the term, as well as rare/irregular divestments or divestments of insignificant levels would not present any risk for the assignment to the "Hold" business model. MLP uses the "Hold and Sell" business model to purchase financial assets, albeit in a limited scope. With this business model, the objective is both to collect contractual cash flows and to make a profit through divestment. The asset assigned to this business model does not meet the cash flow condition and is rated at fair value through profit or loss (FVPL).

Financial assets whose cash flows do not exclusively comprise interest and principal payments, such as shares and units in investment funds, are measured at fair value through profit or loss (FVPL). Two debentures are structured debt instruments that do not fulfil the cash flow criterion and are also measured at fair value through profit or loss.

At initial recognition, the Group may irrevocably elect to classify its equity instruments as fair value through other comprehensive income (FVOCI) if they meet the definition of equity as per IAS 32 Financial Instruments and are not held for trading. The classification is made individually for each instrument. Gains and losses on these financial assets are never reclassified to the income statement. Dividends are recognised in the income statement as other income when the legal right to payment exists, unless the dividends recover part of the acquisition cost of the financial asset. In this case, gains are recognised in other comprehensive income. Equity instruments measured at fair value through other comprehensive income are not tested for impairment. MLP applies this option for measurement at fair value through other comprehensive income at the individual case level. As of December 31, 2022, the option was exercised for the first time regarding two investments in ordinary shares, which are strategic investments with a long-term holding intention.

IFRS 9.4.1.5 allows the optional measurement of assets at fair value to avoid or significantly reduce an accounting mismatch. MLP did not make any use of the Fair Value Option (FVO) as of December 31, 2022 as was the case on the previous year's closing date.

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

Stage 1: Contains all contracts with no significant increase in the credit risk as well as such contracts as remain in Stage 1 due to the use of the Low Credit Risk Exemption. Presence of an investment-grade rating is assumed here. The impairment is determined on the basis of the anticipated credit loss, which is expected from default events over the next 12 months.

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

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

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

Stage 3: Contains financial assets that display objective indications of credit impairments or have default status. The anticipated credit losses are recorded as impairments throughout the entire term of the financial assets. Objective indications that a financial asset is compromised in its value include arrears of more than 90 days, as well as further qualitative information that indicates significant financial difficulties on the part of the debtor. If a client is more than 90 days in arrears, this client is assigned default status. Once the default status is removed, the asset is only transferred back out of Stage 3 following a three-month good conduct period.

MLP uses the simplified method (loss rate method) for other receivables and assets. These do not have any significant financing component pursuant to IFRS 15. Based on this, these receivables are already assigned to Stage 2 during initial recognition and no estimate is performed regarding a significant increase of the credit risk. If the assets display any objective indications of credit impairments, they are transferred to Stage 3.

MLP applies various models for measurement of the anticipated credit losses, depending on the asset in question and the availability of data:

- **Determination using the credit risk parameter method:**
  The Expected Credit Loss (ECL) is determined through multiplicative linking of the Exposure at Default (EaD), Probability of Default (PD) and Loss Given Default (LGD) credit risk parameters. The parameters are determined in such a way that they reflect relevant events in the past, the current situation, as well as information regarding the future. In principle this can be performed using an economic model that contains all of the information gathered or by adjusting existing parameters so that the current economic environment and forecasts with regard to its future development are

taken into account. This information encompasses macroeconomic factors (primarily GDP performance, unemployment rate, interest rate and inflation rate) and forecasts regarding future economic framework conditions in the core market of Germany. The forecast horizon used to determine the macroeconomic factors included is 12, 36 or 60 months, depending on the scenario used. For 2023, the MLP Group anticipates a reduction in the gross domestic product to –0.3 %, a slight increase in the unemployment rate to 5.2 %, a reduction in the inflation rate to 9.5 % and an increase in the yield of 10-year German government bonds to 1.98 %. These expectations are included with the same weighting in the determination of the shift factor applied in the credit risk parameter approach.

The effects of the war in Ukraine and high inflation on the MLP Group's loan loss provisions cannot be quantified exactly on the basis of current and historical data. On the one hand, this is due to the fact that there are no historical empirical values on the influence of such extraordinary macroeconomic events on the MLP Group's client loan portfolio, and on the other hand there are no current or forward-looking indications of increased default risks for individual client receivables at the time of the consolidated financial statements were prepared. In order to account for this latent risk of increased default risks in the course of the macroeconomic special influences, a so-called post model adjustment in the amount of € 1,009 thsd was recognised in accordance with IFRS 9.5.5.15 in conjunction with IFRS 7.35 G as well as IAS 1.129. The calculation was made using probability-weighted stress scenarios derived on the basis of expert estimates. The post-model adjustment is the difference between the expected loss on the client loan portfolio calculated in the standard scenario and the accumulated expected loss with scenario-based assessment, taking into account the respective estimated probabilities of occurrence.

To secure approximate consistency between the risk measurement and the recording of credit losses in the balance sheet, the PD models currently used are applied and suitably extended. In the first step, through-the-cycle PDs are derived from the existing supervisory models. Migration matrices are used for this, as a result of which future changes in creditworthiness are anticipated at portfolio level over the term. Using rating classes, the migration matrices are based on observable loan loss histories of the portfolios in question. In the second step, the through-the-cycle PDs are adjusted using a shift factor method in such a way that the current economic environment, as well as the future-oriented factors required by IFRS 9 are taken into account. Here, the through-the-cycle PDs derived from rating data are transformed into point-in-time PDs through a multiplicative factor, the shift factor. Inclusion of a one-year, three-year and five-year outlook ensures that short-term developments are not overweighted.

In order to examine the sensitivity of the model to possible future developments in macroeconomic factors, the effects were examined in a potential stress scenario. A 100 % deterioration in each of the macroeconomic factors used in the model was assumed. This would result in only insignificant effects on the expected credit loss of the MLP Group's loan portfolio.

- **Loss rate method:**
  Under certain conditions, IFRS 9 allows use of a loss rate method that is based on the default rates for determining anticipated losses. Here, historical credit default rates are determined for defined portfolios with the same risk characteristics. Criteria for portfolio creation are contractual terms of the same design for assets, comparable counterparty characteristics, as well as similar credit ratings of the assets in the portfolio. The anticipated losses are estimated on the basis of historical losses. In contrast to the first process described, there is no explicit subdivision into the components of probability of default (PD) and loss given default (LGD). The determination period of the anticipated losses is the entire term remaining to maturity of the respective asset. When determining the loss rates, forward-looking information is considered by weighting the historic loss rates used. As was the case in the previous year, the loss rate calculation was based again on an extended review period of portfolios, in which MLP anticipates effects resulting from the Coronavirus pandemic in the financial year. The selected period encompasses fewer economically strong years and more economically weak years.

- **Expert-based ECL determination:**
  Expert-based ECL determination is performed individually using a scenario analysis, to which the expert adds the circumstances of the respective individual case. Both general values based on past experience and the specific characteristics are therefore continually considered in the calculation.

  In the event of substantial contract adjustments, the original asset is derecognised and a new asset recognised (modification). No substantial or non-substantial modifications were carried out at MLP in the financial year 2022.

Derecognition of a financial instrument (write-off) is performed if an appropriate estimate indicates that a financial asset cannot be fully or partially realised, for example following completion of insolvency proceedings or following judicial decisions.

"Purchased or originated credit impaired financial assets" (POCI) are generally financial assets that fulfil the "credit-impaired" definition on receipt. This is the case when an allocation to a default class is performed.

Subsequent to their initial recognition, **financial liabilities** are to be recognised at their amortised costs using the effective interest method. Profits or losses are recognised in the income statement on derecognition and through the amortisation process. Subsequent to their initial recognition, **financial liabilities at fair value through profit or loss** are measured at their fair value. Profits or losses from the change in fair value are recognised in the income statement.

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

Pension provisions

Old-age provision in the Group is performed on the basis of the defined-benefit and defined contribution old-age provision plans.

In the **defined contribution plans**, MLP pays premiums to statutory or private pension insurance institutions based on legal or contractual provisions or on a voluntary basis. After payment of the premiums, MLP has no further benefit obligations.

Commitments to pay premiums into defined contribution schemes are recognised as expenses as soon as the related service has been rendered. Pre-paid premiums are recognised as assets insofar as a right to reimbursement or reduction of future payments arises.

In accordance with IAS 19 "Employee Benefits", the provisions for pension obligations from **defined benefit plans** are measured using the projected-unit credit method.

The benefit obligations are partly covered by reinsurance. Virtually all reinsurance policies fulfil the conditions of pension scheme assets. For this reason the claims from reinsurance policies are netted against corresponding pension provisions in the balance sheet as per IAS 19.

The Group's net obligation with regard to defined benefit plans is calculated separately for each plan by estimating future benefits that the employees have earned in the current period and in earlier periods. This amount is discounted and the fair value of any pension scheme assets subtracted from this.

For the measurement of pension obligations, MLP uses actuarial calculations to estimate future events for the calculation of the expenses, obligations and entitlements in connection with these plans. These calculations are based on assumptions with regard to the discount rate, mortality and future salary, as well as pension increases. The interest rate used to discount post-employment benefit obligations is derived from the interest rates of senior, fixed-rate corporate bonds.

Revaluations of net liabilities from defined benefit plans are recognised directly under other comprehensive income. The revaluation encompasses actuarial gains and losses, income from pension scheme assets (without interest) and the effects of any upper asset limit (without interest). The Group calculates net interest expenses (income) on net liabilities (assets) from defined benefit plans for the reporting period through application of the discount rate used for valuation of the defined benefit obligations at the start of the annual reporting period. This discount rate is applied to net liabilities (assets) from defined benefit plans at this time. Any changes to net liabilities (assets) from defined benefit plans that occur as a result of premium and benefit payments over the course of the reporting period are taken into account. Net interest expenses and other expenses for defined benefit plans are recognised in the income statement.

Further details of pension provisions can be found in Note 32.

Provisions for anniversaries

Various companies of the MLP Group offer their active employees anniversary bonuses every five years after they join the company. The measurement as of 31 December 2022 is performed using the projected unit credit method stipulated pursuant to IAS 19.

For the measurement of pension obligations, MLP uses actuarial calculations. These calculations are based on assumptions with regard to the discount rate, mortality and staff turnover rate.

Please refer to Note 32 for a more detailed explanation.

Provisions for lifetime working accounts

MLP allows its employees to take compensation components that have not been paid out (for example overtime worked but not paid or holiday days not taken) and assign these to lifetime working accounts, which can then be used to shorten the total duration of their working life, to take a sabbatical or similar. When certain conditions are met, MLP also grants a subsidy on the amounts paid in, although in some cases only when the credit balance is actually redeemed. With the exception of forfeitable subsidies, the money is invested using a trustee model with insolvency protection. Changes in the present value of the liabilities are recognised in the income statement in the financial year. The provision stated in the balance sheet corresponds to the balance of the present value of the liabilities and the insolvency-protected portion of plan assets.

Other provisions

In accordance with IAS 37 "Provisions, contingent liabilities and contingent assets" other provisions are recognised when the Group has a present obligation (legal or constructive) resulting from a past event, settlement is expected to result in an outflow of resources and the obligation’s amount can be estimated reliably. They represent uncertain obligations that are measured at the amount that represents the best possible estimate of the expenditure required to fulfil the obligations.

Insofar as the level of the provision can only be determined within a range, the most likely value (expected value) is used. If the probability of occurrence is equal, the weighted average is taken.

Where the effect of the time value of money is material, provisions with a time of more than one year remaining to maturity are discounted at market interest rates that correspond to the risk and the time remaining to maturity.

Reversals of provisions are always recognised under other income.

If the Group expects to receive a reimbursement of at least part of a practically certain provision from an identifiable third party (e.g. in case of an approved insurance policy), MLP recognises the reimbursement as a separate asset. The expenditure required to set up the provision is recognised in the income statement after deduction of the reimbursement. Accordingly, the reversal of provisions is also shown net in the income statement.

For the liability arising due to the premature loss of brokered insurance policies whereby commission that has been earned need be refunded in part, MLP sets up **provisions for cancellation risks**. MLP estimates the cancellation rate by product group and the period of the underlying policy that has already run on the basis of empirical values. The period in which MLP is obliged to refund portions of the commissions due to the premature loss of a policy is determined either by the statutory provisions of the German Insurance Act or the distribution agreements that have been concluded with the product providers.

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

Share-based payments

Share-based payments in line with IFRS 2 "Share-Based Payment" comprise pay systems paid for in cash and using equity instruments.

The proportion of the fair value of share-based payments settled in cash attributable to services provided up to the valuation date is recognised as personnel expenses or as commission expenses and at the same time as a provision. The fair value determined based on the Monte-Carlo simulation or another suitable valuation model is recalculated on each balance sheet date and on the payment date. The recognition of the anticipated expenditure arising from this system demands that assumptions be made about turnover and exercise rates. Any change to the fair value is to be recognised in profit or loss. At the payment date, the fair value of the liability corresponds to the amount which is to be paid to the eligible employee.

Share-based payments also include those made through equity instruments (participation programme for MLP consultants and office managers). The participation programme applies to the calendar year 2022, as well as to MLP consultants and MLP branch office managers whose contracts remained unterminated and in place on December 31, 2022. The compensation to be made in the form of MLP SE shares is determined on the basis of the annual commission of the MLP consultant/branch office manager, applying various performance parameters, and is recorded in the 2022 consolidated financial statements as an expense with a corresponding increase in shareholders' equity.

You can find further details on the share-based payments in Note 36.

8 Reportable business segments

The division of MLP into business segments follows the structure in place for internal reporting. The MLP Group is subdivided into the following reportable business segments:

- Financial Consulting
- Banking
- FERI
- DOMCURA
- Deutschland.Immobilien
- Industrial Broker
- Holding

The Holding segment (formerly: Holding and Others) included DI Deutschland.Immobilien AG and the project enterprises of the DI Group up to December 31, 2021. Since January 1, 2022, these are now recorded in the new Deutschland.Immobilien segment together with the remaining DI companies. The Holding and Others segment was therefore renamed Holding. The Holding segment does not have active operations.

The Financial Consulting segment included Vertrieb Deutschland.Immobilien GmbH up to December 31, 2021; this company has also been represented in the new Deutschland.Immobilien segment together with the other DI companies since January 1, 2022.

As a result of its increasing share of revenue and profitable implementation of further real estate projects currently in planning, the business model of the DI Group is becoming increasingly important for the MLP Group. As of January 1, 2022 the DI Group has therefore been monitored and controlled independently. All revenue from real estate brokerage and development of the DI Group will be reported in the new Deutschland.Immobilien segment. In return, these earnings contributions will be removed from the Financial Consulting segment and the Holding segment (formerly: Holding and Others). Since January 1, 2022, expenses from real estate development have been disclosed under the new item "Real estate brokerage expenses" (formerly: commission expenses). As a result of the merger with and into ZSH GmbH Finanzdienstleistungen, nordias GmbH Versicherungsmakler has been included in the Financial Consulting segment since January 1, 2022; previously it was comprised in the DOMCURA segment.

Due to the similarity of the products and services offered, as well as reliance on the same client base and identical sales channels, MLP pooled "financial consulting" and "occupational pension provision" under the reportable "**Financial Consulting**" business segment in accordance with IFRS 8.12. The object of the reportable Financial Consulting business segment is the provision of consulting services for academics and other discerning clients, particularly with regard to insurance, investments, occupational pension provision and the brokering of contracts in connection with these financial services. In 2022, the segment is made up of MLP Finanzberatung SE, ZSH GmbH Finanzdienstleistungen, MLPdialog GmbH, as well as the associate MLP Hyp GmbH.

The object of the reportable **Banking** business segment is to advise on and operate the banking business, including the securities custody business, the commission business, investment consulting and investment brokerage as well as the brokerage of insurance policies that are related to these activities. MLP Banking AG is included in this segment.

The business operations of the reportable **FERI** business segment cover wealth and investment consulting. This segment comprises FERI AG, FERI Trust GmbH, FERI (Switzerland) AG and FERI Trust (Luxembourg) S.A.

The business operations of the reportable **DOMCURA** business segment encompass the design, development and implementation of comprehensive coverage concepts in the field of non-life insurance as a so-called underwriting agency. The segment also engages in brokerage activities. In 2022 this segment is made up of DOMCURA Aktiengesellschaft and NORDVERS GmbH.

The new reportable **Deutschland.Immobilien** business segment focuses on the brokerage of real estate assets and the development and sale of real estate projects. This segment comprises DI Deutschland.Immobilien AG, Vertrieb Deutschland.Immobilien GmbH, Web Deutschland.Immobilien GmbH, IT Deutschland.Immobilien GmbH and Projekte 2 Deutschland.Immobilien GmbH accounted for using the equity method. In addition, the segment also includes all consolidated project enterprises.

The object of the new reportable **Industrial Broker** business segment is to provide consulting services and insurances for industrial and commercial clients as well as the brokerage of insurance policies. This segment comprises RVM GmbH, RVM Versicherungsmakler GmbH, RISConsult GmbH, Jahn & Sengstack GmbH and Dr. Schmitt GmbH Würzburg, Würzburg, which was acquired in 2022.

In 2022, the **Holding** segment comprises essential internal services and activities of MLP SE.

Intrasegment supplies and services are settled in principle at normal market prices. In the case of intra-group allocations, an appropriate general overhead surcharge is levied on the direct costs actually incurred.

The management makes decisions on the allocation of resources and determines segment performance on the basis of the income statement for that segment. MLP employs the accounting policies applied in the consolidated financial statements to determine financial information on the segments.

The Financial Consulting, Banking, DOMCURA, Deutschland.Immobilien and Industrial Broker segments perform their economic activities predominantly in Germany. The FERI segment conducts its business activities above all in Germany, Luxembourg and in Switzerland.

In the business segments of Financial Consulting and FERI at least 10 % of aggregated revenue of € 175,984 thsd was generated with one product partner in the financial year. In the previous year, revenue of € 173,906 thsd was generated in the Financial Consulting segment and with one product partner in the FERI segment.

Information regarding reportable business segments

All figures in €'000	Financial Consulting 2022	Financial Consulting 2021[1]	Banking 2022	Banking 2021	FERI 2022	FERI 2021	DOMCURA 2022	DOMCURA 2021[1]	Deutschland.Immobilien 2022	Deutschland.Immobilien 2021[1]	Industrial Broker 2022	Industrial Broker 2021	Holding 2022	Holding 2021[1]	Consolidation 2022	Consolidation 2021[1]	Total 2022	Total 2021
Revenue	**393,269**	**412,330**	**132,661**	**105,090**	**211,748**	**269,860**	**107,792**	**96,507**	**87,720**	**62,544**	**26,748**	**9,353**	**–**	**–**	**–46,148**	**–48,387**	**913,790**	**907,297**
of which total inter-segment revenue	37,875	41,535	7,461	6,850	–	–	–	–	–	1	812	–	–	–	–46,148	–48,384	–	–
Other revenue	35,294	29,078	4,404	3,959	5,014	5,137	4,447	3,861	4,819	6,301	1,300	595	11,617	8,822	–31,541	–30,534	35,354	27,219
of which total inter-segment revenue	13,965	13,126	3,338	2,731	–	–	1,030	2,087	2,748	4,109	146	–	10,315	8,481	–31,541	–30,534	–	–
Total revenue	**428,562**	**441,409**	**137,065**	**109,048**	**216,763**	**274,997**	**112,238**	**100,368**	**92,539**	**68,844**	**28,048**	**9,948**	**11,617**	**8,822**	**–77,689**	**–78,921**	**949,144**	**934,516**
Inventory changes	–	–	–	–	–	–	–	–	17,818	16,881	–	–	–	–	–	–	17,818	16,881
Commission expenses	–196,787	–215,856	–56,602	–47,362	–128,258	–137,236	–71,670	–63,437	–28,128	–34,863	–991	–297	–	–	44,030	47,355	–438,405	–451,695
Real estate development expenses	–	–	–	–	–	–	–	–	–58,275	–31,808	–	–	–	–	937	1,042	–57,339	–30,766
Interest expenses	–	–	–459	–92	–	–	–	–	–	–	–	–	–	–	18	–231	–440	–323
Valuation result/ loan loss provisions	–342	–270	–3,332	–1,119	217	3,286	–29	–67	–9,447	–260	–	–	–	–	–	–	–12,933	1,570
Personnel expenses	–81,648	–82,022	–14,269	–13,959	–40,832	–43,303	–18,668	–17,529	–9,128	–7,422	–16,970	–9,402	–6,385	–6,841	–	–	–187,899	–180,479
Depreciation and impairments	–19,138	–19,429	–491	–385	–3,579	–2,661	–2,646	–2,407	–4,456	–1,597	–2,801	–1,570	–1,897	–2,342	–	–	–35,008	–30,390
Other expenses	–102,184	–112,453	–38,397	–38,345	–16,049	–12,233	–11,083	–9,062	–10,276	–5,362	–4,355	–2,253	–11,355	–15,762	31,451	28,662	–162,249	–166,807
Earnings from investments accounted for using the equity method	2,933	4,322	–	–	–	–	–	–	–8	–17	–	–	–	–	–	–	2,924	4,306
Segment earnings before interest and taxes (EBIT)	**31,396**	**15,702**	**23,515**	**7,787**	**28,261**	**82,851**	**8,143**	**7,867**	**–9,361**	**4,396**	**2,931**	**–3,575**	**–8,020**	**–16,122**	**–1,252**	**–2,092**	**75,613**	**96,812**
Other interest and similar income	2,231	1,068	138	32	14	–137	–174	–182	1,590	876	–3	–12	220	–279	–1,233	–666	2,783	700
Other interest and similar expenses	–1,983	–3,002	–56	2	–458	–470	–5	–2	–5,031	–2,841	–1,029	–537	–444	–485	3,579	2,481	–5,427	–4,855
Valuation result not relating to operating activities	–40	–51	–	–	147	657	–	–	13	–	–	–	–1	–10	–	–	119	596
Finance cost	**208**	**–1,984**	**83**	**34**	**–296**	**50**	**–179**	**–184**	**–3,429**	**–1,965**	**–1,033**	**–549**	**–226**	**–774**	**2,346**	**1,815**	**–2,526**	**–3,559**
Earnings before taxes (EBT)	**31,604**	**13,717**	**23,598**	**7,821**	**27,965**	**82,900**	**7,964**	**7,682**	**–12,790**	**2,430**	**1,898**	**–4,124**	**–8,246**	**–16,897**	**1,093**	**–277**	**73,088**	**93,253**
Income taxes																	–24,442	–30,427
Net profit																	**48,645**	**62,826**
of which attributable to																		
owners of the parent company																	51,486	62,632
non-controlling interests																	–2,841	195
Investments accounted for using the equity method	**4,571**	**5,961**	**–**	**–**	**–**	**–**	**–**	**–**	**118**	**126**	**–**	**–**	**–**	**–**	**–**	**–**	**4,689**	**6,087**
Major non-cash expenses:																		
Impairment/ reversal of impairments on receivables	–342	–270	–2,219	–2,463	124	–331	–29	–67	–9,447	–260	–	–	–	–	–	–	–11,912	–3,392
Increase/- decrease of provisions/ accrued liabilities	45,505	79,223	3,377	6,563	15,677	25,697	3,136	4,651	647	553	647	802	3,249	19,516	–	–	72,239	137,005

[1] Previous year's figures adjusted due to changes in segmentation and the merger of nordias GmbH Versicherungsmakler (DOMCURA segment) with and into ZSH GmbH Finanzdienstleistungen (Financial Consulting segment).

Notes to the consolidated income statement

9 Revenue

All figures in €'000	2022	2021
Wealth management	316,531	356,094
Old-age provision	228,797	241,684
Non-life insurance	174,264	149,509
Health insurance	55,848	54,353
Real estate brokerage[1]	37,833	44,898
Loans and mortgages	22,293	24,982
Other commissions and fees	6,799	5,172
Total commission income[1]	**842,365**	**876,693**
Revenue from real estate development[1]	**50,168**	**17,944**
Interest income	**21,257**	**12,660**
Total	**913,790**	**907,297**

[1] Previous year's figures adjusted. Since January 1, 2022, revenue from real estate development has been disclosed in a separate item (previously this figure was reported under real estate brokerage income).

The commission income disclosed under revenue is recognised on a regular and point-in-time basis. Revenue recognised over time totalling € 404,266 thsd (previous year: € 417,091 thsd) was generated from the old-age provision business in the Financial Consulting segment, from the health insurance business in the Financial Consulting segment, from the wealth management business in the Financial Consulting, Banking and FERI segments and from the real estate development business in the Deutschland.Immobilien segment.

Interest income includes negative interest from lending and money market transactions of € 2,438 thsd (previous year: € 4,777 thsd).

10 Other revenue

All figures in €'000	2022	2021
Income from the reversal of provisions	12,675	652
Cost transfer to MLP consultants and branch office managers	5,925	5,240
Income from investments	3,497	4,015
Income from the reversal of deferred obligations	3,088	2,083
Offset remuneration in kind	1,674	1,505
Rent	734	424
Income from currency translation	280	239
Income from the sales tax (VAT) adjustment	130	–
Compensation of management	97	378
Income from the disposal of fixed assets	24	8
Income from the adjustment of variable purchase price liabilities	–	5,772
Own work capitalised	–	225
Sundry other income	7,227	6,676
Total	**35,354**	**27,219**

For more information on income from the reversal of provisions, please refer to Note 32. Income from the reversal of provisions for economic loss, which is offset by expenses from the derecognition of liability insurance refund claims, is disclosed net under income from the reversal of provisions. Income from the reversal of provisions does not contain any income from provisions for the lending business or provisions for anticipated losses from the lending business. These are part of the loan loss provisions. We make reference to Note 15 here.

The item Cost transfer to MLP consultants and branch office managers essentially comprises income from cost transfers of insurance premiums, services and material costs.

Income from investments results from dividends from non-consolidated subsidiaries.

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

Offset remuneration in kind results from non-cash benefits granted to employees.

Rental income results from the subletting of real estate.

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

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

Among other things, sundry other income includes advertising subsidies, income from the performance of IT services, as well as income from cost reimbursement claims.

11 Inventory changes

Inventory changes result from construction work and divestment of residential units in the DI Group. Please refer to Note 28 for information on the composition of inventories.

12 Commission expenses

Commission expenses mainly consist of the commission payments and other compensation components for the self-employed MLP consultants as well as the compensation for sales partners at the remaining subsidiaries. For further details, please refer to the "Results of operations" section in the joint management report.

13 Real estate development expenses

Expenses from real estate development (previously: commission expenses) for the period from January 1 to December 31, 2022 increased over the same period in the previous year from –€ 30,766 thsd to – € 57,339 thsd. Essentially they include expenses incurred in connection with the building activities of the DI project enterprises. For further details, please refer to the "Results of operations" section in the joint management report.

14 Interest expenses

All figures in €'000	2022	2021
Interest and similar expenses		
Financial instruments measured at amortised cost	440	323
Liabilities due to clients in the banking business	33	–53
Liabilities due to financial institutions in the banking business	407	376
Total	**440**	**323**

15 Valuation result/loan loss provisions

All figures in €'000	2022	2021
Provisions for risks from potential bad debts	–12,133	–3,052
Provisions for risks from the lending business	221	–340
Valuation result	–1,021	4,962
Total	**–12,933**	**1,570**

As of December 31, 2022, loan loss provisions of –€ 11,912 thsd (previous year: –€ 3,392 thsd) were recognised in accordance with IFRS 9. The figure is made of expenses for the recognition of impairments of receivables of –€ 12,133 thsd (previous year: –€ 3,052 thsd), and income from the adjustment of provisions for anticipated losses from the lending business of € 221 thsd (previous year: –€ 340 thsd). In addition to the expenses from the post model adjustment of € 1,009 thsd (previous year: € 0 thsd), loan loss provisions for 2022 also include a positive one-off effect of approximately € 1 million resulting from a change in the way ratings are determined in the private client business.

Impairment of financial instruments measured at fair value through profit or loss led to remeasurement loss of –€ 1,021 thsd (previous year: write-ups of € 4,962 thsd).

See Notes 25, 26, 29 and 31 for detailed explanations on the development of loan loss provisions. See Note 27 for details on remeasurement gains from financial instruments measured at fair value through profit or loss.

16 Personnel expenses

All figures in €'000	2022	2021
Salaries and wages	161,868	156,710
Social security contributions	22,292	20,333
Expenses for old-age provisions and benefits	3,740	3,436
Total	**187,899**	**180,479**

Personnel expenses essentially include salaries and wages, compensation and other payments to employees. The social security contributions include the statutory contributions to be borne by the company in the form of social security insurance premiums. Expenses for old-age provisions and benefits mainly include the employer's shares of supplementary occupational pension provision.

17 Depreciation and impairments

All figures in €'000	2022	2021
Depreciation	**32,160**	**29,786**
of which property, plant and equipment	20,084	19,119
of which intangible assets	12,076	10,668
Impairment	**2,848**	**603**
of which property, plant and equipment	–	603
of which intangible assets	2,848	–
Total	**35,008**	**30,390**

In the financial year 2022, the depreciation of property, plant and equipment include amortisation of rights of use as per IFRS 16 of € 13,101 thsd (previous year: € 12,811 thsd), some € 11,432 thsd of which (previous year: € 11,222 thsd) can be attributed to amortisation of rights of use for real estate, € 1,572 thsd (previous year: € 1,516 thsd) can be attributed to amortisation of rights of use for vehicles and € 97 thsd (previous year: € 72 thsd) can be attributed to the depreciation of other operating and office equipment, in particular IT. The impairment on intangible assets is attributable to the goodwill of the cash-generating unit DI Projekte within the reportable business segment Deutschland.Immobilien.

18 Other expenses

All figures in €'000	2022	2021
IT operations	46,669	53,434
Consultancy	23,879	32,004
Other external services	16,238	12,113
Administration operations	11,428	11,535
External services – banking business	10,545	10,301
Representation and advertising	8,419	7,519
Premiums and fees	6,322	6,496
Insurance	4,486	3,995
Maintenance	4,306	3,832
Other employee-related expenses	3,745	2,453
Expenses for MLP consultants and branch office managers	2,986	2,657
Training and further education	2,647	1,847
Travel expenses	2,334	1,457
Cooperation partners	2,028	–
Entertainment	1,965	1,170
Audit	1,818	1,469
Rental and leasing	1,416	979
Goodwill and damages	1,345	2,965
Supervisory Board compensation	913	1,083
Sales tax (VAT) expense	–	66
Sundry other operating expenses	8,762	9,432
Total	**162,249**	**166,807**

IT operation expenses are mainly attributable to IT services and computer centre services that have been outsourced to external service providers. These include expenses for low-value leases of € 64 thsd (previous year € 87 thsd) that do not require capitalisation according to IFRS 16.

The consulting expenses are made up of IT consulting fees as well as tax advice, legal advice and general advice fees.

Other external services essentially comprise expenses for the online acquisition of potential new clients, client support services, property management expenses for the Group HQ and expenses for HR services.

Expenses for administration operations include building management costs, office costs and communication costs.

The item "External services - banking business" mainly contains securities settlement and transaction costs in connection with the MLP credit card.

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

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

The expenses for MLP consultants and office managers essentially comprise the expenses for sales campaigns, costs relating to retired consultants and expenses for recruiting measures.

Expenses for cooperation partners includes the pro rata project profits for specific projects to which the cooperation partners are entitled.

Rental and lease expenses comprise expenses that do not require capitalisation according to IFRS 16. This includes expenses for short-term leases of € 137 thsd (previous year: € 50 thsd) and expenses for low-value leases of € 564 thsd (previous year: € 338 thsd). In the financial year 2021, expenses for variable lease payments, which were not included in the measurement of leasing liabilities (for example payments at the end of a vehicle leasing agreement) were € 10 thsd (previous year: € 28 thsd).

Sundry other operating expenses include costs such as for other taxes, donations and vehicle costs.

19 Earnings from investments accounted for using the equity method

Earnings from investments accounted for using the equity method were € 2,924 thsd in the financial year (previous year: € 4,306 thsd) and are made up from the share of earnings in MLP Hyp GmbH of € 2,933 thsd (previous year: € 4,322 thsd) and in Projekte 2 Deutschland.Immobilien GmbH of –€ 8 thsd (previous year: –€ 17 thsd).

Investments accounted for using the equity method relate to the 49.8 % stake in MLP Hyp GmbH, Wiesloch and the 50 % stake in Projekte 2 Deutschland.Immobilien GmbH, Hannover. MLP Hyp GmbH operates the joint mortgage financing business of MLP Finanzberatung SE, Wiesloch, and Interhyp AG, Munich. Projekte 2 Deutschland.Immobilien GmbH is an intermediate holding company within the DI Group. It holds shares in project enterprises in which real estate developments are executed.

The shares of MLP Hyp developed as follows:

All figures in €'000	2022	2021
Share as of Jan. 1	**5,961**	**5,283**
Dividend payouts	–4,322	–3,645
Pro rata profit after tax	2,933	4,322
Share as of Dec. 31	**4,571**	**5,961**

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

All figures in €'000	Dec. 31, 2022	Dec. 31, 2021
Non-current assets	**146**	**185**
Current assets	11,936	16,158
Non-current liabilities	–	–
Current liabilities	**4,759**	**7,008**
Net assets (100 %)	7,322	9,335
of which MLP's share in net assets	3,647	4,649
Incidental acquisition costs	151	151
Dividend payout	**6,449**	**–5,282**
Cumulative disproportionate profit	**7,223**	**6,444**
Carrying amount of the investment	**4,571**	**5,961**
Revenue	**27,846**	**34,107**
Total comprehensive income (100 %)	4,322	6,335
MLP's share in total comprehensive income	**2,933**	**4,322**

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

All figures in €'000	2022	2021
Share as of Jan. 1	**126**	**143**
Dividend payouts	–	–
Pro rata profit after tax	–8	–17
Share as of Dec. 31	**118**	**126**

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

All figures in €'000	Dec. 31, 2022	Dec. 31, 2021
Non-current assets	38	38
Current assets	199	214
Non-current liabilities	–	–
Current liabilities	3	1
Net assets (100 %)	235	252
of which MLP's share in net assets	117	126
Incidental acquisition costs	**–**	**–**
Dividend payout	**–**	**–**
Carrying amount of the investment	**117**	**126**
Revenue	**–**	**–**
Total comprehensive income (100 %)	–17	–34
MLP's share in total comprehensive income	**–8**	**–17**

20 Finance cost

All figures in €'000	2022	2021
Other interest and similar income	**2,783**	**700**
Interest expenses from financial instruments	–3,505	–3,672
Interest expenses from net obligations for defined benefit plans	–578	–362
Other interest costs	–1,343	–821
Other interest and similar expenses	**–5,427**	**–4,855**
Valuation result not relating to operating activities	**119**	**596**
Finance cost	**–2,526**	**–3,559**

Other interest and similar income relates to income from the discounting of provisions of € 895 thsd (previous year: € 180 thsd). Furthermore, this item includes interest income from receivables from non-consolidated affiliated companies, associates and companies in which participations are held of € 1,582 thsd (previous year: € 780 thsd). Other interest and similar income includes negative interest on bank deposits of –€ 478 thsd (previous year: –€ 694 thsd).

Other interest and similar expenses include expenses from the accrued interest of other provisions totalling € 205 (previous year: € 265 thsd). This item also includes interest expenses on borrowings of € 3,234 thsd (previous year: € 1,648 thsd).

In addition, the item comprises expenses from the accrued interest of leasing liabilities pursuant to IFRS 16 of € 1,120 thsd (previous year: € 300 thsd). For further details, please refer to Note 7.

21 Income taxes

All figures in €'000	2022	2021
Income taxes	24,442	30,427
of which current taxes on income and on profit	19,617	27,924
of which deferred taxes	4,825	2,503

Current taxes on income and profit include expenses of € 2 thsd (previous year: € 399 thsd) which relate to previous periods.

The current and deferred tax is calculated using the relevant country-specific income tax rate. The anticipated combined income tax rate for domestic companies is 29.27 % (previous year: 29.25 %) and is made up of corporation tax at 15.0 % (previous year: 15.0 %), solidarity surcharge at 5.5 % (previous year: 5.5 %) and an average municipal trade tax rate of 13.44 % (previous year: 13.42 %).

The taxation rates likely to be applicable at their time of implementation should be used to calculate deferred income taxes. The taxation rates used here are those that are valid or have been announced for the periods in question as of the balance sheet date.

The following reconciliation statement shows the relationship between the earnings before tax and the taxes on income and profit in the financial year:

All figures in €'000	2022	2021
Earnings before tax	73,088	93,253
Group income tax rate	**29.27 %**	**29.25 %**
Calculated income tax expenditure in the financial year	21,393	27,277
Tax-exempt earnings and permanent differences	–3,216	–2,670
Non-deductible expenses	1,231	1,402
Divergent trade taxation charge	440	811
Effects of other taxation rates applicable abroad	–914	–1,321
Income tax not relating to the period (current and deferred)	2,324	–141
Change in impairments of unused losses	3,241	5,078
Other	–57	–9
Income taxes	**24,442**	**30,427**

The effective income tax rate applicable to the earnings before tax is 33.44 % (previous year: 32.63 %).

The item of tax-exempt earnings and permanent differences in earnings includes profit contributions from the FERI Group, the RVM companies and the tax-free dividends of MLP Hyp GmbH and Uniwunder GmbH.

Non-deductible expenses result from consultancy fees in connection with Group restructuring measures, entertainment expenses, gifts, as well as non-deductible operating expenses incurred in the context of tax-exempt dividends and capital gains, Supervisory Board compensation and other relevant factors.

As of December 31, 2022, the MLP Group recognised deferred tax assets from temporary differences of € 37 thsd (previous year: € 27 thsd) that exceed deferred tax liabilities in entities which have suffered a loss in either the current or preceding period.

At companies with taxable unrecognised differences, deferred tax assets were recorded on tax loss carryforwards, taking into account the minimum level of taxation. Legal or economic restrictions were in place with regard to the usability of corporation tax losses of € 24,209 thsd (previous year: € 8,699 thsd) and business tax losses of € 28,720 thsd (previous year: € 8,599 thsd). No deferred tax assets were therefore recognised. If full utilisation of the losses had been possible, it would have theoretically been necessary to recognise deferred tax assets of € 8,058 thsd (previous year: € 2,513 thsd).

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

All figures in €'000	**Deferred tax assets**		**Deferred tax liabilities**	
	Dec. 31, 2022	**Dec. 31, 2021**	**Dec. 31, 2022**	**Dec. 31, 2021**
Intangible assets	–	2,180	15,880	11,625
Property, plant and equipment	–	–	5,627	5,341
Financial assets	43	18	1,699	1,963
Other assets	3,300	5,668	6,037	5,677
Provisions	9,011	16,147	50	82
Liabilities	3,772	3,706	4,645	1,950
Tax loss carryforwards	11,478	3,856	–	–
Impairment of loss carryforwards	–8,058	–2,513	–	–
Impairment of unrecognised differences	–1,354	–2,501	–	–
Other liabilities	–	–	–	103
Gross value	**18,192**	**26,561**	**33,938**	**26,741**
Netting of deferred tax assets and liabilities	14,661	15,446	14,661	15,446
Total	**3,531**	**11,115**	**19,277**	**11,295**

Deferred tax expenses recognised under other comprehensive income outside the income statement were –€ 5,846 thsd (previous year: deferred tax income of € 1,449 thsd).

Tax refund claims include € 3,384 thsd (previous year: € 7,556 thsd) of corporation tax and € 4,981 thsd (previous year: € 4,532 thsd) of trade tax. Tax refund claims of € 865 thsd (previous year: € 357 thsd) are attributable to MLP SE, € 5,997 thsd (previous year: € 11,414 thsd) to MLP Finanzberatung SE, € 1 thsd (previous year: € 0 thsd) to FERI Trust (Luxembourg) S.A., € 1,240 thsd (previous year: € 206 thsd) to the DI Deutschland.Immobilien AG Group and € 262 thsd (previous year: € 110 thsd) to RVM.

Tax liabilities include € 10,824 thsd (previous year: € 17,921 thsd) of corporation tax and € 7,758 thsd (previous year: € 15,209 thsd) of trade tax. Tax liabilities of € 6,707 thsd (previous year: € 23,780 thsd) are attributable to MLP SE, € 1,130 thsd (previous year: € 1,077 thsd) to MLP Finanzberatung SE, € 7,751 thsd (previous year: € 4,568 thsd) to FERI Trust (Luxembourg) S.A., € 390 thsd (previous year: € 503) to FERI (Switzerland) AG, € 1,811 thsd (previous year: € 2,357 thsd) to the DI Deutschland.Immobilien AG and € 792 thsd (previous year: 845 thsd) to RVM GmbH.

The tax liabilities are due to taxes on the income and profit of the individual companies based on the corresponding national tax regime. Contingent tax liabilities are shown under deferred tax liabilities.

As of December 31, 2022, MLP had undistributed profits of subsidiaries of around € 91,914 thsd (previous year: € 71,458 thsd), for which no deferred tax liabilities were formed, as MLP is in a position of controlling the timing of the reversal of the temporary difference and it is unlikely that the temporary difference will be reversed in the foreseeable future.

22 Earnings per share

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

All figures in €'000	2022	2021
Basis of the basic net profit per share	51,486	62,632

All figures in number of units	2022	2021
Weighted average number of shares for the basic net profit per share	109,207,378	109,239,404

The basic earnings per share is € 0.47 (previous year: € 0.57).

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

All figures in €'000	2022	2021
Basis of the diluted net profit per share	51,486	62,632

All figures in number of units	2022	2021
Weighted average number of shares for the diluted net profit per share	109,334,686	109,334,686

The diluted earnings per share is € 0.47 (previous year: € 0.57).

23 Intangible assets

All figures in €'000	Goodwill	Software (developed in-house)	Software (purchased)	Advance payments and developments in progress	Other intangible assets	Total
Acquisition/manufacturing costs						
As of Jan. 1, 2021	**122,502**	**18,113**	**104,130**	**3,468**	**58,994**	**307,207**
Additions	–	225	1,711	3,242	18	5,197
Addition to the scope of consolidation*	16,260	–	92	–	37,026	53,378
Disposals	–	–	–199	–	–57	–256
Transfers	–	1,206	446	–1,712	60	–
As of Dec. 31, 2021	**138,762**	**19,544**	**106,180**	**4,998**	**96,041**	**365,526**
Additions	–	649	3,362	1,541	34	5,586
Addition to the scope of consolidation*	459	–	2	–	16,613	17,074
Disposals	–	–	–2,452	–	–17	–2,470
Transfers	–	1,457	4,355	–5,812	–	–
As of Dec. 31, 2022	**139,221**	**21,650**	**111,448**	**727**	**112,670**	**385,716**
Depreciation and impairments						
As of Jan. 1, 2021	**3**	**14,799**	**87,735**	**–**	**25,798**	**128,335**
Depreciation	–	1,233	7,045	–	2,389	10,668
Impairment	–	–	–	–	–	–
Disposals	–	–	–199	–	–57	–256
As of Dec. 31, 2021	**3**	**16,032**	**94,580**	**–**	**28,131**	**138,747**
Depreciation	–	1,473	7,569	–	3,034	12,076
Impairment	2,848	–	–	–	–	2,848
Disposals	–	–	–2,452	–	–17	–2,470
As of Dec. 31, 2022	**2,850**	**17,506**	**99,698**	**–**	**31,147**	**151,202**
Carrying amount Jan. 1, 2021	**122,500**	**3,314**	**16,395**	**3,468**	**33,195**	**178,872**
Carrying amount Dec. 31, 2021	**138,760**	**3,512**	**11,600**	**4,998**	**67,910**	**226,780**
Carrying amount Jan. 1, 2022	**138,760**	**3,512**	**11,600**	**4,998**	**67,910**	**226,780**
Carrying amount Dec. 31, 2022	**136,371**	**4,144**	**11,750**	**727**	**81,523**	**234,514**

Intangible assets comprise definite-lived and indefinite-lived assets. Depreciation/amortisation and impairment of intangible assets are presented in Note 17.

Useful lives of intangible assets

	Useful life as of Dec. 31, 2022	Useful life as of Dec. 31, 2021
Acquired software/licences	3-7 years	3-7 years
Software created internally	3-5 years	3-5 years
Acquired trademark rights	–	–
Client relations / existing contracts	5; 10-25 years; 40 years	5; 10-25 years
Favourable lease	5 years	–
Goodwill / trademarks	undefinable	undefinable

The goodwill originating from company acquisitions was allocated by MLP at the level of the cash-generating units. The reportable Financial Consulting business segment contains the following groups of cash-generating units: (1) financial consulting, (2) occupational pension provision and (3) ZSH. No goodwill has been allocated to the reportable Banking business segment. The reportable FERI business segment includes the cash-generating unit FERI Assetmanagement. The reportable DOMCURA business segment contains the DOMCURA cash-generating unit. The new reportable business segment Deutschland.Immobilien contains DI Projekte and DI Vertrieb as cash-generating units. The goodwill arising from the acquisition of RVM, the Jahn Group and the DSV Group was allocated to a cash-generating Industrial Broker unit (called RVM in the previous year), which in turn is allocated to the reportable Industrial Broker segment. The cash-generating unit Industrial Broker (referred to RVM in the previous year) is presented in the new, reportable Industrial Broker segment. Cash-generating units were allocated the following goodwill values arising from business combinations:

All figures in €'000	Dec. 31, 2022	Dec. 31, 2021
Financial Consulting	22,042	22,042
Occupational pension provision	9,955	9,955
ZSH	4,072	4,072
Financial Consulting*	**36,069**	**36,069**
FERI Asset Management	56,032	56,032
FERI	**56,032**	**56,032**
DOMCURA	5,663	5,663
DOMCURA	**5,663**	**5,663**
DI Projects	11,716	14,564
DI Sales	12,974	12,974
Deutschland.Immobilien	**24,690**	**27,538**
Industrial Broker	13,917	13,458
Industrial Broker	**13,917**	**13,458**
Total	**136,371**	**138,760**

*Previous year's figures adjusted due to changes in segment reporting.

The goodwill resulting from the acquisition in the financial year (see Note 5) was taken into account in the annual impairment test.

The significant assumptions presented in the following were based on the impairment test performed.

Reportable Financial Consulting business segment

Financial Consulting		
Weighted average (in %)	**2022**	**2021**
Discount rate (before tax)	11.4	8.5
Growth rate of the terminal value	1,4	1.0
Planned EBT growth rate (relative average EBT increase per year)	5.0	39.2

Occupational pension provision		
Weighted average (in %)	**2022**	**2021**
Discount rate (before tax)	11.6	8.8
Growth rate of the terminal value	1.4	1.0
Planned EBT growth rate (relative average EBT increase per year)	16.6	5.1

ZSH		
Weighted average (in %)	**2022**	**2021**
Discount rate (before tax)	11.1	8.4
Growth rate of the terminal value	1.4	1.0
Planned EBT growth rate (relative average EBT increase per year)	119.6	41.2

Reportable FERI business segment

FERI Asset Management		
Weighted average (in %)	**2022**	**2021**
Discount rate (before tax)	13.7	12.7
Growth rate of the terminal value	1.4	1.0
Planned EBT growth rate (relative average EBT increase per year)	7.0	–15.0

Reportable DOMCURA business segment

DOMCURA		
Weighted average (in %)	**2022**	**2021**
Discount rate (before tax)	11.6	8.8
Growth rate of the terminal value	1.4	1.0
Planned EBT growth rate (relative average EBT increase per year)	7.8	6.3

Reportable Deutschland.Immobilien business segment

DI Projects		
Weighted average (in %)	**2022**	**2021**
Discount rate (before tax)	14.1	13.5
Growth rate of the terminal value	1.4	1.0
Planned EBT growth rate (relative average EBT increase per year)	–6.4	144.9

DI Sales		
Weighted average (in %)		
Discount rate (before tax)	11.6	8.4
Growth rate of the terminal value	1.4	1.0
Planned EBT growth rate (relative average EBT increase per year)	*	55.7

* Growth rates cannot be arithmetically determined due to a negative starting basis.

Reportable Industrial Broker business segment

Industrial Broker		
Weighted average (in %)	**2022**	**2021**
Discount rate (before tax)	11.1	8.4
Growth rate of the terminal value	1.4	1.0
Planned EBT growth rate (relative average EBT increase per year)	20.8	*

* Growth rates cannot be arithmetically determined due to a negative starting basis.

As in the previous year, MLP does not expect any significant restrictions due to the global COVID 19 pandemic in the underlying assumptions. The partly drastic effects of the Ukraine conflict on the geopolitical and macroeconomic situation have been incorporated into the underlying assumptions and parameters; MLP also assumes certain uncertainties for the further business development as a result of this. Due to the general conditions, no further economic recovery can be assumed in 2023. The capitalisation rate is made up of a risk-free interest rate of 2.00 % (previous year: 0.20 %), a market risk premium of 7.18 % (previous year: 7.19 %), as well as an individual beta for each cash-generating unit in the range from 0.92 to 1.15 (previous year: 0.85 to 1.21).

The war in Ukraine, high inflation, the turnaround in interest rates and the associated rise in financing costs, coupled with falling real wages and a general slowdown in economic momentum, pose considerable challenges for the German real estate sector. New construction in Germany and thus the project business of Deutschland.Immobilien is particularly affected by these developments. Current developments show that the transaction volume on the real estate market has fallen significantly. Due to the significant deterioration in the general market conditions since the MLP planning period, the planning of the Deutschland.Immobilien Group on which the annual impairment test was based was adjusted retrospectively. As a result, there was a need for impairment of € 2,848 thsd for the capitalised goodwill within the new reportable segment Deutschland.Immobilien for the cash-generating unit DI Projekte as of December 31, 2022. The value in use of the cash-generating unit DI Projects amounts to € 19,561 thsd as of December 31, 2022.

Within the scope of its impairment testing MLP conducted sensitivity analyses. A so-called adverse scenario was developed in order to simulate an economic downturn that potentially continues beyond the year 2023. This scenario leads to a reduction of the planned annual results before taxes in the four detailed planning years of up to 29 % in the cash-generating units FERI Asset Management and Financial Consulting. In this respect, a corresponding reduction in the planned EBT in these two cash-generating units was examined (in the previous year, a reduction in the planned EBT growth rates by 25 % was examined as an adverse scenario). The reduction of the planned results before taxes does not lead to the carrying amount exceeding the fair value in any cash-generating unit.

In addition to this, the effects of increasing the discount interest rates by 100 basis points (previous year 100 basis points). Furthermore, a reduction of the growth rates in the terminal value from 1.4 % to 1.0 % (previous year: 0) was examined. The increase in discount interest rates as well as the decrease in terminal value growth rates would result in the carrying amount exceeding the fair value for the cash-generating unit DI Projekte and for the cash-generating unit Industrial Broker; However, this would not account for a significant proportion of total goodwill.

The items software (in-house), software (purchased), advance payments and developments in progress contain own work performed within the context of developing and implementing software. In the financial year 2022, own services with a value of € 0 thsd were capitalised (previous year: € 225 thsd). All development and implementation costs incurred complied in full with the criteria for capitalisation pursuant to IAS 38 "Intangible assets".

The item "Other intangible assets" essentially contains acquired trademark rights, client relationships/existing contracts with a defined term, as well as indefinite-lived trademark names acquired within the scope of company acquisitions. In view of the recognition of these trademarks, at present no definite end of their useful lives can be specified.

The acquired trademarks are attributed to the following cash-generating units:

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

All figures in €'000	2022	2021
FERI Asset Management	15,829	15,829
FERI	15,829	15,829

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

All figures in €'000	2022	2021
DOMCURA	7,023	7,023

There are no restraints on disposal or pledges with regard to intangible assets. Contractual obligations for the purchase of intangible assets have a net total of € 128 thsd as of December 31, 2022 (previous year: € 279 thsd).

24 Property, plant and equipment

All figures in €'000	Land, leasehold rights and buildings*	Other fixtures, fittings and office equipment*	Payments on account and assets under construction*	Total
Acquisition/manufacturing costs				
As of Jan. 1, 2021	**92,838**	**53,446**	**124**	**146,408**
Additions	662	3,678	527	4,867
Addition to the scope of consolidation*	13	228	–	241
Disposals	–369	–1,960	–6	–2,335
Transfers	108	12	–120	–
As of Dec. 31, 2021	**93,252**	**55,404**	**524**	**149,181**
Translation effects	–	12	–	12
Additions	10,353	5,224	1,101	16,678
Addition to the scope of consolidation*		214		214
Disposals	–61	–2,516	–26	–2,603
Transfers	409	460	–868	–
As of Dec. 31, 2022	**103,952**	**58,798**	**731**	**163,482**
Depreciation and impairments				
As of Jan. 1, 2021	**32,385**	**39,017**	**–**	**71,403**
Depreciation	2,185	4,123	–	6,308
Addition depreciation	–	–	–	–
Impairment	603	–	–	603
Disposals	–369	–1,941	–	–2,310
As of Dec. 31, 2021	**34,804**	**41,200**	**–**	**76,005**
Translation effects	–	3	–	3
Depreciation	2,276	4,706	–	6,983
Addition depreciation	–	22	–	22
Impairment	–	–	–	–
Disposals	–61	–2,508	–	–2,569
As of Dec. 31, 2022	**37,020**	**43,423**	**–**	**80,443**
Carrying amount Jan. 1, 2021	60,453	14,429	124	75,005
Carrying amount Dec. 31, 2021	**58,448**	**14,204**	**524**	**73,176**
Carrying amount Jan. 1, 2022	58,448	14,204	524	73,176
Carrying amount Dec. 31, 2022	**66,933**	**15,375**	**731**	**83,039**

*excluding leases

Useful lives of property, plant and equipment

	Useful life/residual value Dec. 31, 2022	Useful life/residual value Dec. 31, 2021
Administration buildings	33 years to residual value (30 % of original cost)	33 years to residual value (30 % of original cost)
Land improvements	15-25 years	15-25 years
Leasehold improvements	10 years or duration or the respective tenancy agreement	10 years or duration or the respective tenancy agreement
Furniture and fittings	4 - 25 years	8 - 25 years
IT hardware	3 - 11 years	3 - 11 years
Office equipment, office machines	3 - 23 years	3 - 23 years
Cars	2 - 6 years	2 - 6 years
Other means of transport	6 - 7 years	–
Works of art	15 - 20 years	15 - 20 years

Depreciation/amortisation and impairment of property, plant and equipment are disclosed in Note 17.

The addition to the item Land, leasehold rights and buildings mainly results from the acquisition of the property used and previously rented by DOMCURA Aktiengesellschaft. The lease agreement previously accounted for in accordance with IFRS 16 ceased to apply with the acquisition.

The payments on account and assets under construction refer exclusively to acquired property, plant and equipment. There are no restraints or pledges with regard to property, plant and equipment. Contractual obligations for the purchase of property, plant and equipment amount to € 650 thsd net as of December 31, 2022 (previous year: € 248 thsd).

Leases

Rights of use from leases are disclosed under the "property, plant and equipment" item. As of December 31, 2022, rights of use of € 53,514 thsd are in place (previous year: € 54,923 thsd), € 50,859 thsd (previous year: € 52,186 thsd) thereof is attributable to rented properties, € 2,366 thsd (previous year: € 2,351 thsd) to vehicle leases and € 290 thsd (previous year: € 386 thsd) to operating and office equipment.

In the financial year, rights of use from leases developed as follows. There were additions of € 14,156 thsd (previous year: € 18,379 thsd) and disposals of € 6,385 thsd (previous year: € 2,338 thsd). Amortisation of rights of use from leases of € 3,787 thsd (previous year: € 1,630 thsd) were recognised in the financial year. The changes are mainly due to rented properties. Translation effects increased the rights of use from leases by € 134 thsd (previous year: € 0 thsd) and resulted in particular from the appreciation of the Swiss franc against the euro.

Depreciation/amortisation and impairment are disclosed in Note 17.

In the financial year 2022 some properties were sublet, resulting in an income of € 446 thsd (previous year: € 367 thsd).

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

All figures in €'000	Up to 1 year	1 – 5 years	>5 years	Total
Sublettings 2022	206	194	–	400
Sublettings 2021	140	252	–	392

25 Receivables from clients in the banking business

Receivables from clients in the banking business

All figures in €'000	Dec. 31, 2022	Dec. 31, 2021
Originated loan	856,879	666,139
Corporate bond debts	182,440	180,540
Receivables from credit cards	94,560	94,655
Receivables from current accounts	25,043	21,864
Receivables from wealth management	1,089	1,153
Other	1,691	8,051
Total, gross	**1,161,702**	**972,401**
Impairment	–12,408	–10,999
Total, net	**1,149,294**	**961,402**

As of December 31, 2022 receivables (net) with a term of more than one year remaining to maturity are € 474,205 thsd (previous year: € 787,263 thsd).

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

Reconciliation statement for gross carrying amounts of receivables from clients in the banking business for 2022

All figures in €'000	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL – not credit impaired)	Stage 3 (lifetime ECL – impaired credits)	Purchased or originated credit-impaired financial instruments (POCI)	Total
As of Jan. 1, 2022	**895,368**	**65,970**	**11,032**	**31**	**972,401**
Transfer to Stage 1	40,078	–40,031	–47	–	–
Transfer to Stage 2	–23,619	23,646	–27	–	–
Transfer to Stage 3	–1,803	–1,358	3,161	–	–
Allocation	326,884	8,610	274	–	334,091
of which newly acquired or issued financial assets	209,323	6,933	–	–	216,256
of which existing business	117,560	1,678	274	–	–
Disposals	–143,518	–865	–2,079	–4	–146,467
of which derecognised financial assets	–79,145	–1,508	–1,238	–4	–81,894
of which existing business	–64,374	643	–345	–	–64,076
of which write offs	–	–	–497	–	–497
As of Dec. 31, 2022	**1,093,390**	**55,971**	**12,315**	**27**	**1,161,702**

Reconciliation statement for gross carrying amounts of receivables from clients in the banking business for 2021

All figures in €'000	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL – not credit impaired)	Stage 3 (lifetime ECL – impaired credits)	Purchased or originated credit-impaired financial instruments (POCI)	Total
As of Jan. 1, 2021	**818,466**	**59,325**	**12,300**	**39**	**890,130**
Transfer to Stage 1	26,102	–26,092	–10	–	–
Transfer to Stage 2	–26,071	26,073	–2	–	–
Transfer to Stage 3	–669	–187	856	–	–
Allocation	228,883	13,360	18	–	242,261
of which newly acquired or issued financial assets	152,056	11,878	–	–	163,934
of which existing business	–	–	–	–	–
Disposals	–151,343	–6,509	–2,130	–8	–159,990
of which derecognised financial assets	–100,815	–3,866	–1,155	–8	–105,844
of which existing business	–50,528	–2,643	–475	–	–53,646
of which write offs	–	–	–500	–	–500
As of Dec. 31, 2021	**895,368**	**65,970**	**11,032**	**31**	**972,401**

Receivables from clients in the banking business to collect contractual cash flows held by MLP are carried at amortised costs using the effective interest method. Assuming no bad debts are in place, all financial assets are recorded in Stage 1 on their date of acquisition and then written down over the next twelve months with an anticipated default.

If the credit risk increases significantly, a transfer from Stage 1 to Stage 2 is performed. This involves a calculation of the impairment on the basis of the expected credit loss over the entire remaining term. If there are objective indications of a credit impairment or a default status, the financial asset is recognised in Stage 3. See Note 7 for further details on the impairment methods used and calculation of the impairment.

A change in the determination of ratings in the private client business resulted in a positive one-off effect in the financial year, which led to a reduction in loan loss provisions in the amount of approximately € 1 million. Loan loss provisions for receivables from clients in the banking business developed as follows in the reporting year:

Reconciliation of expected credit losses 2022

All figures in €'000	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL – not impaired)	Stage 3 (lifetime ECL – impaired credits)	Purchased or originated credit-impaired financial instruments (POCI)	Total
As of Jan. 1, 2022	**2,060**	**4,473**	**4,464**	**2**	**10,999**
Transfer to Stage 1	69	–69	–	–	–
Transfer to Stage 2	–74	75	–1	–	–
Transfer to Stage 3	–7	–107	113	–	–
Allocation	700	3,121	3,287	–	7,108
of which newly acquired or issued financial assets	430	419	–	–	848
of which existing business	270	2,702	3,287	–	6,260
Disposals	–986	–3,141	–1,572	–	–5,698
of which usage	–	–	–990	–	–990
of which reversals	–986	–3,141	–582	–	–4,709
As of Dec. 31, 2022	**1,762**	**4,353**	**6,292**	**2**	**12,408**

Reconciliation of expected credit losses 2021

All figures in €'000	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL – not impaired)	Stage 3 (lifetime ECL – impaired credits)	Purchased or originated credit-impaired financial instruments (POCI)	Total
As of Jan. 1, 2021	**1,879**	**3,261**	**4,339**	**2**	**9,481**
Transfer to Stage 1	83	–83	–	–	–
Transfer to Stage 2	–131	131	–	–	–
Transfer to Stage 3	–4	–22	26	–	–
Allocation	916	2,963	989	–	4,868
of which newly acquired or issued financial assets	437	785	–	–	1,222
of which existing business	479	2,178	989	–	3,646
Disposals	–684	–1,777	–889	–	–3,350
of which usage	–1	–	–277	–	–278
of which reversals	–684	–1,777	–611	–	–3,071
As of Dec. 31, 2021	**2,060**	**4,473**	**4,464**	**2**	**10,999**

Loan loss provisions increased from € 10,999 thsd to € 12,408 thsd in the financial year. Loan loss provision on existing business increased by € 3,287 thsd (previous year: € 989 thsd) as a result of credit rating downgrades, as well as transfers to Stage 3. Of this amount, € 1,009 thsd was recognised as a post-model adjustment in order to absorb the possible risks from the Ukraine crisis and high inflation. Please refer to Note 7 for further explanations. Allocations to Stage 2 of € 3,121 thsd (previous year: € 2,963 thsd) are mainly attributable to credit rating downgrades resulting in a transfer from Stage 1 to Stage 2. These are offset by Stage 2 reversals of –€ 3,141 thsd (previous year: –€ 1,777 thsd) and Stage 3 reversals of € –1.572 thsd (previous year: € –889 thsd) as a result of credit rating upgrades.

Taking into account direct write-offs of € 497 thsd (previous year: € 500 thsd) as well as income recovered from written off receivables of –€ 262 thsd (previous year: –€ 273 thsd), allocations of € 7,108 thsd (previous year: € 4,868 thsd) and reversals of –€ 4,709 (previous year: –€ 3,071 thsd) recognised in income resulted in a net loan loss provision of € 2,634 thsd in the reporting year (previous year: € 2,023 thsd).

Qualitative and quantitative information on contributions from anticipated losses 2022

All figures in €'000	Max. default risk without taking into account collateral or other measures aimed at enhancing credit ratings as of Dec. 31, 2022	Financial instruments of Stage 1		Financial instruments of Stage 2		Financial instruments of Stage 3 and POCI	
		of which max. default risk of Stage 1	of which risk reduction by collateral*	of which max. default risk of Stage 2	of which risk reduction by collateral*	of which max. default risk of Stage 3 / POCI	of which risk reduction by collateral*
Receivables from clients in the banking business (AC)	1,149,294	1,090,235	299,717	53,004	17,268	6,054	295
Receivables from financial institutions in the banking business (AC)	753,225	753,225	–	–	–	–	–
Financial assets (AC)	208,134	205,751	–	2,384	–	–	–
Other receivables (AC)	200,875	–	–	196,052	–	4,824	–
Sureties and guarantees	2,602	2,505	–	51	–	23	–
Irrevocable credit commitments	123,359	120,751	–	2,422	–	0	–
Total	**2,437,489**	**2,172,466**	**299,717**	**253,913**	**17,268**	**10,901**	**295**

*Land charges are recognised as collateral to reduce the maximum default risk.

Qualitative and quantitative information on contributions from anticipated losses 2021

All figures in €'000	Max. default risk without taking into account collateral or other measures aimed at enhancing credit ratings as of Dec. 31, 2021	Financial instruments of Stage 1		Financial instruments of Stage 2		Financial instruments of Stage 3 and POCI	
		of which max. default risk of Stage 1	of which risk reduction by collateral*	of which max. default risk of Stage 2	of which risk reduction by collateral*	of which max. default risk of Stage 3 / POCI	of which risk reduction by collateral*
Receivables from clients in the banking business (AC)	961,402	893,024	210,914	61,777	16,572	6,601	465
Receivables from banks in the banking business (AC)	478,263	478,263	–	–	–	–	–
Financial assets (AC)	163,525	159,572	–	3,953	–	–	–
Other receivables (AC)	229,875	–	–	229,378	–	497	–
Sureties and guarantees	2,838	2,093	–	745	–	–	–
Irrevocable credit commitments	144,452	138,006	–	6,446	–	–	–
Total	**1,980,356**	**1,670,958**	**210,914**	**302,299**	**16,572**	**7,098**	**465**

*Land charges are recognised as collateral to reduce the maximum default risk.

As of the balance sheet date, the maximum default risk corresponds to the carrying amount after impairment of each of the categories of financial assets listed above. Credit impaired or defaulted receivables from clients in the banking business disclosed in Stage 3 as of December 31, 2022 of € 6,054 thsd (previous year: € 6,601 thsd) are secured by land charges of € 295 thsd (previous year: € 465 thsd). The maximum default risk of sureties, guarantees and irrevocable credit commitments corresponds to the face value of € 125,961 thsd (previous year: € 147,290 thsd).

The Group holds forwarded loans of € 136,998 thsd (previous year: € 125,665 thsd) in the form of collateral for liabilities due to refinancing banks.

Due to defaults of debtors, ownership of financial and non-financial assets of € 7 thsd (previous year: € 158 thsd) serving as collateral for originated loans and receivables, was acquired. The assets mainly concern receivables from claimed life insurance policies.

Information on the fair value of financial assets is provided in Note (38).

26 Receivables from financial institutions in the banking business

All figures in €'000	Dec. 31, 2022	Dec. 31, 2021
Due on demand	120,761	106,188
Other receivables	632,464	372,075
Total	**753,225**	**478,263**

All receivables from banks in the banking business are due from domestic credit institutions. As of December 31, 2022 receivables with a term of more than one year remaining to maturity are € 117,214 thsd (previous year: € 164,637 thsd). The receivables are not collateralised. At the closing date there are no receivables from banks which are overdue. As was the case in the previous year, there are no receivables with a high risk of default which are assigned to Stage 2 as of the closing date. All receivables from banks totalling to € 753,225 thsd (previous year: € 478,263 thsd) are disclosed in Stage 1 and an anticipated 12-month loss is determined. The anticipated losses on receivables from banks are € 172 thsd in the financial year (previous year: € 185 thsd). This leads to a net loan loss provision expense of –€ 13 thsd (previous year: net loan loss provision income of € 10 thsd).

Further information on receivables from financial institutions in the banking business is disclosed in Note 38.

27 Financial assets

All figures in €'000	Dec. 31, 2022	Dec. 31, 2021
By public-sector issuers	42,672	14,979
By other issuers	97,776	93,716
Debenture and other fixed income securities	**140,448**	**108,695**
Shares and certificates	2,331	481
Investment fund shares	2,782	9,098
Shares and other variable yield securities	**5,114**	**9,579**
Other investments (fixed and time deposits)	**77,598**	**64,888**
Investments in non-consolidated subsidiaries	**13,355**	**5,391**
Shares in associates (not at equity)	**2,566**	**2,817**
Investments	**4,477**	**3,878**
Total	**243,558**	**195,248**

As of December 31, 2022, there are debentures and other fixed income securities of € 110,006 thsd (previous year: € 92,933 thsd), one promissory note bond of € 10,000 thsd (previous year: € 10,000 thsd), as well as fixed-term deposits of € 10,000 thsd (previous year: € 20;000 thsd) with more than twelve months remaining to maturity.

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

All figures in €'000	Dec. 31, 2022	Dec. 31, 2021
AC	130,536	98,637
FVPL	9,912	10,057
Debenture and other fixed income securities	**140,448**	**108,695**
FVPL	3,107	9,579
Shares and other variable yield securities (FVPL)	**3,107**	**9,579**
FVOCI	2,006	–
Shares and other variable yield securities (FVOCI)	**2,006**	**–**
Fixed and time deposits (AC)	**77,598**	**64,888**
Investments in non-consolidated subsidiaries (N/A)	**13,355**	**5,391**
Shares in associates (not at equity) (N/A)	**2,566**	**2,817**
Investments (FVPL)	**4,477**	**3,878**
Total	**243,558**	**195,248**

Debentures and other fixed income securities with a net carrying amount of € 130,536 thsd (previous year: € 98,637 thsd) are measured at amortised costs. The anticipated 12-month loss on debentures and other fixed income securities measured at amortised costs is € 30 thsd in the financial year (previous year: € 41 thsd). The gross carrying amount of debentures measured at amortised cost in

Stage 1 is € 128,181 thsd (previous year: € 91,312 thsd). As of the closing date, three debentures are in place with increased default risk in Stage 2 and a lifetime expected loss of € 19 thsd (previous year: two debentures of € 65 thsd). Their gross carrying amount is € 2,404 thsd (previous year: € 7,432 thsd). Overall, the change from the previous year resulted in reversals of loan loss provisions in the amount of –€ 57 thsd (previous year: allocations to loan loss provisions in the amount of € 25 thsd).

In addition, debentures and other fixed income securities of € 9,912 thsd (previous year € 10,057 thsd) are measured at fair value through profit or loss in the financial year. This leads to valuation differences from exchange losses of –€ 155 thsd (previous year: –€ 2 thsd), which are also recognised in the valuation result. The changes to the fair value of fixed income securities triggered by a change in creditworthiness are –€ 14 thsd (previous year: € 9 thsd).

In the financial year 2022, shares and other variable yield securities of € 3,107 thsd (previous year: € 9,579 thsd) are measured at fair value through profit or loss. These are debt instruments that do not fulfil the cash flow criterion and therefore need to be measured at fair value through profit or loss. In the previous year the figure included investment funds of € 5,852 thsd, which were assigned to the "Hold and Sell" business model. These were sold in the financial year 2022. Calculation of the fair value results in valuation differences from price losses of –€ 959 thsd (previous year: price gains of € 1,347 thsd), which are recognised as remeasurement gains or losses.

In the financial year 2022, two equity stakes amounting to € 2,006 thsd were purchased, which are measured at fair value through other comprehensive income (FVOCI). At the time of acquisition, the optional recognition of market value fluctuations in other comprehensive income was chosen for both equity instruments. Thus, only dividends from these shares are recognised in the income statement under other income.

Write-downs of € 91 thsd and write-ups of € 16 thsd were recognised on the shares in non-consolidated subsidiaries. The impairment loss was recognised in other expenses and the write-up in other income.

The investments essentially comprised private equity investments. These are assigned to the "Hold" business model. They are debt instruments which do not satisfy the cash flow criterion and are measured at fair value of € 4,477 thsd (previous year: € 3,878 thsd). This results in gains from valuation differences of € 92 thsd (previous year: € 3,617 thsd), which are recognised as remeasurement gains or losses.

Assets pledged as collateral

As at the closing date, the availability of liquidity facilities provided by Deutsche Bundesbank is collateralised by marketable securities of € 68,339 thsd (previous year: € 45,539 thsd) with a face value of € 78,300 thsd (previous year: € 49,950 thsd).

For further disclosures regarding financial assets, please refer to Note 38.

28 Inventories

Inventories break down as follows:

All figures in €'000	Dec. 31, 2022	Dec. 31, 2021
Inventories – land	13,338	13,850
Inventories – buildings	38,561	20,754
Total	**51,899**	**34,605**

Due to the sale of residential units, € 30,625 thsd (previous year € 13,789 thsd) of inventories were accounted for as an expense in the item "Inventory changes" in the last financial year.

29 Other receivables and assets

All figures in €'000	Dec. 31, 2022	Dec. 31, 2021
Trade accounts receivable	107,241	139,822
Contractual assets	44,851	42,296
Refund receivables from recourse claims	20,818	21,149
Receivables from underwriting business	22,646	19,576
Receivables from MLP consultants	6,584	5,385
Advance payments	1,823	862
Other assets	48,066	37,934
Total, gross	**252,030**	**267,025**
Impairment	–14,300	–5,136
Total, net	**237,730**	**261,888**

As of December 31, 2022, other receivables and other assets (net) with a term of more than one year remaining to maturity are € 42,186 thsd (previous year: € 40,715 thsd). Other receivables of € 172,675 thsd are current receivables falling due in less than one year.

The main items included in trade accounts receivable are commission receivables from insurance companies. They are generally non-interest-bearing and have an average term of payment of 30 days.

Refund receivables from recourse claims are due to MLP consultants and branch office managers, as well as insurance companies.

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

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

All figures in €'000	2022	2021
As of Jan. 1	**35,596**	**37,453**
Additions from new contracts	6,622	7,254
Payments received	–7,512	–9,076
Change of transaction price	1,661	–
Gross receivable as of Dec. 31	36,366	35,632
Impairments pursuant to IFRS 9	**–34**	**–36**
As of Dec. 31	**36,332**	**35,596**

Revenue from the changed transaction price of € 1,661 thsd results from the adjustment of an estimation parameter.

The contractual assets of the newly acquired DSV result from the brokerage of unit-linked life insurance policies and developed as follows:

All figures in €'000	2022	2021
As of April 1	**979**	**–**
Additions from new contracts including contract initiation costs	114	–
Payments received	–384	–
Gross receivable as of Dec. 31	709	–
As of Dec. 31	**709**	**–**

The contractual assets relating to DI projects developed as follows:

All figures in €'000	2022	2021
As of Jan. 1	**5,493**	**3,209**
Additions from new contracts including contract initiation costs	53,077	18,109
Payments received	–47,606	–14,653
Gross receivable as of Dec. 31	10,964	6,665
Amortisation of contract initiation costs	**–3,188**	**–1,172**
As of Dec. 31	**7,776**	**5,493**

Figure includes contract initiation costs of € 724 thsd (previous year: € 907 thsd).

Other receivables and assets are usually not collateralised. With regard to receivables and other assets, which are neither impaired nor overdue, there are no signs at the closing date that debtors will not meet their payment obligations. On the closing date there were no receivables and other assets for which new terms were agreed and which would otherwise have been overdue or written down.

The allowances for other receivables and other assets have developed as follows in the financial year:

Development of impairments on other receivables and assets 2022

All figures in €'000	Stage 2	Stage 3	Total
As of Jan. 1, 2022	**2,489**	**2,647**	**5,136**
Changes to the scope of consolidation*	–	–	–
Allocation	2,006	8,116	10,122
Disposals	–565	–393	–958
of which usage	–196	–185	–380
of which reversal	–370	–209	–578
As of Dec. 31, 2022	**3,931**	**10,369**	**14,300**

Development of impairments on other receivables and assets 2021

All figures in €'000	Stage 2	Stage 3	Total
As of Jan. 1, 2021	**2,097**	**2,540**	**4,637**
Allocation	552	346	898
Disposals	–160	–657	–817
of which usage	–55	–373	–428
of which reversal	–105	–284	–389
As of Dec. 31, 2021	**2,489**	**2,647**	**5,136**

MLP uses the simplified approach described in IFRS 9.5.5.15 to determine the loan loss provisions on anticipated losses from other receivables. Based on this, these receivables are already assigned to Stage 2 during initial recognition and no estimate is performed regarding a significant increase of the credit risk. If the assets display any objective indications of credit impairments, they are transferred to Stage 3.

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

In cases where MLP institutes enforcement or where insolvency proceedings are imminent or have already started, receivables are written down based on empirical values. The same applies to receivables which are disputed and where legal action is pending.

Taking into account direct write-offs of € 132 thsd (previous year: € 423 thsd), allocations of € 10,122 thsd (previous year: € 898 thsd) and reversals of € 578 (previous year: € 389 thsd) recognised in income resulted in a net loan loss provision of € 9,676 thsd in the reporting year (previous year: € 932 thsd). The allocations in Stage 3 are largely attributable to the Deutschland.Immobilien segment. In addition to allocations attributable to the impending insolvency of the Convivo Group (€ 3,577 thsd), allocations to assets from the development and sale of real estate were also recognised (€ 4,368 thsd). As a consequence, additions from the Stage 2 portfolio valued using the loss rate approach increased (€ 1,518 thsd). As of December 31, 2022, the total volume of receivables recognised in Stage 2 is

€ 187,055 thsd (previous year: € 222,821 thsd). An impairment loss of € 3,931 thsd (previous year: € 2,489 thsd) was recognised for this. As of December 31, 2022, the total volume of receivables recognised in Stage 3 is € 14,544 thsd (previous year: € 3,243 thsd). There are objective indications of an impairment or default status for these receivables. An impairment loss of € 10,369 thsd was recognised for this (previous year: € 2,647 thsd)

Additional disclosures on other receivables and assets can be found in Note 38.

30 Cash and cash equivalents

All figures in €'000	Dec. 31, 2022	Dec. 31, 2021
Bank deposits and cash on hand	95,501	295,582
Deposits at Deutsche Bundesbank	865,731	1,082,225
Total	**961,231**	**1,377,807**

All cash and cash equivalents are assigned to Stage 1 and do not contain any holdings with increased default risk. As was the case in previous years, cash and cash equivalents include deposits at the Deutsche Bundesbank. In the financial year 2022, parts of the deposits at the Deutsche Bundesbank were transferred to longer-term investment products. This leads to a reduction in cash and cash equivalents. Changes in cash and cash equivalents during the financial year are shown in the statement of cash flow.

31 Shareholders' equity

All figures in €'000	Dec. 31, 2022	Dec. 31, 2021
Share capital	109,335	109,335
Treasury stock	–47	–21
Share capital	**109,288**	**109,314**
Capital reserves	150,052	150,445
Retained earnings	268,038	235,486
Statutory reserves	3,129	3,129
Other retained earnings and net profit	268,536	249,903
Gains/losses from changes in the fair value of financial assets	16	–
Revaluation gains/losses related to defined benefit obligations after taxes	–3,642	–17,546
Equity attributable to MLP SE shareholders	**527,379**	**495,245**
Non-controlling interests	**–1,855**	**986**
Total shareholders' equity	**525,524**	**496,231**

Share capital

As of December 31, 2022, the share capital of MLP SE is made up of 109,288.088 (previous year: 109,314,088) no-par-value shares with a par value of € 1 per share. 509,920 own shares were acquired in the financial year. These will be issued to MLP consultants and branch office managers within the scope of a share-based payment.

Authorised capital

A resolution passed by the Annual General Meeting on June 2, 2022 authorised the Executive Board, with the consent of the Supervisory Board, to increase the company's share capital by up to € 21,500,000 in exchange for cash or non-cash contributions on one or more occasions until June 1, 2027.

Acquisition of treasury stock

The Annual General Meeting on June 24, 2021, authorised the Executive Board to buy back own shares on one or more occasions with a pro rata amount of capital stock represented by such shares of up to € 3,600,000 until May 31, 2022. On November 18, 2021, the Executive Board at MLP SE approved a share buyback, which was carried out by MLP Finanzberatung SE. The shares were to be used exclusively for share-based payments under the 2021 participation programme. In addition, the Annual General Meeting on June 24, 2021 authorised the Executive Board to buy back own shares on one or more occasions with a pro rata amount of capital stock represented by such shares of up to € 3,150,000 until May 31, 2023. The buyback of shares for the 2022 participation programme starts in 2023. As of the balance sheet date, MLP Finanzberatung SE holds a residual number of 46,598 MLP SE shares with a nominal amount von € 1 (previous year: 20,598 MLS SE shares). Due to the dedicated use and short holding period of the shares, the company elected not to disclose detailed information as per §160 (1) No. 2 of the German Stock Corporation Act (AktG). Please refer to Note 36 for further details.

Capital reserves

The capital reserves include increases/decreases in capital stock in MLP SE from previous years. The capital reserves are subject to the restraints on disposal as per § 150 of the German Stock Corporation Act (AktG). The change in capital reserves in the financial year is the result of recording share-based payment in line with IFRS 2. For further details, please refer to Note 36.

Other retained earnings and net profit

Other retained earnings comprise retained earnings of the MLP Group and a reserve for treasury shares of € 682 thsd (previous year: € 326 thsd).

Gains/losses from changes in the fair value of financial assets

Retained earnings include gains or losses from the fair value measurement of equity instruments (FVOCI) amounting to € 16 thsd (previous year: € 0 thsd).

Revaluation gains/losses related to defined benefit obligations after taxes

The retained earnings contain losses from the revaluation of defined benefit obligations of € 5,175 thsd (previous year: € 24,919 thsd) and deferred taxes attributable to these of € 1,533 thsd (previous year: € 7,373 thsd).

Non-controlling interests

Non-controlling interests comprise minority interests held by third parties in the equity of subsidiaries MLP SE.

Appropriation of profits from the previous year

In the financial year, a dividend of € 32,786 was paid out. This corresponds to € 0.30 per share.

Proposed appropriation of profit

The Executive Board and Supervisory Board of MLP SE will propose a dividend of € 32,800 thsd (previous year: € 32,800 thsd) for the financial year 2022. This corresponds to € 0.30 (previous year: € 0.30) per share.

32 Provisions

Pension provisions

At MLP, executive members of staff have been granted direct pension benefits subject to individual contracts in the form of defined benefit plans which guarantee the beneficiaries the following pension payments:

- Old-age pension upon reaching 60, 62 or 65 years of age
- Disability pension
- Widow’s and widower's pension of 60 % of the pension of the original recipient
- Orphan’s benefit of 10 % of the pension of the original recipient

The benefit obligations are partially financed through reinsurance policies, which essentially fulfil the prerequisites of pension scheme assets.

The defined benefit obligation for retirement income, funded only by means of provisions, amounts to € 12,697 thsd (previous year: € 20,451 thsd). Reinsurance policies are in place for all other pension obligations (defined benefit obligation of € 26,032 thsd; previous year: € 38,240 thsd).

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

All figures in €'000	**Defined benefit obligation**		**Fair value of pension scheme assets**		**Net liability from defined benefit plans**	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
As of Jan. 1	**58,097**	**60,879**	**–26,852**	**–26,407**	**31,245**	**34,472**
Current service cost	422	456	–	–	422	456
Past service cost	–	1,652	–	–	–	1,652
Interest expenses (+)/ income (-)	578	405	–274	–204	304	201
Recognised in profit or loss	1,000	2,512	–274	–204	726	2,308
Actuarial gains (-)/ losses (+) from:						
financial assumptions	–16,439	–3,635	–	–	–16,439	–3,635
experience adjustments	–2,809	–14	–	–	–2,809	–14
Gains (-)/ losses (+) from pension scheme assets without amounts recognized as interest income	–	–	–256	–420	–256	–420
Gains (-)/ losses (+) from revaluations*	**–19,248**	**–3,649**	**–256**	**–420**	**–19,504**	**–4,069**
Contributions paid by the employer	–	–	–643	–605	–643	–605
Payments made	–1,715	–1,645	794	784	–921	–861
Other	**–1,715**	**–1,645**	**152**	**178**	**–1,563**	**–1,466**
As of Dec. 31	**38,135**	**58,097**	**–27,231**	**–26,852**	**10,904**	**31,245**

*Recognised in other comprehensive income

In addition to this, one asset value of € 236 thsd (previous year: € 241 thsd) does not satisfy the prerequisite for pension scheme assets as per IAS 19. To this end, matching coverage has been capitalised.

In total, € 5,219 thsd (previous year: € 3,389 thsd) of net liabilities recognised in the balance sheet are attributable to members of the Executive Board that were active on the reporting date.

With regard to net pension provisions, payments of € 1,878 thsd are anticipated for 2023 (previous year: € 1,696 thsd). Some € 1,083 thsd of this total (previous year: € 982 thsd) is attributable to direct, anticipated pension payments of the company, while € 794 thsd (previous year: € 714 thsd) is attributable to anticipated premiums for reinsurance policies.

Actuarial calculations incorporate the following assumptions:

	2022	2021
Assumed interest rate	3.80 %	1.00 %
Anticipated annual pension adjustment	2.2 %/3.0 %	1.7 %/2.5 %

The assumptions made regarding future mortality are based on published statistics and mortality tables (2018 G Heubeck mortality tables).

On December 31, 2022, the weighted average term of defined benefit obligations was 18 years (previous year: 18 years).

Due to the inflation trend, the pension level trend was raised by 0.5 % compared to the previous year.

Sensitivity analysis

If the other assumptions all remained the same, changes to one of the key actuarial assumptions, which would have been realistically possible on the closing date, would have influenced the defined benefit obligations by the following amounts:

All figures in €'000	Change of parameter	Reduction/ increase of defined obligation
	0.5 %	–4,479
Assumed interest rate	–0.5 %	2,769
	0.5 %	2,434
Pension trend	–0.5 %	–2,216
Mortality	80.0 %	2,746

In order to define the sensitivity of mortality, all mortality rates stated in the mortality table were reduced to 80 %. By extending life expectancy, this leads to an increase in the scope of defined benefit obligations. Although the analysis does not take into account the full distribution of anticipated cash flow based on the plan, it does provide an approximation of the sensitivity of the assumptions presented. A staff turnover of 0 % was taken into account in the calculation.

Alongside defined benefit plans, defined contribution plans are also in place. With these types of plans the company pays premiums to state or private pension insurance institutions in line with legal or contractual regulations or on a voluntary basis. The regular premiums paid for employees are disclosed as personnel expenses. In the financial year 2022 they total € 14,716 thsd (previous year: € 13,098 thsd).

Other provisions are made up as follows:

All figures in €'000	Dec. 31, 2022			Dec. 31, 2021		
	Current	Non-current	Total	Current	Non-current	Total
Cancellation risks	14,456	20,533	34,989	14,283	21,360	35,643
Bonus schemes	31,347	–	31,347	33,233	–	33,233
Litigation risks/ costs	890	6,906	7,796	4,331	16,324	20,655
Anniversaries	213	2,464	2,677	226	3,115	3,341
Share-based compensation	1,308	–	1,308	1,469	2,010	3,479
Claim settlement contributions/commission reductions	1,195	–	1,195	2,524	–	2,524
Provisions for expected credit losses	579	198	777	487	511	998
Economic loss	736	–	736	520	–	520
Phased retirement	349	370	719	358	346	704
Rent	31	–	31	57	–	57
Other	3,912	1,203	5,115	3,577	833	4,410
Total	**55,016**	**31,673**	**86,689**	**61,065**	**44,499**	**105,564**

Other provisions have changed as follows:

All figures in €'000	Jan. 1, 2022	Utilisation	Reversal	Compounding / Discounting	Allocation	Addition to the scope of consolidation	Netting	Dec. 31, 2022
Cancellation risks	35,643	–13,931	–	35	13,242	–	–	34,989
Bonus schemes	33,233	–31,912	–1,321	–	31,347	–	–	31,347
Litigation risks/ costs	20,655	–3,684	–9,616	41	400	–	–	7,796
Anniversaries	3,341	–244	–	–579	158	–	–	2,677
Share-based compensation	3,479	–1,393	–826	40	9	–	–	1,308
Claim settlement contributions/commission reductions	2,524	–1,357	–910	–	938	–	–	1,195
Provisions for expected credit losses	998	–	–753	–	532	–	–	777
Economic loss	520	–108	–171	–	495	–	–	736
Phased retirement	704	–360	–	5	369	–	–	719
Rent	57	–26	–	–	–	–	–	31
Other	4,410	–2,514	–673	4	8,036	7	–4,155	5,115
Total	**105,564**	**–55,528**	**–14,271**	**–454**	**55,527**	**7**	**–4,155**	**86,689**

The provisions for cancellation risks allow for the risk of having to refund earned commissions due to a premature loss of brokered insurance policies. Should this be the case, commissions already paid will be reclaimed from MLP consultants and branch office managers. See Note 29 for further details regarding reimbursement rights resulting from recourse claims.

Provisions for bonus schemes are recognised for client support commissions and incentive agreements for MLP consultants and branch office managers.

Provisions for litigation risks/costs are recognized to cover any remaining points relating to the purchase price settlement in connection with the acquisition of the DI Group and other risks as a result of current or pending litigation and legal disputes. The reversal of the provision in the financial year is essentially due to the reassessment of the risk from the purchase price settlement for the acquisition of the DI Group.

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

Special provisions are established for jubilee benefits for members of staff. The actuarial calculations are based on an assumed interest rate of 3.8 %.

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

The provision for anticipated losses from the lending business is recognised as a result of the impairment regulations pursuant to IFRS 9.

The provision for phased retirement is established for obligations resulting from partial retirement agreements.

Provisions for economic loss due to liability risks are offset by claims for reimbursement from liability insurance policies with a value of € 399 thsd (previous year: € 275 thsd).

Other provisions are recognised, inter alia, for obligations in connection with incentive trips.

The provisions classed as short-term are likely to be utilised within the next financial year. Payments for long-term provisions are essentially likely to be incurred within the next 2 to 51 years.

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

All figures in €'000	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL - not impaired)	Stage 3 (lifetime ECL - impaired credits)	Total
As of Jan. 1, 2022	**371**	**442**	**185**	**998**
Transfer to Stage 1	12	–12	0	–
Transfer to Stage 2	–8	9	0	–
Transfer to Stage 3	–0	–3	4	–
Allocation	117	117	278	512
of which newly acquired or issued financial assets	88	72	–	160
of which existing business	29	45	278	352
Disposals	–231	–376	–126	–733
of which usage/consumption	–	–	–	–
of which reversals	–231	–376	–126	–733
As of Dec. 31, 2022	**261**	**176**	**341**	**778**

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

All figures in €'000	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL - not impaired)	Stage 3 (lifetime ECL - impaired credits)	Total
As of Jan. 1, 2021	**283**	**341**	**29**	**653**
Transfer to Stage 1	10	–10	–	–
Transfer to Stage 2	–12	12	–	–
Transfer to Stage 3	–	–1	1	–
Allocation	233	368	183	783
of which newly acquired or issued financial assets	161	216	–	377
of which existing business	72	151	183	406
Disposals	–142	–268	–28	–438
of which usage/consumption	–	–	–	–
of which reversals	–142	–268	–28	–438
As of Dec. 31, 2021	**371**	**442**	**185**	**998**

33 Liabilities due to banking business

This summary includes the balance sheet items Liabilities due to clients in the banking business and Liabilities due to banks in the banking business.

All figures in €'000			Dec. 31, 2022			Dec. 31, 2021
	Current	Non-current	Total	Current	Non-current	Total
Liabilities due to clients	2,627,838	5,644	2,633,482	2,506,834	9,264	2,516,098
Liabilities due to banks	3,852	133,182	137,035	6,913	122,375	129,288
Total	**2,631,690**	**138,826**	**2,770,517**	**2,513,747**	**131,639**	**2,645,386**

The change in liabilities due to banking business is essentially attributable to the increase in short-term client deposits in current accounts.

As of December 31, 2022, liabilities due to clients from savings deposits with an agreed notice period of three months amounted to € 28,942 thsd (previous year: € 28,211 thsd).

The liabilities due to clients or due to other banks do not comprise any large individual items.

Further information on liabilities due to banking business is disclosed in Notes 38 and 39.

34 Other liabilities

All figures in €'000		Dec. 31, 2022			Dec. 31, 2021	
	Current	Non-current	Total	Current	Non-current	Total
Liabilities due to MLP consultants and branch office managers	54,141	13,957	68,098	62,177	15,798	77,975
Trade accounts payable	44,475	–	44,475	64,537	–	64,537
Liabilities due to banks and lenders	11,316	70,859	82,175	5,539	56,537	62,076
Leasing liabilities	11,905	43,257	55,162	12,543	43,644	56,187
Personnel-related liabilities	30,821	6,027	36,848	33,086	3,091	36,177
Liabilities due to underwriting business	31,421	–	31,421	30,270	–	30,270
Purchase price liabilities	1,523	–	1,523	2,452	–	2,452
Liabilities due to other taxes	5,360	–	5,360	7,883	–	7,883
Contract liabilities	–	–	–	421	–	421
Liabilities due to social security contributions	18	–	18	47	–	47
Other liabilities	23,612	4,405	28,017	25,143	7,125	32,268
Total	**214,592**	**138,505**	**353,097**	**244,098**	**126,195**	**370,292**

Liabilities due to MLP consultants and branch office managers represent unsettled and future commission claims. Usually they are non-interest-bearing and due on the 15th of the month following the settlement with the insurance company.

Leasing liabilities of € 55,162 thsd (previous year: € 56,187 thsd) include liabilities for lease payments on real estate of € 52,492 thsd (previous year: € 53,452 thsd), liabilities for lease payments on vehicles of € 2,380 thsd (previous year: € 2,348 thsd) and liabilities for lease payments for operating and office equipment of € 290 thsd (previous year: € 387 thsd). The total outflow of cash and cash equivalents for leases was € 13,841 thsd in the financial year 2022 (previous year: € 12,950 thsd).

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

The purchase price liabilities as of December 31, 2022, contain the variable purchase price liability from the acquisition of Limmat Wealth AG amounting to € 1,523 thsd. For further details, please refer to Note 37.

Other liabilities essentially comprise deferred obligations of € 7,922 thsd (previous year: € 15,535 thsd), deferred income of € 8,878 thsd (previous year: € 7,114 thsd) and commissions withheld from MLP consultants for cancellations of € 2,918 thsd (previous year: € 2,655 thsd). Commissions withheld are charged with interest. Their term is mainly indefinite.

MLP has agreed-upon and non-utilised lines of credit amounting to € 201,340 thsd (previous year: € 160,562 thsd).

Further disclosures on other liabilities can be found in Note 37 and 38.

35 Notes to the statement of cash flow

Changes in liabilities from financing activities

The liabilities from financing activities essentially comprise the long-term liabilities from the assumption/repayment of financing loans of € 69,650 thsd (previous year: € 58,221 thsd), as well as from leasing liabilities of € 55,162 thsd (previous year: € 56,187 thsd). The change in liabilities from the assumption/repayment of financing loans of € 11,429 thsd contains cash-relevant assumptions less repayments of € 9,793 thsd and non-cash interest of € 1,399 thsd. The change in leasing liabilities of –€ 1,024 thsd contains cash-relevant repayments of leasing liabilities of € 13,841 thsd, as well as other changes resulting from new leases and interest rate effects of € 12,817 thsd.

Cash and cash equivalents with a term to maturity of not more than three months are recorded under cash and cash equivalents. Cash equivalents are short-term financial assets which can be converted into cash at any time and which are only subject to minor value fluctuation risks.

Cash and cash equivalents

All figures in €'000	Dec. 31, 2022	Dec. 31, 2021
Cash and cash equivalents	961,231	1,377,807
Liabilities to banks due on demand (excluding the banking business)	–3,592	–3,854
Cash and cash equivalents	**957,640**	**1,373,953**

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.

Miscellaneous information

36 Share-based compensation

Participation programme

In the financial year 2008, MLP launched a participation programme for branch office managers, MLP consultants and employees in order to keep them loyal to the company in the long-term. The programme grants a certain number of phantom shares (stock appreciation rights – SARs) for branch office managers and MLP consultants based on their sales performance in the core fields of old-age provision, health insurance and wealth management, as well as for employees based on their position and gross annual income. The SARs of the 2008-2011 tranches were allocated in 2009-2012. The assessment period for determining the number of SARs allocated was the calendar year prior to the respective allocation. The total term of each tranche is 12 years and is broken down into 3 phases of 4 years each. The first year of phase 1 represents the assessment period, from which the number of phantom shares to be allocated is calculated. At the start of the second year, the phantom shares are then allocated. Payment of the phantom shares is made no earlier than at the end of the first phase, i.e. 3 years after allocation of the SARs. At the end of the first phase, employees can also choose not to receive payment for the SARs and instead continue to participate in phase 2 (turbo I phase). Only in this case will they receive additional bonus SARs. And anyone who is eligible but chooses not to receive payment at the end of phase 2, but rather continue to phase 3 (turbo II phase), will be granted further bonus SARs. All SARs are paid no later than at the end of phase 3. In the event of termination of employment, all entitlements granted up to this time expire, assuming they have not been vested beforehand. The SARs originally granted become vested at the end of the first phase, the bonus SARs of turbo I phase at the end of phase 2 and those of turbo II at the end of phase 3. Participation in the programme ends with termination of employment or disbursement of SARs.

The level of payment is based on the value of one MLP SE share at the time payment is requested. A share price guarantee is in place for all previous tranches, although this expires if the eligible participant decides to continue participation in the programme beyond phase 1. If an eligible participant decides to receive the payout to which he or she is entitled from the tranche once phase 1 has expired, the value he or she receives is based on either the share price guarantee or the current MLP SE share price (whichever is the higher value) multiplied by the number of phantom shares held from phase 1. At all other payout times, eligible participants receive the current share price multiplied by the number of vested phantom shares held.

If the contractual relationship with an eligible participant ends at a time before December 31 of the 12th year, he or she is only entitled to receive payment for vested phantom shares earned up to this time. Phantom shares allocated from vesting periods not yet completed are then forfeited.

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

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

All figures in €'000	Tranche 2009	Tranche 2010	Tranche 2011	Total
Holdings as of Jan. 1, 2022 (units)	–	57,642	88,975	146,617
SARs expired in 2022 (units)	–	–	–4,131	–4,131
Paid out in 2022 (units)	–	–57,642	–	–57,642
Holdings as of Dec. 31, 2022 (units)	–	–	84,844	84,844
Expenses recognised in 2022 (€'000)	–	–	9	9
Income recognised in 2022 (€'000)	–	–95	–731	–826
	–	–95	–722	–817
Expenses recognised in 2021 (€'000)	649	397	859	1,905
Income recognised in 2021 (€'000)	–31	–5	–2	–38
	618	392	857	1,867
Provision as of Dec. 31, 2021 (€'000)	–	1,469	2,010	3,479
Provision as of Dec. 31, 2022 (€'000)	–	–	1,311	1,311

The expense and the provision from the participation programme are recognised pro rata temporis throughout the individual phases (vesting period). The provision is measured at fair value through profit or loss. The provision accrued on the respective closing date depends on the price of the MLP SE share, the number of SARs issued and the length of the remaining vesting period.

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

Assuming all eligibility requirements are met, those MLP consultants entitled to participate are each granted a number of bonus shares, determined pursuant to the provisions of the participation programme (taking into account income tax effects where applicable). This number is calculated by dividing the "bonus amount" by the average closing price of the MLP SE share. The "bonus amount" is calculated on the basis of the MLP consultant's annual commission, as well as various performance factors. The key average closing auction price used for determining the number of bonus shares to be awarded is the arithmetic mean of the closing auction prices of the MLP SE share in XETRA trading on the Frankfurt Stock Exchange (or a comparable successor system that replaces XETRA) in the reference period comprising all trading days on the Frankfurt Stock Exchange from the start of January up to and including the end of February 2022. In the financial year, 483,520 shares were issued (previous year: 531,138). An expense of € 3,325 thsd (previous year: € 3,719 thsd) was recognised for the 2022 bonus amount in the consolidated financial statements with a reserve-increasing effect.

37 Contingent assets and liabilities, as well as other liabilities

As it is composed of companies operating in different lines of business, MLP is exposed to a variety of legal risks. These include, in particular, risks in the fields of warranty, taxes and litigation. The outcome of currently pending or future legal actions cannot be forecast with any degree of certainty and it follows that expenses could be incurred as a result of unexpected decisions, which has not been fully covered by loan loss provisions or insurance policies and which is liable to have a material impact on the business and its results. In MLP's opinion, decisions producing a major negative effect on the net assets, financial position and results of operations at the Group's expense are not anticipated with regard to the currently pending legal actions.

Reinsurance has been arranged for benefit obligations for branch office managers. Final liability for the benefit obligation lies with MLP in accordance with § 1 (1) Sentence 3 of the German Company Pension Law (BetrAVG). MLP does not currently anticipate any financial consequences as a result of this.

MLP Banking AG is a member in the depositors' guarantee fund of the Association of German Banks (BdB e.V.), Berlin, and in the Compensation Scheme of German Banks (EdB GmbH), also in Berlin. Obligations to make additional payments could potentially arise from the allocation obligation here.

On the balance sheet date, there are € 2,602 thsd (previous year: € 2,838 thsd) in contingent liabilities on account of sureties and warranties (face value of the obligation) and irrevocable credit commitments (contingent liabilities) of € 123,359 thsd (previous year: € 144,452 thsd). In terms of sureties and warranties, any utilisation remains unlikely as in the past. The irrevocable credit commitments are generally utilised. In addition to this, MLP has committed to taking over the 5 real estate projects in question itself if necessary as part of the real estate sales process. For two real estate projects, a cash outflow is likely and is forecast in the low double-digit million range. No significant cash outflow is expected for three other projects.

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

All figures in €'000	Up to 1 year	1 – 5 years	>5 years	Total
Outsourcing IT technology	23,847	20,959	–	44,806
Project development for ongoing building projects	43,115	–	–	43,115
Licence contracts	21,069	38,875	261	60,205
Land purchases contracted under a condition precedent	5,348	–	–	5,348
Other obligations	6,003	2,596	111	8,710
Purchase commitments	10,031	–	–	10,031
Total	**109,413**	**62,429**	**372**	**172,215**

As of December 31, 2021, other financial commitments were as follows:

All figures in €'000	Up to 1 year	1 – 5 years	>5 years	Total
Outsourcing IT technology	22,425	33,563	–	55,988
Project development for ongoing building projects	19,278	–	–	19,278
Licence contracts	19,271	39,371	8,972	67,614
Land purchases contracted under a condition precedent	4,552	569	–	5,121
Other obligations	6,148	3,737	258	10,143
Purchase commitments	1,843	–	–	1,843
Total	**73,517**	**77,240**	**9,230**	**159,987**

Lease contracts concluded in the financial year 2022 which were not included in the leasing liability as of December 31, 2022, as the lease only commences in the following year, will lead to future outflows of cash and cash equivalents of € 2,419 thsd (previous year: € 502 thsd).

38 Additional information on financial instruments

Classifications and fair values

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

							Dec. 31, 2022
	Carrying amount					Fair value	No financial instruments according to IFRS 9
All figures in €'000		Carrying amount corresponds to fair value	Stage 1	Stage 2	Stage 3	Total	
Financial assets at fair value through profit or loss (FVPL)	**17,496**	**270**	**325**	**9,912**	**6,989**	**17,496**	**15,921**
Financial assets (structured bonds)	9,912	–	–	9,912	–	9,912	–
Financial assets (investment fund shares)	3,107	–	325	–	2,782	3,107	–
Investments	4,477	270	–	–	4,207	4,477	–
Investments in non-consolidated subsidiaries	–	–	–	–	–	–	13,355
Shares in associates (not at equity)*	–	–	–	–	–	–	2,566
Financial assets measured at fair value (FVOCI)	**2,006**	**–**	**2,006**	**–**	**–**	**2,006**	**–**
Equity instruments(FVOCI)	2,006	–	2,006	–	–	2,006	–
Financial assets measured at amortised cost (AC)	**3,272,760**	**1,480,425**	**95,732**	**646,997**	**863,558**	**3,086,713**	**36,854**
Receivables from banking business – clients	1,149,294	119,958	–	–	863,558	983,516	–
Receivables from banking business – banks	753,225	120,762	–	620,115	–	740,878	–
Financial assets (fixed and time deposits)	67,605	67,605	–	–	–	67,605	–
Financial assets (loans)	9,993	9,993	–	–	–	9,993	–
Financial assets (bonds)	130,536	–	95,732	26,881	–	122,614	–
Other receivables and assets	200,875	200,875	–	–	–	200,875	36,854
Cash and cash equivalents	961,231	961,231	–	–	–	961,231	–
Financial liabilities measured at fair value	**1,523**	**–**	**–**	**–**	**1,523**	**1,523**	**–**
Other liabilities	1,523	–	–	–	1,523	1,523	–
Financial liabilities measured at amortised cost	**3,055,303**	**2,883,885**	**–**	**146,165**	**–**	**3,030,050**	**64,759**
Liabilities due to banking business – clients	2,633,482	2,598,896	–	32,899	–	2,631,794	–
Liabilities due to banking business – banks	137,035	202	–	113,267	–	113,469	–
Other liabilities	284,787	284,787	–	–	–	284,787	64,759
Sureties and warranties*	**2,602**	**2,602**	**–**	**–**	**–**	**2,602**	
Irrevocable credit commitments *	**123,359**	**123,359**	**–**	**–**	**–**	**123,359**	

*Off balance sheet items. Nominal value before loan loss provision

							Dec. 31, 2021
	Carrying amount					Fair value	No financial instruments according to IFRS 9
All figures in €'000		Carrying amount corresponds to fair value	Stage 1	Stage 2	Stage 3	Total	
Financial assets at fair value through profit or loss (FVPL)	**23,515**	**1,394**	**6,333**	**10,057**	**5,731**	**23,515**	**8,208**
Financial assets (structured bonds)	10,057	–	–	10,057	–	10,057	–
Financial assets (investment fund shares)	9,579	–	6,333	–	3,247	9,579	–
Investments	3,878	1,394	–	–	2,485	3,878	–
Investments in non-consolidated subsidiaries	–	–	–	–	–	–	5,391
Shares in associates (not at equity)*	–	–	–	–	–	–	2,817
Financial assets measured at amortised cost (AC)	**3,207,677**	**1,896,564**	**53,109**	**416,505**	**873,511**	**3,239,689**	**35,209**
Receivables from banking business – clients	961,402	121,000	–	–	873,511	994,511	–
Receivables from banking business – banks	478,263	106,189	–	370,839	–	477,028	–
Financial assets (fixed and time deposits)	54,890	54,890	–	–	–	54,890	–
Financial assets (loans)	9,998	9,998	–	–	–	9,998	–
Financial assets (bonds)	98,637	–	53,109	45,666	–	98,776	–
Other receivables and assets	226,680	226,680	–	–	–	226,680	35,209
Cash and cash equivalents	1,377,807	1,377,807	–	–	–	1,377,807	–
Financial liabilities measured at fair value	2,452	–	–	–	2,452	2,452	–
Other liabilities	2,452	–	–	–	2,452	2,452	–
Financial liabilities measured at amortised cost	**2,947,116**	**2,800,200**	**–**	**161,248**	**–**	**2,961,448**	**66,111**
Liabilities due to banking business – clients	2,516,098	2,494,812	–	37,737	–	2,532,549	–
Liabilities due to banking business – banks	129,288	3,658	–	123,511	–	127,169	–
Other liabilities	301,730	301,730	–	–	–	301,730	66,111
Sureties and warranties*	**2,838**	**2,838**	**–**	**–**	**–**	**2,838**	
Irrevocable credit commitments *	**144,452**	**144,452**	**–**	**–**	**–**	**144,452**	

*Off balance sheet items. Nominal value before loan loss provision

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. In the case of investments, acquisition costs represent a reasonable estimate of the fair value in some cases.

As of the balance sheet date there is no indication of fair values being lower than carrying amounts. There are also no plans to dispose of these investments.

On the reporting date, MLP held financial guarantees valued pursuant to IFRS 9 in the form of sureties and warranties of € 2,602 thsd (previous year: € 2,688 thsd). These financial guarantees are measured on the basis of the impairment provisions defined in IFRS 9. Impairments of € 24 thsd (previous year: € 88 thsd) resulting from this are disclosed under other provisions.

Determining fair value

Insofar as there is an active market for financial assets and financial liabilities, the prices of the market with the greatest trading volume on the closing date are used as the basis for determining the fair value.

In the case of investment shares, the redemption prices published by the capital management companies correspond to the fair value. If there is no active market on the closing date, the fair value is determined using recognised valuation models.

For shares in private equity companies that are disclosed under financial investments and holdings, the fair value is determined on the basis of the so-called net asset values of the respective investments as at the balance sheet date, which are determined and provided by the capital and fund management companies. For private equity companies with variable returns, the measurement is performed in line with the International Private Equity and Venture Capital (IPEV) Valuation Guidelines under the assumption of a full liquidation hypothesis.

For equity instruments of financial investments not listed on an active market, the fair value is generally determined on the basis of the gross rental method using non-observable parameters such as beta factors or risk-equivalent discount interest rates. If it is not possible to reliably determine the fair value, in particular due to a lack of necessary data on earning projections, equity instruments not listed on an active market are recognised at their acquisition costs, minus any impairments. As of the balance sheet date there is no indication of fair values being lower than carrying amounts. There are also no plans to dispose of these investments.

The valuation model for assets and liabilities assigned to tier 2 takes into account the present value of the anticipated future cash inflows/outflows throughout the remaining term, which are discounted using a risk-free discount rate. The discount rate is based on the current yield curve. The anticipated cash flows are adjusted for the effects of credit and default risks. When determining the fair value of financial investments, on the other hand, the discount rate is adjusted to include a credit spread.

The table below shows the valuation techniques that were used to determine tier 3 fair values, as well as the significant, non-observable input factors applied:

Type	Valuation technique	Significant, non-observable input factors	Relationship between significant, non-observable input factors and measurement at fair value
Receivables from banking business – clients with agreed maturity	The valuation model takes into account the present value of the anticipated future cash inflows/outflows throughout the remaining term, which are discounted using a risk-free discount rate. The discount rate is based on the current yield curve. Credit and default risks, administration costs and expected return on equity are taken into account when determining future cash flows.	Adjustment of cash flows by: • credit and counterparty default risks • administration costs • expected return on equity	The estimated fair value would increase (decrease) if: • the credit and default risk were to fall (rise) • the admin costs were to fall (rise) • the expected return on equity were to fall (rise).
Variable purchase price liability resulting from the acquisition of Limmat Wealth AG	Calculated on the basis of contractual agreements	• Growth in sales revenue as of December 31, 2023	The purchase price liability can develop as follows: • With growth in sales revenue < 23 %, the fair value is zero • 23 % to 30 % maximum € 1,000 thsd • With growth in sales revenue >30 %, the maximum fair value is € 1,523 thsd
Determining the fair value of private equity investments with variable returns	As per the IPEV Valuation Guidelines, measurement is performed at the net asset value under the assumption of a full liquidation hypothesis.	Net asset values of the respective investments	Direct correlation between change in net asset value and fair value
Determining the fair value of private equity investments	Measurement at the pro rata net asset value	Net asset values of the respective investments	Direct correlation between change in net asset value and fair value

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

All figures in €'000	2022	2021
Assets measured at amortised cost	9,524	9,428
Assets measured at fair value	6,872	8,054
Liabilities measured at amortised cost	–2,173	–2,439
Liabilities measured at fair value	–1,805	3,967

Net gains or net losses comprise gains and losses on fair value measurement through profit or loss, impairment losses and reversals of impairment losses, and gains and losses on the sale of the financial instruments concerned.

These items also include interest income and expenses, as well as dividends and income from financial assets derecognised in their entirety.

For financial instruments that were not measured at fair value through profit or loss, interest income of € 19,614 thsd (previous year: € 12,852 thsd) and interest expenses of € 3,757 thsd (previous year: € 2,524 thsd) were incurred.

For impairment losses, we refer to the note on the items "Receivables from the banking business", "Other receivables and assets" and "Financial investments". Commission income and expenses that were not included in the process for determining the effective interest rate can primarily be attributed to early repayment penalties to a negligible extent.

The maximum default risk of the financial instruments held by MLP corresponds to the carrying amount.

39 Financial risk management

With the exception of the disclosures in line with IFRS 7.35-39 (b), the disclosures on the type and severity of risks resulting from financial instruments (IFRS 7.31-42) are included in the risk report of the joint management report and in Note 37.

In the maturity analysis below, contractual cash inflows are shown with a plus-sign and contractual cash outflows with a minus-sign. For financial guarantees and credit commitments, the potential outflow of cash and cash equivalents is disclosed. The contractually agreed maturities do not correspond to the inflows and outflows of cash and cash equivalents actually expected – in particular in the case of the financial guarantees and credit commitments. Management of the default and liquidity risk is disclosed in the risk report of the joint management report. The tables below show the maturity structure of financial liabilities with their contractual terms to maturity:

Total cash flow (principal and interest) in €'000 as of Dec. 31, 2022

	Due on demand	Up to 1 year	1 to 5 years	More than 5 years	Total
Financial liabilities	**2,605,620**	**237,867**	**188,956**	**78,524**	**3,110,967**
Liabilities due to banking business – clients	2,590,011	19,847	8,826	4,160	2,622,843
Liabilities due to banking business – banks	15,609	5,435	41,626	74,365	137,035
Other liabilities	–	200,679	95,248	–	295,927
Leasing liabilities	–	11,906	43,257	–	55,162
Financial guarantees and credit commitments	**125,961**	**–**	**–**	**–**	**125,961**
Sureties and warranties	2,602	–	–	–	2,602
Irrevocable credit commitments	123,359	–	–	–	123,359
Total	**2,731,580**	**237,867**	**188,956**	**78,524**	**3,236,927**

Total cash flow (principal and interest) in €'000 as of Dec. 31, 2022

	Due on demand	Up to 1 year	1 to 5 years	More than 5 years	Total
Financial liabilities	**2,470,763**	**219,617**	**129,800**	**82,328**	**2,962,952**
Liabilities due to banking business – clients	2,466,501	23,717	12,616	1,243	2,504,076
Liabilities due to banking business – banks	4,263	4,124	39,816	81,085	129,288
Other liabilities	4,257	191,776	77,368	–	273,401
Leasing liabilities	–	12,543	29,905	13,738	56,187
Financial guarantees and credit commitments	**147,290**	**–**	**–**	**–**	**147,290**
Sureties and warranties	2,838	–	–	–	2,838
Irrevocable credit commitments	144,452	–	–	–	144,452
Total	**2,618,054**	**219,617**	**129,800**	**82,328**	**3,110,242**

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

The Executive Board and Supervisory Board have issued a Declaration of Compliance with the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG) and made it permanently available to shareholders on its website at https://mlp-se.com/investors/corporate-governance/declaration-of-compliance/ and in the corporate governance report included in this Annual Report.

41 Related parties

MLP has identified the persons listed in the following as management in key positions:

Executive Board	Mandates in other statutory Supervisory Boards of companies based in Germany	Memberships in comparable domestic and foreign supervisory bodies of commercial enterprises
Dr. Uwe Schroeder-Wildberg, Heidelberg Chairman Responsible for Strategy, Clients and Sales, Digitalisation, Marketing, Communication, Human Resources & Sustainability	• FERI AG, Bad Homburg v. d. Höhe (Chairman) • MLP Finanzberatung SE, Wiesloch (since January 1, 2022) (Chairman since January 12, 2022)	–
Reinhard Loose, Berlin Responsible for Compliance, Controlling, Internal Audit, IT, Accounting, Legal Affairs, Risk Management	• DOMCURA Aktiengesellschaft, Kiel • DI Deutschland.Immobilien AG, Hannover	–
Manfred Bauer, Leimen Responsible for Product Purchasing and Management, Infrastructure	• DOMCURA Aktiengesellschaft, Kiel (Chairman) • DI Deutschland.Immobilien AG, Hannover (Chairman)	• MLP Hyp GmbH, Wiesloch (Supervisory Board)

Supervisory Board	Mandates in other statutory Supervisory Boards of companies based in Germany	Memberships in comparable domestic and foreign supervisory bodies of commercial enterprises
Dr. Peter Lütke-Bornefeld, Everswinkel Chairman Formerly Chairman of the Executive Board of General Reinsurance AG, Cologne	• VHV Vereinigte Hannoversche Versicherung a. G., Hannover (Chairman) • VHV Holding AG, Hannover (Chairman) • MLP Banking AG, Wiesloch (Chairman) • VHV digital services AG, Hannover (chairman.) – since July 6, 2022	VAV Versicherung-AG, Vienna – since May 18, 2022
Dr. Claus-Michael Dill, Murnau Vice Chairman Formerly Chairman of the Executive Board at AXA Konzern AG, Cologne	• HUK-COBURG Holding AG, Coburg • HUK-COBURG Haftpflicht-Unterstützungskasse kraftfahrender Beamter Deutschlands a. G., Coburg • HUK-COBURG-Allgemeine Versicherung AG, Coburg • HUK-COBURG Lebensversicherung AG, Coburg • HUK-COBURG Krankenversicherung AG, Coburg	• CONVEX Group Ltd., Hamilton, Bermuda (Independent Non-Executive Director) • CONVEX Re Ltd., Hamilton, Bermuda (Independent Non-Executive Director) • CONVEX Insurance UK Ltd, London, UK (Independent Non-Executive Director) • CONVEX Europe SE, Luxembourg (Chairman) (since September 1, 2021)
Tina Müller, Düsseldorf (until June 2, 2022) Chief Executive Officer (CEO) at Douglas GmbH, Düsseldorf	–	• The Nu Company GmbH, Leipzig (Member of the Advisory Board)
Matthias Lautenschläger, Heidelberg Managing Partner at USC Heidelberg Spielbetrieb GmbH, Heidelberg Managing Partner at LEC Capital GmbH, Heidelberg	• wob AG, Viernheim • PREIG AG, Berlin	–
Sarah Rössler, Heiden (Switzerland) (since June 2, 2022)	• VHV Holding AG, Hannover • VHV Vereinigte Hannoversche Versicherung a.G., Hannover • VHV Allgemeine Versicherung AG, Hannover Hannoversche Lebensversicherung AG, Hanover	Member of the Shareholders' Committee at Thüga GmbH & Co.KGaA
Monika Stumpf, Schriesheim Employees' representative (since January 1, 2021) Employee of MLP Finanzberatung SE, Wiesloch	• MLP Finanzberatung SE, Wiesloch (employees' representative)	–

Related persons

There were no significant changes in comparison with December 31, 2021.

Within the scope of the ordinary business, legal transactions were made between individual Group companies and members of the Executive Board and the Supervisory Board of MLP SE as well as related parties. The legal transactions are deposits received of € 3,060 thsd (previous year: € 8,058 thsd). The legal transactions were completed under standard market or employee conditions.

As of December 31, 2022, members of the Executive Bodies had current account credit lines, surety loans and loans totalling € 3,034 thsd (previous year: € 3,003 thsd). Surety loans are charged an interest rate of 1.0 % (previous year: 1.0 %), current account debits 6.25 % to 8.50 % (previous year: 6.25 % to 8.50 %) and loans 0.90 %.

The total compensation for members of the Executive Board active on the reporting date is made up of

- regular pay including fixed and variable components € 2,697 thsd (previous year: € 2,186 thsd);
- post-employment benefits € 717 thsd (previous year: € 751 thsd);
- other long-term benefits € 1,468 thsd (previous year: € 921 thsd).

In the financial year no members retired from the Executive Board. As of December 31, 2022, pension provisions of € 8,913 (previous year: € 19,476 thsd) were in place for former members of the Executive Board.

The members of the Supervisory Board received non-performance-linked compensation of € 576 thsd for their activities in 2022 (previous year: € 572 thsd). In addition, € 17 thsd (previous year: € 13 thsd) was paid as compensation for expenses and training measures.

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

Related companies

Alongside the consolidated subsidiaries, MLP SE comes into direct and indirect contact and has relations with a large number of companies within the scope of its ordinary business. This also includes subsidiaries, which are non-consolidated for reasons of materiality, as well as associates. All business dealings are concluded at conditions and terms customary in the industry and which as a matter of principle do not differ from delivery and service relationships with other companies. Payments to related companies for services performed essentially concern wealth management and consulting, as well as brokerage, sales and trailer commission.

Transactions were carried out with major related companies, which led to the following items in the consolidated financial statements:

Related companies 2022

All figures in €'000	Receivables	Liabilities	Income	Expenses
	Dec. 31, 2022		Jan. 1 - Dec. 31, 2022	
MLP Hyp GmbH, Wiesloch (associate)	2,542	55	17,266	1,180
Uniwunder GmbH, Dresden	–	216	417	8,107
FPE Private Equity Beteiligungs-Treuhand GmbH, Munich	1	–	20	–
FPE Private Equity Koordinations GmbH, Munich	–	–	10	–
FERI Private Equity GmbH & Co. KG, Munich	–	–	–	6
FERI Private Equity Nr. 2 GmbH & Co. KG, Munich	–	–	–	5
DIEASS GmbH, Kiel	–	14	11	14
innoAssekuranz GmbH, Kiel	137	–	1,600	–
DIFA Research GmbH, Berlin	–	501	27	24
WD Wohnungsverwaltung Deutschland GmbH, Hannover	320	–	89	–
Projekt Deutschland.Immobilien Tengen GmbH, Saarbrücken	1,347	360	2	–
Convivo Wohnparks Deutschland.Immobilien Wittmund GmbH & Co. KG, Hannover	60	–	14	–
Projekte Deutschland.Immobilien Bad Goegging GmbH, Neustadt a.d. Donau	16,619	–	902	–
30. Projekte Deutschland.Immobilien GmbH, Hanover	2,311	–	160	–
Grundstücksgesellschaft Berlin Methfesselstraße 29/31 GmbH & Co. KG, Berlin	22	–	–	10
Limmat Wealth AG, Zurich	12	–	122	–
RVM Verwaltungs GmbH, Stuttgart	–	17	–	20
Erich Schulz GmbH, Hamburg	72	–	–	–
Hartmann Versicherungsmakler GmbH, Mannheim	–	–	13	–
Hans L. Grauerholz GmbH, Hamburg	134	394	134	–
BIG Versicherungsmakler GmbH, Mannheim	–	9	154	–
Vetter Versicherungsmakler GmbH, Ulm	–	–	59	–
Allkuranz Versicherungsmakler GmbH & Co. KG, Münster	27	–	26	–
CP 135. Grundstücks GmbH & Co. KG, Bremen	707	–	3	–
asspario Versicherungsdienst GmbH, Bad Kreuznach	105	–	138	–
pxtra GmbH, Rostock	1,155	25	–	55
Dr. Schmitt Versicherungsmakler GmbH, Würzburg	45	–	45	–
Bavaria-Assekuranz Versicherungsmakler GmbH, Nuremberg	61	–	61	–
Total	**25,677**	**1,592**	**21,273**	**9,421**

Related companies 2021

All figures in €'000	Dec. 31, 2021		Jan. 1 - Dec. 31, 2021	
	Receivables	Liabilities	Income	Expenses
MLP Hyp GmbH, Wiesloch (associate)	3,257	71	20,161	1,050
Uniwunder GmbH, Dresden	–	190	303	5,504
FPE Private Equity Beteiligungs-Treuhand GmbH, Munich	1	–	61	–
FPE Private Equity Koordinations GmbH, Munich	–	–	40	–
FERI Private Equity GmbH & Co. KG, Munich	–	–	–	6
FERI Private Equity Nr. 2 GmbH & Co. KG, Munich	–	–	–	5
DIEASS GmbH, Kiel	–	14	11	14
innoAssekuranz GmbH, Kiel	101	–	1,299	–
DIFA Research GmbH, Berlin	1	640	5	646
WD Wohnungsverwaltung Deutschland GmbH, Hannover	198	–	7	–
Projekt Deutschland.Immobilien Tengen GmbH, Saarbrücken	446	360	2	–
Convivo Wohnparks Deutschland.Immobilien Wittmund GmbH & Co. KG, Hannover	29	–	0	–
Projekte Deutschland.Immobilien Bad Goegging GmbH, Neustadt a.d. Donau	12,136	–	446	–
30. Projekte Deutschland.Immobilien GmbH, Hanover	2,067	–	138	–
Grundstücksgesellschaft Berlin Methfesselstraße 29/31 GmbH & Co. KG, Berlin	1,517	–	155	–
Limmat Wealth AG, Zurich	12	–	–	–
Achte Projekte 2 Deutschland.Immobilien GmbH, Hanover	138	–	–	–
BIG Versicherungsmakler GmbH, Mannheim	–	–	114	–
Vetter Versicherungsmakler GmbH, Ulm	–	–	45	–
Allkuranz Versicherungsmakler GmbH & Co. KG, Münster	–	–	20	–
CP 135. Grundstücks GmbH & Co. KG, Bremen	44	–	44	–
Total	**19,946**	**1,275**	**22,852**	**7,225**

42 Auditor's fees

The total fees for services performed by the auditing firm BDO AG Wirtschaftsprüfungsgesellschaft in the financial year 2022 (including expenses, but excluding statutory value added tax) are as follows:

All figures in €'000	2022	2021
Audit services	902	682
Other audit-related services	8	0
Other services	7	0
Total	**917**	**682**

The item Audit services contains the fees for the audit of the consolidated financial statements and for the audit of the other legally stipulated financial statements of MLP SE and its subsidiaries. Of the audit services, € 160 thsd relate to the previous year.

Other certification services relate to the audit in accordance with the General Terms and Conditions of the Deutsche Bundesbank within the scope of the use of loan receivables as collateral for central bank loans for the calendar year 2021.

Other services relate to consulting services performed in 2022 for the implementation of the EU Taxonomy Regulation.

43 Disclosures on equity / capital control

The majority of IFRS shareholders' equity of the MLP Group is found in the companies comprised in a regulatory group (MLP Financial Holding Group) in accordance with CRR. As this MLP Financial Holding Group is controlled in accordance with the CRR on the basis of the own funds derived from the shareholders' equity, we consider capital control for the MLP Group to be fulfilled overall. For details, please refer to the management report, risk report, the sections entitled "Risk-bearing capacity & capital requirement" and "Capital adequacy requirements and capital control under banking supervisory law".

44 Number of employees

The average number of staff employed at the MLP Group increased from 2,058 in the financial year 2021 to 2,252 in the financial year 2022.

	2022			2021		
		of which executive employees	of which marginal part-time employees		of which executive employees	of which marginal part-time employees
Financial Consulting[1,3]	1,100	34	21	1,106	33	26
Banking	210	6	4	201	6	2
FERI	260	8	37	235	8	32
DOMCURA[3]	297	10	21	286	11	21
Deutschland.Immobilien[1]	113	–	7	94	–	6
Industrial Broker	249	19	9	132	6	7
Holding[1,2]	24	3	2	6	1	–
Total	**2,252**	**79**	**99**	**2,058**	**65**	**93**

[1] Previous year's figures adjusted due to changes in segment reporting. Further details can be found in Note 8.

[2] Previous year's figures adjusted due to changes in segment reporting. Further details can be found in Note 8.

[3] Previous year's figures adjusted due to merger of nordias GmbH Versicherungsmakler (DOMCURA segment) with and into ZSH GmbH (Financial Consulting segment).

An average of 117 people (previous year: 107) underwent vocational training in the financial year.

45 Events after the balance sheet date

In connection with the insolvency applications filed in January 2023 by parts of the companies in the Convivo Group, Deutschland.Immobilien recognised a 100 % impairment loss of € 3,577 thsd in the financial year 2022, mainly on outstanding commission receivables. Deutschland.Immobilien has recognised provisions of € 815 thsd for payments already received that are likely to be reclaimed by the insolvency administrator.

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

46 Release of consolidated financial statements

The Executive Board prepared the consolidated financial statements on March 13, 2023 and will present them to the Supervisory Board on March 22, 2023 for publication.

Wiesloch, March 13, 2023

MLP SE

Executive Board

Dr. Uwe Schroeder-Wildberg

Manfred Bauer

Reinhard Loose

47 Responsibility statement

To the best of our knowledge and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the company, and the joint management report gives a fair view of the performance of the business including business results and the overall position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company."

Wiesloch, March 13, 2023

MLP SE

Executive Board

Dr. Uwe Schroeder-Wildberg

Manfred Bauer

Reinhard Loose

Independent Auditor’s report

To MLP SE, Wiesloch

Report on the audit of the consolidated financial statements and of the joint management report

Opinions

We have audited the consolidated financial statements of MLP SE, Wiesloch, and its subsidiaries (the Group), which comprise the consolidated balance sheet as of December 31, 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from January 1, 2022 to December 31, 2022 as well as the notes to the consolidated financial statements, including a summary of significant accounting policies.

In addition, we have audited the joint management report (report on the situation of the company and of the Group) of MLP SE for the financial year from January 1, 2022 to December 31, 2022. In accordance with the German legal requirements we have not audited the content of the components of the joint management report referred to under "Other information".

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply in all material respects with the IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB), and in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of December 31, 2022, and of its financial performance for the financial year from January 1, 2022 to December 31, 2022, and
- the accompanying joint management report as a whole provides an appropriate view of the Group’s position. In all material respects, this joint management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the joint management report does not extend to the content of the components of the joint management report referred to under "Declaration of Corporate Governance".

Pursuant to Section 322 (3) Sentence 1 of the German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the joint management report.

BASIS FOR THE OPINIONS

We conducted our audit of the consolidated financial statements and of the joint management report in accordance with Section 317 of the German Commercial Code (HGB) and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW). Our responsibility in accordance with these regulations and principles is described in greater depth in the section "AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE JOINT MANAGEMENT REPORT". We are independent of the Group companies in accordance with European law and German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements.

In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the joint management report.

Key audit matters in the audit of the consolidated financial statements

Particularly important audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from January 1, 2022 to December 31, 2022. These audit matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

We have determined the following matters as the particularly important audit matters to be notified in our audit opinion:

1. Recoverability of goodwill
2. Realisation of commission income

IMPAIRMENT TESTING OF GOODWILL

Audit matter

Cash-generating units with goodwill are subjected to an impairment test by the Company at least once a year, as well as whenever there are indications of an impairment. Measurement is based on a valuation model using the so-called discounted cash flow method. If the carrying amount of a cash-generating unit lies above the recoverable amount, an impairment loss equal to the difference is effected.

Assessment of the recoverability of investments and goodwill is complex and requires numerous estimates and discretionary decisions on the part of the legal representatives, above all with regard to the level of the future cash flow surpluses, the growth rate for forecasting the cash flow beyond the detailed planning period and the discount interest rate to be employed. Due to the significance of the level of goodwill for the consolidated financial statements of MLP SE and the considerable uncertainties associated with its valuation, it represents a particularly important audit matter.

The disclosures of MLP SE regarding goodwill are contained in sections 7 "Accounting policies" and 23 "Intangible assets" of the Notes to the consolidated financial statements.

Audit approach

Within the scope of our audit, we assessed the appropriateness of the valuation method applied and of the key measurement assumptions for deriving the recoverable amount, as well as correct and continuous application of the valuation method, for which we incorporated our own valuation specialists.

To this end, we acquired an understanding of both the planning system and the planning process employed and can confirm its appropriateness. We have reconciled the forecast of future cash surpluses for the financial year 2023 with the corporate planning prepared by the legal representatives and discussed with the Supervisory Board. We discussed significant assumptions used in the planning with the legal representatives, as well as further persons responsible for planning. We confirmed the company's planning history based on an analysis of plan/actual deviations in the past and in the current financial year. We have reconstructed the assumptions underlying the planning and the growth rates assumed in the forecast for the perpetual annuity by comparing them with past developments and current industry-specific market expectations. In addition to this, we critically scrutinised the discount interest rates used on the basis of the average capital costs of a peer group. Our audit also encompassed the sensitivity analyses performed by MLP SE. We also performed our own sensitivity analyses with regard to the effects of possible changes in capital costs and the growth rates assumed. In addition to this, we confirmed the completeness and correctness of the notes on the recoverability of investments and goodwill.

REALISATION OF COMMISSION INCOME

Audit matter

The consolidated financial statements of MLP SE recognise revenue of EUR 913.8 million for the period from January 1, 2022 to December 31, 2022. Alongside interest income of EUR 21.2 million and proceeds from real estate development of EUR 50.2 million, this includes commission income of EUR 842.4 million. The range and level of commission income is largely taken from the notifications/statements of numerous insurance companies, fund companies, real estate developers and other external parties. The approach for reporting contractual data to the Group varies significantly between the various insurance companies, which leads to a complex handling process with various interfaces. The recognition of revenue is then performed either with reference to a point in time or a time period, depending on the respective contract arrangement and the pattern of receipt of the benefit of services provided to clients. The Group recognises revenue from pure brokerage services at a point in time, while revenue for services (particularly for sustainable services such as portfolio management, fund management) is recorded over a time period. In the case of time period-based services, manual commission accruals are performed as at the balance sheet date.

In the event of premature loss of brokered insurance policies, commission that has been earned needs be refunded in part (cancellation risk). In this respect, there is a variable transaction price, whose level is estimated on the basis of statistical empirical values for the risk of termination and death.

The materiality of commission income for presenting the results of operations in the consolidated financial statements, the complexity of the handling process, as well as the estimation uncertainties in terms of the level of commission income, represent a particularly important audit matter.

The disclosures of MLP SE regarding recognition of commission income are contained in the sections 7 "Accounting policies" and 9 "Revenue" of the Notes to the consolidated financial statements.

Audit approach

Within the scope of our audit, we used a test of design to gain extensive understanding of the processes and the internal control/monitoring system with regard to ensuring the existence and level of commission income and assessed the related control/monitoring measures to ensure their appropriateness and actual implementation. To this end, we analysed the process documentation and corresponding records, and also conducted surveys with employees from Commission Settlement and Accounting. At significant Group companies we then reviewed the effectiveness of selected control/monitoring measures for determining and ensuring the existence and the correct level of commission income, using performance tests.

In addition to this, we gained an understanding of the development of commission income over time on the basis of our analytical audit procedures within the scope of the statement-based audit procedures. In this regard, we formed our own expected values, set out limits for acceptable deviations and checked whether the recognised commission income in the reporting year is within a tolerable bandwidth - in particular on the basis of year-on-year comparisons and ratios. In addition to this, we collected a random sample of external confirmations for individual commission statements from insurance companies. We also took random samples and compared individual revenue transactions with the underlying invoicing data, as well as incoming payments. In the cases in which no commission statements from insurance companies were yet available at the time of preparing the consolidated financial statements, we confirmed the manual accrual postings for a conscious selection of transactions as at the balance sheet date.

We gained an understanding of how provisions for cancellation risks are calculated and the corresponding level of commission income is adjusted. We also assessed the relevant calculation parameters, in particular the cancellation rate applied, in terms of their appropriateness and compared them with information made available by the insurance companies.

Other information

The legal representatives or the Supervisory Board are responsible for the other information. The other information comprises:

- the separate nonfinancial report pursuant to § 289b (3) of the German Commercial Code (HGB), which is referred to in the joint management report and which will most likely be made available to use after the date of this audit opinion
- the Group Declaration of Corporate Governance contained in the section "Corporate Governance report - Declaration of Corporate Governance (§ 289f, § 315d HGB)" in the joint management report
- the disclosures made in the joint management report, the disclosures not included in the joint management report and the disclosures made in the appendix to the audit opinion
- the other parts of the annual report, with the exception of the audited consolidated financial statements and joint management report as well as our audit opinion

Our opinions on the consolidated financial statements and on the joint management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in so doing, to consider whether the other information

- displays significant inconsistencies with the consolidated financial statements, the joint management report or our findings obtained during the audit or
- appears to be otherwise materially incorrect.

Should we conclude on the basis of the work we have conducted that there is a material misstatement of this other information, we are obliged to report on this fact. We have nothing to report in this connection.

RESPONSIBILITIES OF THE LEGAL REPRESENTATIVES AND OF THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE JOINT MANAGEMENT REPORT

The legal representatives are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB) and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. Furthermore, the legal representatives are responsible for the internal checks that they have determined necessary to enable preparation of consolidated financial statements that are free from material misstatements as a result of fraud (i.e. manipulations of reporting and damage to property) or errors.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group’s ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for accounting on a going concern basis unless there is an intention to liquidate the group or to cease operations, or there is no realistic alternative to doing so.

Furthermore, the legal representatives are responsible for the preparation of the joint management report that, as a whole, provides an appropriate view of the Group’s position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the legal representatives are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a joint management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the joint management report.

The Supervisory Board is responsible for overseeing the Group’s financial reporting process for the preparation of the consolidated financial statements and of the joint management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE JOINT MANAGEMENT REPORT

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the joint management report as a whole provides a suitable view of the Group's position and is consistent, in all material respects, with the consolidated financial statements and the audit findings, complies with German legal requirements and suitably presents the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinions on the consolidated financial statements and the joint management report.in all material respects consistent with the consolidated financial statements and the findings of our audit.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 of the German Commercial Code (HGB) and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements may result from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of recipients taken on the basis of these consolidated financial statements and the joint management report.

We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also

- identify and assess the risks of material misstatements in the consolidated financial statements and in the joint management report as a result of fraud or error, plan and conduct audit activities in response to these risks and obtain audit certificates that are sufficient and suitable to use as the basis for our audit opinions. The risk of not detecting material misstatements resulting from fraud is higher than the risk of not detecting material misstatements resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misleading representations or override of internal controls.
- obtain an understanding of the internal control system relevant to the audit of the consolidated financial statements and of the arrangements and actions relevant to the audit of the joint management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those systems.
- assess the appropriateness of the accounting policies used by the legal representatives as well as the reasonableness of the estimates and related disclosures made by the legal representatives.
- draw conclusions about the appropriateness of the going concern basis of accounting used by the legal representatives and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit opinion to the related disclosures in the consolidated financial statements and the joint management report or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s

report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB).
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the joint management report. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our opinions.
- evaluate the consistency of the joint management report with the consolidated financial statements, its conformity with law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the legal representatives in the joint management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the legal representatives as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance, inter alia regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken safeguards applied to eliminate independence threats. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current reporting period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

REPORT ON THE AUDIT OF THE ELECTRONIC REPRODUCTIONS OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE JOINT MANAGEMENT REPORT FOR PUBLICATION PURSUANT TO SECTION 317 (3A) OF THE GERMAN COMMERCIAL CODE (HGB)

Opinion

We have performed assurance work in accordance with Section 317 (3a) of the German Commercial Code (HGB) to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the joint management report (hereafter the "ESEF documents) contained in the file "MLP_SE_KA_KLB-2022-12-31.zip" and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) of the German Commercial Code (HGB) for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the joint management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the joint management report contained in the above-mentioned electronic file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) of the German Commercial Code (HGB) for the electronic reporting format. Other than this opinion and our opinions on the accompanying consolidated financial statements and on the accompanying joint management report for the financial year from January 1, 2022 to December 31, 2022 included in the preceding "REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE JOINT MANAGEMENT REPORT", we do not express any opinion on the information contained in these reproductions or on the other information included in the aforementioned file.

Basis for the opinion

We conducted our assurance work of the reproductions of the consolidated financial statements and the joint management report contained in the above-mentioned file in accordance with Section 317 (3a) of the German Commercial Code (HGB) and in compliance with the IDW Assurance Standard: Assurance in accordance with Section § 317 (3a) of the German Commercial Code (HGB) on the electronic reproduction of financial statements and management reports prepared for publication purposes (IDW PS 410 (06.2022)). Accordingly, our responsibilities are further described in the section "Auditor’s responsibilities for the audit of the consolidated financial statements and of ESEF documents". Our audit firm has applied the requirements of the IDW Quality Management Standards, which implement the IAASB's International Standards on Quality Management.

Responsibilities of the legal representatives and of the Supervisory Board for the ESEF documents

The Company's legal representatives are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the joint management report in accordance with Section 328 (1) Sentence 4 No. 1 of the German Commercial Code (HGB) and for the tagging of the consolidated financial statements in accordance with Section 328 (1) Sentence 4 No. 2 of the German Commercial Code (HGB).

In addition, the Company's Management is responsible for the internal controls they consider necessary to enable the preparation of ESEF documents that are free from material - intentional or unintentional - non-compliance with the requirements of Section 328 (1) of the German Commercial Code (HGB) for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements and of ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material - intentional or unintentional - non-compliance with the requirements of Section 328 (1) of the German Commercial Code (HGB). We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also

- identify and assess the risks of material — intentional or unintentional — non-compliance with the requirements of Section 328 (1) of the German Commercial Code (HGB), design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- obtain an understanding of internal control relevant to the assurance of the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the electronic file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited joint management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction in accordance with Articles 4 and 6 of the Commission Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the annual general meeting on June 2, 2022. We were engaged by the Chairman of the Supervisory Board on June 3, 2023. We have been the group auditor of MLP SE without interruption since the financial year 2021.

- We declare that the opinions expressed in this auditor’s report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other matters — use of the auditor's report

Our auditor’s report should always be read in conjunction with the audited consolidated financial statements and the audited joint management report as well as the audited ESEF documents. The consolidated financial statements and the joint management report converted to ESEF format - including the versions to be entered in the company register - are merely electronic reproductions of the audited consolidated financial Statements and the audited joint management report and do not replace them. In particular, the ESEF report and our assurance opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

German public auditor responsible for the engagement

The German public auditor responsible for the engagement is Dr. Christopher Zilch.

Appendix to the audit opinion: Unaudited components of the joint management report

Unaudited components of the joint management report

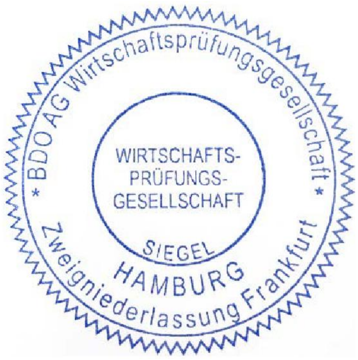
We did not audit the content of the following components of the joint management report:

- S. 1: The MLP Group - The partner for all financial matters
- S. 1: The MLP Group and its trademarks Deutschland.Immobilien, DOMCURA, FERI, MLP, RVM and TPC is the financial services provider for private, corporate and institutional clients. Special added value is created by networking the various perspectives and areas of expertise - enabling clients to reach better financial decisions.
- S. 1: An intensive transfer of knowledge and expertise takes place within the MLP Group.

- S. 1: MLP places great emphasis on the use of objective and transparent criteria and the independence of our product partners when selecting partners and products.
- S.2: As the underwriting agency, DOMCURA AG, which is based in Kiel, offers comprehensive non-life insurance coverage concepts for private and freelance clients and has established business relations with all relevant insurance companies/risk carriers in the German market. In this market, it is the largest underwriting agency for private non-life insurance and extends the added value chain of the MLP Group with its business model.
- S. 4: MLP Finanzberatung SE, which is based in Wiesloch, is one of the largest German financial services providers that operates as a broker. As such, it is independent of product interests and can focus fully on clients and their needs.
- S. 4: By adopting this approach, we enable our clients to reach better financial decisions.

Frankfurt am Main, March 22, 2023

BDO AG
Wirtschaftsprüfungsgesellschaft



Otte
Auditor

Dr. Zilch
Auditor

Executive Bodies of MLP SE

Executive Board

Dr. Uwe Schroeder-Wildberg, Chairman and CEO
Digitalisation,
Communication (incl. Investor Relations),
Clients and Sales,
Marketing,
Sustainability,
Human Resources,
Strategy
Appointed until December 31, 2027

Manfred Bauer
Infrastructure,
Product Purchasing and Management
Appointed until April 30, 2025

Reinhard Loose
Compliance,
Controlling,
Internal Audit,
IT,
Group Accounting,
Legal,
Risk management
Appointed until January 31, 2029

Supervisory Board

Dr. Peter Lütke-Bornefeld (Chairman)
Elected until 2023

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

Sarah Rössler
Elected until 2023

Matthias Lautenschläger
Elected until 2023

Alexander Beer
Employees' Representative
Elected until 2023

Monika Stumpf (Employees' Representative)
Elected until 2023

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Financial Calendar 2023

March

March 9, 2023

On this date, MLP published the operating results for the financial year 2022 and held its Annual Analyst Conference and Press Conference.

March 30, 2023

Publication of the Annual Report for the financial year 2022

MAY

May 11, 2023

Publication of the operating results for Q1 2023

June

June 29, 2023

Annual General Meeting of MLP SE

AUGUST

August 10, 2023

Publication of the operating results for H1 and Q2 2023

NOVEMBER

November 9, 2023

Publication of the financial results for the first nine months and third quarter of 2023

For questions, please contact

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For more information, visit: https://mlp-se.com/investors/financial-calendar

Imprint

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Executive Board
Dr. Uwe Schroeder-Wildberg (Chief Executive Officer)
Manfred Bauer
Reinhard Loose

Chairman of the Supervisory Board
Dr. Peter Lütke-Bornefeld

Commercial Register
Registergericht Mannheim HRB 728672

Value Added Tax Identification Number
DE 143449956

Appropriate Regulatory Authority

Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin)[1]
Graurheindorfer Str. 108
D-53117 Bonn
Marie-Curie-Str. 24-28
D-60439 Frankfurt am Main
www.bafin.de

[1] Appropriate regulatory authority according to German Banking Act (Kreditwesengesetz, KWG)

European Central Bank[2]
Sonnemannstraße 20
D-60314 Frankfurt am Main
www.ecb.europa.eu

[2] Appropriate regulatory authority according to CRR