Notes to the statement of financial position

20 Intangible assets

All figures in €'000	Goodwill	Software (developed inhouse)	Software (purchased)	Advance payments and developments in progress	Other intangible assets	Total
Acquisition costs						
As of Jan. 1, 2017	**94,964**	**13,037**	**105,510**	**492**	**57,848**	**271,851**
Additions	–	221	1,049	2,100	–	3,371
Disposals	–	–	-11,212	-35	-593	-11,839
Transfers	–	–	1,664	-1,664	–	–
As of Dec. 31, 2017	**94,964**	**13,259**	**97,011**	**893**	**57,255**	**263,382**
Additions	–	234	879	3,279	–	4,392
Disposals	–	–	-134	–	–	-134
Transfers	–	–	2,767	-2,767	–	0
As of Dec. 31, 2018	**94,964**	**13,493**	**100,523**	**1,405**	**57,255**	**267,640**
Depreciation and impairment						
As of Jan. 1, 2017	**3**	**9,737**	**74,301**	**–**	**19,392**	**103,432**
Depreciation	–	1,650	6,291	–	1,971	9,912
Impairment	–	–	–	–	–	–
Disposals	–	–	-11,207	–	-593	-11,800
As of Dec. 31, 2017	**3**	**11,387**	**69,385**	**–**	**20,770**	**101,544**
Depreciation	–	1,648	6,711	–	1,971	10,330
Impairment	–	–	–	–	–	–
Disposals	–	–	-126	–	–	-126
As of Dec. 31, 2018	**3**	**13,035**	**75,970**	**–**	**22,740**	**111,748**
Carrying amount Jan. 1, 2017	94,962	3,300	31,209	492	38,456	168,419
Carrying amount Dec. 31, 2017	**94,962**	**1,871**	**27,626**	**893**	**36,485**	**161,838**
Carrying amount Jan. 1, 2018	94,962	1,871	27,626	893	36,485	161,838
Carrying amount Dec. 31, 2018	**94,962**	**457**	**24,553**	**1,405**	**34,515**	**155,892**

Intangible assets comprise definite-lived and indefinite-lived assets. Depreciation/amortisation and impairment on intangible assets are presented in → Note 14.

Useful lives of intangible assets

	Useful life as of Dec. 31, 2018	Useful life as of Dec. 31, 2017
Acquired software / licences	3-7 years	3-7 years
Software created internally	3-5 years	3-5 years
Acquired trademark rights	-	-
Client relations / contract inventories	10-25 years	10-25 years
Goodwill / brand names	undefinable	undefinable

The **goodwill** originating from company acquisitions was allocated by MLP at the level of the cash-generating units. The disclosures take into account the demerger of MLP Finanzdienstleistungen AG performed in financial year 2017 within the former financial services business segment into the business segments of financial consulting and banking. 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 one DOMCURA cash-generating unit. Cash-generating units were allocated the following goodwill values arising from business combinations:

All figures in €'000	Dec. 31, 2018	Dec. 31, 2017
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	53,230	53,230
FERI	**53,230**	**53,230**
DOMCURA	5,663	5,663
DOMCURA	**5,663**	**5,663**
Total	**94,962**	**94,962**

As was already the case in the previous year, there was no need for an impairment of capitalised goodwill in financial year 2018. The significant assumptions presented in the following were based on the impairment test performed.

Reportable financial consulting business segment

Financial consulting		
Weighted average (in %)	2018	**2017**
Discount rate (before tax)	10.4	9.8
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	28.3	2.5
Occupational pension provision		
Weighted average (in %)	2018	**2017**
Discount rate (before tax)	10.9	9.8
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	3.6	4.6
ZSH		
Weighted average (in %)	2018	**2017**
Discount rate (before tax)	10.8	9.8
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	14.3	14.0

Reportable FERI business segment

FERI Asset Management		
Weighted average (in %)	2018	**2017**
Discount rate (before tax)	14.6	13.4
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	4.4	8.0

Reportable DOMCURA business segment

DOMCURA		
Weighted average (in %)	2018	**2017**
Discount rate (before tax)	10.9	9.9
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	1.5	-4.0

Within the scope of its impairment testing MLP carried out sensitivity analyses. These analyses examine the effects of an increase of discount interest rates by half a percentage point and the effects of a reduction of the forecast EBT growth by 4% (previous year: 1%). The sensitivity analyses showed that, from today's perspective, there are no impairment losses for recorded goodwill at any cash-generating unit, even under these assumptions.

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 2018, own services with a value of € 412 thsd were capitalised (previous year: € 306 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**" contains acquired trademark rights, client relationships/contract inventories with a defined term, as well as indefinite-lived brand names acquired within the scope of company acquisitions. In view of the recognition of these brands, at present no definite end of their useful lives can be specified.

The "FERI" brand is fully attributed to the cash-generating unit of the "FERI" reportable business segment:

All figures in €'000	2018	2017
FERI Asset Management	15,829	15,829
FERI	**15,829**	**15,829**

The "DOMCURA" brand is fully attributed to the cash-generating unit of the "DOMCURA" reportable business segment:

All figures in €'000	2018	2017
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 € 355 thsd as of December 31, 2018 (previous year: € 129 thsd).

21 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 costs				
As of Jan. 1, 2017	**78,590**	**59,105**	**392**	**138,087**
Additions	339	2,572	1,043	3,954
Disposals	-3,870	-8,506	-	-12,376
Transfers	575	197	-772	0
As of Dec. 31, 2017	**75,633**	**53,368**	**663**	**129,665**
Additions	16,173	3,448	2,616	22,237
Disposals	-634	-4,319	-126	-5,079
Transfers	483	2,583	-3,067	0
As of Dec. 31, 2018	**91,656**	**55,080**	**86**	**146,823**
Depreciation and impairment				
As of Jan. 1, 2017	**28,569**	**46,153**	**-**	**74,722**
Depreciation	2,008	3,373	-	5,381
Impairment	-	-	-	-
Disposals	-3,867	-8,432	-	-12,299
As of Dec. 31, 2017	**26,710**	**41,094**	**-**	**67,804**
Depreciation	2,119	3,512	-	5,630
Impairment	-	-	-	-
Disposals	-610	-4,271	-	-4,881
As of Dec. 31, 2018	**28,218**	**40,335**	**-**	**68,553**
Carrying amount Jan. 1, 2017	50,021	12,952	392	63,365
Carrying amount Dec. 31, 2017	**48,924**	**12,274**	**663**	**61,861**
Carrying amount Jan. 1, 2018	48,924	12,274	663	61,861
Carrying amount Dec. 31, 2018	**63,438**	**14,746**	**86**	**78,270**

Useful lives of property, plant and equipment

	Useful life/residual value Dec. 31, 2018	Useful life/residual value Dec. 31, 2017
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 of the respective tenancy agreement	10 years or duration of the respective tenancy agreement
Furniture and fittings	8-25 years	8-25 years
IT hardware, IT cabling	3-13 years	3-13 years
Office equipment, office machines	3-23 years	3-23 years
Cars	2-6 years	2-6 years
Works of art	15-20 years	15-20 years

Depreciation/amortisation and impairment of property, plant and equipment are disclosed in → Note 13.

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 € 491 thsd net as of December 31, 2018 (previous year: € 1,687 thsd).

22 Receivables from clients in the banking business

Receivables from clients in the banking business

All figures in €'000	Dec. 31, 2018	Dec. 31, 2017
Originated loan	432,114	389,613
Corporate bond debts	203,814	194,500
Receivables from credit cards	101,035	89,699
Receivables from current accounts	27,950	34,777
Receivables from wealth management	1,139	746
Other	3,998	–
Total, gross	**770,051**	**709,335**
Impairment	-9,024	-7,360
Total, net	**761,027**	**701,975**

As of December 31, 2018, receivables (net) with a term of more than one year remaining to maturity amount to € 643,219 thsd (previous year: € 515,338 thsd).

The gross carrying amounts of receivables from clients in the banking 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)	Purchased or originated credit-impaired financial asset (Stage 4)	Total
As of Jan. 1, 2018	**636,340**	**62,392**	**10,496**	**48**	**709,335**
Transfer in stage 1	28,151	-28,104	-46	-	-
Transfer in stage 2	-14,478	14,808	-330	-	-
Transfer in stage 3	-2,337	-2,655	4,992	-	-
Allocation	143,383	5,912	158	-	149,453
of which newly acquired or issued financial assets	114,162	5,912	0	-	120,075
of which existing business	26,077	-	158	-	26,235
Disposals	-77,727	-7,606	-3,403	-1	-88,737
of which financial assets derecognised in their entirety	-77,727	-4,532	-2,718	-1	-84,978
of which existing business	-	-3,074	-	-	-3,074
of write offs	-	-	-685	-	-685
As of Dec. 31, 18	**713,391**	**44,746**	**11,867**	**46**	**770,051**

Receivables from clients in the banking business to collect contractual cash flows held by MLP are carried at amortised cost 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. In the financial year, there were receivables of € 46 thsd where there was already an indication of impairment on the date of acquisition (POCI - purchased or originated credit-impaired financial assets).

If the credit risk increases significantly, a transfer 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 an impairment or a default status, the financial asset is recognised in Stage 3. See → Note 6 for further details on the impairment methods used and calculation of the impairment.

Modifications were performed to three contracts in the reporting year. These are deferred redemption payments, as well as contractual period extensions. As such, they do not represent substantial modifications. The modification gain resulting from recalculation of the present values of the receivables throughout the contractual period is not presented in the statement of comprehensive income as it is not significant.

On the closing date, there were no receivables from clients in the banking business whose conditions were renegotiated and which would otherwise be overdue or written down (previous year: € 457 thsd).

Loan loss provisions for receivables from clients in the banking business developed as follows in the reporting year:

All figures in €'000	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL - impaired)	Stage 3 (lifetime ECL - impaired credits)	Purchased or originated credit-impaired financial asset (Stage 4)	Total
As of Jan. 1, 2018	**2,233**	**3,216**	**5,638**	**40**	**11,126**
Transfer in Stage 1	161	-161	0	–	
Transfer in Stage 2	-56	93	-37	–	
Transfer in Stage 3	-3	-204	207	–	
Allocation	682	1,422	1,728	–	3,832
of which newly acquired or issued financial assets	365	270	–	–	635
of which existing business	317	1,152	1,728	–	3,197
Disposals	-1,250	-2,006	-2,674	-4	-5,934
of which usage/consumption	-187	-127	-2,019	–	-2,333
of which reversal	-1,064	-1,879	-655	-4	-3,602
As of Dec. 31, 18	**1,768**	**2,359**	**4,862**	**36**	**9,024**

Loan loss provisions declined from € 11,126 thsd to € 9,024 thsd in the financial year. This can primarily be attributed to disposals of receivables from credit cards, as well as current accounts in Stage 3. There were also reversals from Stage 1 of € 1,064 thsd, as well as from Stage 2 of €- 1,879 thsd in the financial year. The reversals from Stage 2 are primarily the result of improvements to the anticipated default risk on receivables and the transfers to Stage 1 associated with this. These were offset against allocations from newly acquired or issued financial assets to Stage 2 of € 1,422 thsd and to stage 3 of € 1,728 thsd.

Taking into account direct write-offs of € 684 thsd as well as income recovered from written-off receivables of € 198 thsd, allocations of € 3,832 thsd and reversals of € 3,601 thsd recognised in income resulted in a net loan loss provision of € 255 thsd in the previous year.

Qualitative and quantitative information on contributions from anticipated losses

All figures in €'000	Max. default risk without taking into account collateral or other credit enhancement factors as of Dec. 31, 2018	Financial instruments of Stages 3 and 4			
		of which max. default risk of Stage 3 / 4	of which risk reduction by collateral	of which risk reduction through netting agreements as per IAS 32	of which risk reduction through other credit enhancements*
Receivables from clients (AC)	761,027	15,844	1,559	–	–
Receivables from banks (AC)	694,210	–	–	–	–
Financial assets (AC)	159,480	–	–	–	–
Other receivables (AC)	81,315	3,890	–		
4,719	178	–			
54,667	10	–			
Total	**1,755,418**	**19,922**	**1,559**	**–**	**–**

*Financial guarantees; credit derivatives; netting agreements not qualified according to IAS 32 (see also IFRS 7B8G)

As of the balance sheet date, the maximum default risk corresponds to the carrying amount of each of the categories of financial assets listed above. The written down or defaulted receivables disclosed in Stage 3 as of December 31, 2018 of € 15,844 thsd are secured with customary banking collaterals of € 1,559 thsd. The maximum default risk of contingent liabilities and irrevocable credit commitments corresponds to the face value of € 59,386 thsd.

The Group holds forwarded loans of € 81,295 thsd (previous year: € 60,283 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 € 1,361 thsd (previous year: 784 thsd) serving as collateral for originated loans and receivables was acquired. The assets mainly concern property and receivables from claimed life insurance policies.

Information on the fair value of financial assets is provided in → Note 35.

Comparative information pursuant to IAS 39

The analysis of the carrying amount, as well as the age structure of receivables from clients in the banking business that are neither overdue nor written down is as follows as of December 31, 2017:

All figures in €'000	Gross value	Of which financial assets	Financial assets, neither impaired nor overdue	Financial assets, not impaired but overdue within the following time span			Receivables, not impaired but overdue
				< 90 days	90–180 days	> 180 days	
Receivables from clients (gross) as of Dec. 31, 2017	709,335	709,335	702,239	1,631	268	556	2,455

Receivables for which no specific allowance has been made but which are overdue as of December 31, 2017 of € 2,455 thsd are secured with customary banking collaterals.

Receivables from clients due to originated loans are partly secured by mortgages (December 31, 2017: € 107,500 thsd; previous year: € 94,018 thsd), assignments (December 31, 2017: € 53,314 thsd; previous year: € 46,466 thsd) or liens (December 31, 2017: € 26,849 thsd, previous year: € 20,280 thsd). Receivables from current accounts and credit cards are generally not collateralised. With regard to receivables from the banking business which are neither impaired nor overdue, there were no signs at the closing date that debtors will not meet their payment obligations.

Receivables from clients in the banking business for which new terms were agreed and which would otherwise have been overdue or impaired were € 457 thsd on the closing date (previous year: € 0 thsd).

Loan loss provisions due to receivables from clients in the banking business developed as follows in the previous year:

All figures in €'000	Allowances for losses on individual account 2017	Impairment loss on portfolio basis 2017	Total 2017
As of Jan. 1	**2,667**	**5,457**	**8,124**
Allocation	645	113	758
Utilisation	–373	–652	–1,025
Reversal	–126	–371	–497
As of Dec. 31	**2,813**	**4,547**	**7,360**
of which allowances for bad debts measured at amortised cost	2,813	4,547	7,360

For reasons of materiality, a decision was taken not to determine the interest income from impaired receivables from clients (unwinding) in accordance with IAS 39.A93 (Unwinding).

Taking into account direct write-offs of € 517 thsd, income from written-off receivables of € 283 thsd, as well as revenue from the reversal of provisions of € 63 thsd, total allocations and reversals recognised in income resulted in a net loan loss provision of € 432 thsd in the previous year.

Receivables for which specific allowances have been made were € 4,642 thsd in the previous year. For a partial amount of € 1,935 thsd, the impairment loss was less than 50 % of the gross receivable, while the remaining volume was written down by more than 50 %. The impairment was € 2,813 thsd. This corresponds to a percentage of 61 %.

Accounts receivable for which a specific allowance has been made are secured as per December 31, 2017 with customary banking collaterals amounting to € 1,384 thsd previous year.

23 Receivables from banks in the banking business

All figures in €'000	Dec. 31, 2018	Dec. 31, 2017
Due on demand	108,839	150,125
Other receivables	585,371	484,024
Total	**694,210**	**634,150**

All receivables from banks in the banking business are due from domestic credit institutions. As of December 31, 2018, receivables with a term of more than one year remaining to maturity are € 103,161 thsd (previous year: € 107,000 thsd). The receivables are not collateralised. At the closing date there are no receivables from banks which are overdue. Receivables of € 2,000 thsd have a greater default risk and are therefore allocated to Stage 2. Other receivables from banks of € 692,210 thsd are disclosed in Stage 1 and an anticipated 12-month loss is determined. The anticipated losses on receivables from banks are € 170 thsd in the financial year. This leads to a net loan loss provision income of € 74 thsd in the reporting year.

Further information on receivables from financial institutions in the banking business is disclosed in → Note 35.

24 Financial assets

All figures in €'000	Dec. 31, 2018	Dec. 31, 2017
By public-sector issuers	19,989	19,833
By other issuers	76,155	62,866
Debenture and other fixed income securities	**96,144**	**82,699**
Shares and certificates	186	4,047
Investment fund shares	2,972	-
Shares and other variable yield securities	**3,157**	**4,047**
Other investments (fixed and time deposits)	**59,995**	**55,087**
Loans	**–**	**10,000**
Investments in non-consolidated subsidiaries	**5,799**	**6,624**
Investments	**184**	**-**
Total	**165,279**	**158,457**

As of December 31, 2018, MLP has portfolios amounting to € 79,583 thsd (previous year: € 68,593 thsd) that are due in more than twelve months.

As per the measurement categories for financial instruments defined in IFRS 9 (previous year: IAS 39), the financial investment portfolio is structured as follows:

All figures in €'000	Dec. 31, 2018 (IFRS 9)	Dec. 31, 2017 (IAS 39)
Held-to-maturity investments	-	58,322
Available-for-sale financial assets	-	19,399
Financial assets at fair value through profit or loss	-	4,978
AC	86,219	
FVPL	9,925	
Debenture and other fixed income securities	**96,144**	**82,699**
Available-for-sale financial assets	-	4,047
FVPL	3,157	
Shares and other variable yield securities	**3,157**	**4,047**
Fixed and time deposits (loans and receivables)	**59,995**	**55,087**
Loans	**–**	**10,000**
Investments/shares in non-consolidated subsidiaries	**5,799**	**6,624**
Investments	**184**	**-**
Total	**165,279**	**158,457**

In financial year 2018, shares and other variable yield securities of € 3,157 thsd are measured at fair value through profit or loss. This leads to valuation differences from exchange losses of € 662 thsd, which are recognised in the valuation result.

Debentures and other fixed income securities of € 9,925 thsd are also measured at fair value through profit or loss in the financial year 2018. This leads to valuation differences from exchange losses of € 54 thsd, which are also recognised in the valuation result.

Debentures and other fixed income securities of € 86,219 thsd are measured at amortised costs.

The anticipated 12-month loss on debentures and other fixed income securities valued at acquisition costs is € 28 thsd in financial year.

The fair value changes to fixed income securities triggered by a change in creditworthiness are € -105 thsd.

Assets pledged as collateral

As at the closing date, the availability of liquidity facilities provided by Deutsche Bundesbank is collateralised by marketable securities of € 6,883 thsd (previous year: € 13,675 thsd) with a face value of € 7,000 thsd (previous year: € 14,500 thsd).

For further disclosures regarding financial assets, please refer to → Note 35.

25 Other receivables and assets

All figures in €'000	Dec. 31, 2018	Dec. 31, 2017
Trade accounts receivable	71,669	72,414
Contractual assets	41,643	-
Refund receivables from recourse claims	19,194	19,012
Receivables from MLP consultants	5,514	9,969
Receivables from underwriting business	6,468	13,616
Advance payments	0	5,126
Other assets	17,731	11,037
Total, gross	**162,219**	**131,174**
Impairment	-4,096	-5,432
Total, net	**158,123**	**125,741**

As of December 31, 2018, receivables (net) with a term of more than one year remaining to maturity amount to € 45,984 thsd (previous year: € 14,638 thsd).

The main items included in trade accounts receivable are commission receivables from insurance companies. They are generally non-interest-bearing and have an average payment of 30 days.

Refund receivables from recourse claims are due to MLP consultants and branch office managers and 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	2018
As of Jan. 1	0
Effects from the first-time adoption	**41,513**
Additions from new contracts	7,567
Payments received	-10,570
Change of transaction price	3,132
Impairment pursuant to IFRS 9	**-41**
As of Dec. 31	**41,602**

Corresponding revenue had to be recognised for additional payments of € 752 thsd received in relation to contractual assets amounting to a different total.

Revenue of € 3,132 thsd was recognised as the result of an adjustment to an estimation parameter.

All figures in €'000	Gross value	Of which financial assets	Financial assets, neither impaired nor overdue	Financial assets, not impaired but overdue within the following time span		
				< 90 days	90-180 days	> 180 days
Other receivables and assets as of Dec. 31, 2017	131,174	104,671	97,399	2,176	820	333

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

All figures in €'000	Stage 2	Stage 3	Total
As of Jan. 1, 2018	**1,525**	**3,557**	**5,083**
Allocation	684	200	884
Utilisation	–524	–1,347	–1,871
of which usage	–16	–78	–78
of which reversal	–524	–1,269	–1,793
As of Dec. 31, 18	**1,686**	**2,410**	**4,096**

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 compromised creditworthiness, 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 € 505 thsd as well as allocations of € 884 thsd and reversals of € 1,871 thsd recognised in income resulted in a net loan loss provision of € 393 thsd in the previous year.

As of December 31, 2018, the total volume of receivables recognised in Stage 2 is € 119,027 thsd. An impairment loss of € 1,686 thsd was recognised for this.

As of December 31, 2018, the total volume of receivables recognised in Stage 3 is € 3,889 thsd. There are objective indications of an impairment or default status for these receivables. An impairment loss of € 2,406 thsd was recognised for this.

Comparative information pursuant to IAS 39

The allowances for other receivables and other assets have developed as follows in the financial year:

All figures in €'000	Allowances for losses on individual account	Impairment loss on portfolio basis	Total
	2017 (IAS 39)	239 (IAS 39)	239 (IAS 39)
As of Jan. 1	**5,087**	**1,354**	**6,441**
Allocation	265	193	458
Utilisation	-777	–	-777
Reversal	-476	-214	-690
As of Dec. 31	**4,099**	**1,333**	**5,432**

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 € 356 thsd, income from written-off receivables of € 57 thsd, total allocations and reversals recognised in income resulted in a net loan loss provision of € 67 thsd in the previous year.

As of December 31, 2018, the total volume of accounts receivable for which a specific allowance has been made is € 4,636 thsd. For a partial amount of € 512 thsd, the impairment was less than 50 % of the gross receivable, while the remaining volume was written down by more than 50 %. The impairment loss comes to a total of € 4,099 thsd. This corresponds to an average impairment rate of 88 %.

Additional disclosures on other receivables and assets can be found in → Note 35.

26 Cash and cash equivalents

All figures in €'000	Dec. 31, 2018	Dec. 31, 2017
Bank deposits	81,490	81,763
Deposits at Deutsche Bundesbank	304,334	219,165
Cash on hand	102	85
Total	**385,926**	**301,013**

As was the case in previous years, cash and cash equivalents include deposits at the Deutsche Bundesbank. In financial year 2018, holding funds with commercial banks were transferred to the Bundesbank. This resulted in an increase in cash and cash equivalents, which can be seen within the scope of cash flow from operating activities. Changes in cash and cash equivalents during the financial year are shown in the statement of cash flow. The impairment charge in accordance with IFRS 9 amounts to € 10 thsd. Holdings are assigned to Stage 1.

27 Shareholders' equity

All figures in €'000	Dec. 31, 2018	Dec. 31, 2017
Share capital	109,167	109,335
Treasury stock	168	-
Capital reserves	149,227	148,754
Retained earnings		
Statutory reserve	3,129	3,129
Other retained earnings and net profit	175,653	154,942
Revaluation reserve	-12,518	-11,225
Total	**424,826**	**404,935**

Share capital

The share capital of MLP SE comprises 109,166,662 no-par-value shares (December 31, 2017: 109,334,686). In the last financial year, 168,024 own shares were acquired in the last financial year. These will be issued to MLP consultants and branch office managers within the scope of a share-based payment.

Authorised capital

The Executive Board is authorised, with the consent of the Supervisory Board, to increase the Company's share capital by up to € 21,500,000 by issuing new ordinary bearer shares in exchange for cash or non-cash contributions on one or more occasions until June 13, 2023.

Acquisition of treasury stock

The Annual General Meeting on June 29, 2017 authorised the Executive Board to buy back own shares on one or more occasions with a pro rata amount of capital stock represented by such shares of up to € 10,933,468 until June 28, 2022. On November 22, 2018, the Executive Board at MLP SE approved a share buyback that is to be performed by MLP Finanzberatung SE. The shares are to be used for the participation programme. Please refer to → Note 32 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 section 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 32.

Other retained earnings and net profit

Other retained earnings comprise retained earnings of the MLP Group and a reserve for treasury shares of € 556 thsd (previous year: € 0 thsd).

Revaluation reserve

The provision includes losses from the revaluation of defined benefit obligations of € 17,804 thsd (previous year: € 17,230 thsd) and deferred taxes attributable to this of € 5,286 thsd (previous year: € 5,046 thsd).

Proposed appropriation of profit

The Executive Board and Supervisory Board of MLP SE will propose a dividend of € 21,867 thsd (previous year: € 21,867 thsd) for financial year 2018 at the Annual General Meeting. This corresponds to € 0.20 (previous year: € 0.20) per share.

28 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 € 19,236 thsd (previous year: € 19,432 thsd). Pension insurance policies are in place for all other pension obligations (defined benefit obligation of € 30,517 thsd; previous year: € 29,708 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	
	2018	2017	2018	2017	2018	2017
As of Jan. 1	**49,140**	**49,954**	**-25,590**	**-24,642**	**23,550**	**25,312**
Current service cost	266	274	–	–	266	274
Past service cost	–	–	–	–	–	–
Interest expenses (+)/ income (-)	898	864	-473	-435	425	429
Recognised in profit or loss	**1,164**	**1,138**	**-473**	**-435**	**691**	**703**
Actuarial gains (-)/ losses (+) from:						
· financial assumptions	522	-863	–	–	522	-863
· demographic assumptions	461	–	–	–	461	–
· experience adjustments	-306	135	–	–	-306	135
Gains (-)/ losses (+) from pension scheme assets without amounts recognized as interest income	–	–	-104	-92	-104	-92
Gains (-)/ losses (+) from revaluations*	**677**	**-729**	**-104**	**-92**	**574**	**-821**
Contributions paid by the employer	–	–	-103	-862	-103	-862
Payments made	-1,229	-1,223	444	440	-785	-783
Other	**-1,229**	**-1,223**	**341**	**-422**	**-888**	**-1,644**
As of Dec. 31	**49,753**	**49,140**	**-25,826**	**-25,590**	**23,927**	**23,550**

*recognised in other comprehensive income

€ 992 thsd of the net liabilities recognised in the balance sheet (previous year: € 959 thsd) are attributable to Executive Board members active at the end of the reporting period.

With regard to net pension provisions, payments of € 1,314 thsd are anticipated for 2018 (previous year: € 1,185 thsd). € 770 thsd thereof (previous year: € 787 thsd) is attributable to direct, anticipated company pension payments, while € 544 thsd (previous year: € 398 thsd) is attributable to anticipated reinsurance policy premiums.

Actuarial calculations incorporate the following assumptions:

	2018	2017
Assumed interest rate	1.90%	1.85%
Anticipated annual pension adjustment	1.7%/2.5%	1.5%/2.5%

The assumptions made regarding future mortality are based on published statistics and mortality tables.

As of December 31, 2018, the weighted average term of defined benefit obligations was 18.0 years (previous year: 18.7).

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
	+0.50%	-4,242
Assumed interest rate	-0.50%	4,506
	+0.50%	-
Salary trend	-0.50%	-
	+0.50%	3,727
Pension trend	-0.50%	-3,356
Mortality	80.00%	3,890

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.

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 financial year 2018 they total € 10,510 thsd (previous year: € 9,904 thsd).

Other provisions are made up as follows:

All figures in €'000			Dec. 31, 2018			Dec. 31, 2017
	Current	Non-current	Total	Current	Non-current	Total
Cancellation risks	12,448	18,928	31,376	12,607	16,965	29,571
Bonus schemes	21,520	-	21,520	19,968	-	19,968
Obligations to longstanding branch office managers	5,239	1,130	6,368	2,934	1,147	4,080
Share-based payments	1,088	2,540	3,628	1,052	3,219	4,271
Claim settlement contributions/ commission reductions	1,620	-	1,620	927	-	927
Litigation risks/ costs	1,098	71	1,169	1,505	114	1,619
Economic loss	1,148	-	1,148	2,364	-	2,364
Anniversaries	174	386	560	171	371	542
Rent	286	113	399	631	281	912
Phased retirement	44	200	244	-	-	-
Lending business	-	-	0	107	-	107
Provisions for expected credit losses	641	201	842	-	-	-
Other	1,273	410	1,684	334	492	827
Total	**46,579**	**23,979**	**70,558**	**42,598**	**22,589**	**65,187**

Other provisions have changed as follows:

All figures in €'000	Jan. 1, 2018	First-time implementation IFRS 9	Utilisation	Reversal	Compounding / Discounting	Allocation	Dec. 31, 2018
Cancellation risks	29,571	-	-12,017	-4	167	13,658	31,376
Bonus schemes	19,968	-	-19,968	-	-	21,520	21,520
Obligations to longstanding branch office managers	4,080	-	-	-47	16	2,319	6,368
Share-based payments	4,271	-	-44	-646	36	12	3,628
Claim settlement contributions/ commission reductions	927	-	-	-710	-	1,402	1,620
Litigation risks/ costs	1,619	-	-171	-390	2	109	1,169
Economic loss	2,364	-	-906	-778	-	468	1,148
Anniversaries	542	-	-147	-6	3	168	560
Rent	912	-	-744	-30	11	250	399
Phased retirement	-	-	-	-	5	239	244
Lending business	107	-	-13	-94	-	-	0
Provisions for expected credit losses	-	1,302	-	-878	-	418	842
Other	827	-	-60	-247	22	1,141	1,684
Total	**65,187**	**1,302**	**-34,069**	**-3,829**	**262**	**41,704**	**70,558**

The provisions for cancellation risks allow for the risk of having to refund earned commissions due to a premature loss of brokered insurance policies.

Provisions for bonus schemes are recognised for incentive agreements for MLP consultants and branch office managers.

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.

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.

The provisions for economic loss due to liability risks are offset by claims for reimbursement from liability insurance policies with a value of € 970 thsd (previous year: € 2,114 thsd).

The provision for anticipated losses from the lending business was recognised in 2018 as a result of the impairment regulations pursuant to IFRS 9. Please refer to Note 34 for further explanations.

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 41 years.

The Provision for expected credit losses 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, 2018	**660**	**297**	**345**	**1,302**
Transfer in stage 1	35	-35	-28	-
Transfer in stage 2	-12	15	-2	-
Transfer in stage 3	-8	-45	54	-
Allocation	148	170	50	368
of which Newly acquired or issued financial assets	101	69	-	170
of which Existing business	46	101	50	198
Disposals	-528	-162	-137	-827
of which usage/consumption	-127	-80	-55	-262
of which reversal	-400	-82	-82	-565
As of Dec. 31, 18	**294**	**239**	**310**	**842**

29 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, 2018			Dec. 31, 2017		
	Current	Non-current	Total	Current	Non-current	Total
Liabilities due to clients	1,632,922	5,970	1,638,892	1,433,046	6,759	1,439,805
Liabilities due to banks	2,523	79,102	81,625	2,568	58,815	61,383
Total	**1,635,445**	**85,073**	**1,720,517**	**1,435,614**	**65,575**	**1,501,188**

The change in liabilities due to banking business from € 1,501,188 thsd to € 1,720,517 thsd is essentially attributable to the increase in short-term client deposits in current accounts.

As of December 31, 2018, liabilities due to clients from savings deposits with an agreed notice period of three months amounted to € 18,059 thsd (previous year: € 16,651 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 → 35 and → 36.

30 Other liabilities

All figures in €'000			Dec. 31,2018			Dec. 31,2017
	Current	Non-current	Total	Current	Non-current	Total
Liabilities due to MLP consultants and branch office managers	42,761	21,503	64,263	43,118	–	43,118
Liabilities due to underwriting business	24,136	–	24,136	23,410	–	23,410
Trade accounts payable	26,539	–	26,539	25,049	–	25,049
Liabilities due to banks	3	–	3	10,000	–	10,000
Advance payments received	84	–	84	7,065	–	7,065
Liabilities due to other taxes	2,006	–	2,006	3,148	–	3,148
Liabilities due to social security contributions	1	–	1	171	–	171
Other liabilities	46,321	2,413	48,734	37,127	5,826	42,953
Total	**141,852**	**23,915**	**165,768**	**149,087**	**5,826**	**154,913**

Liabilities due to MLP consultants and branch office managers represent unsettled commission claims. Usually they are non-interest-bearing and due on the 15th of the month following the settlement with the insurance company. Since January 1, 2018, additional liabilities to MLP consultants and branch office managers resulting from future commission claims need to be recognised due to the introduction of IFRS 15. As of December 31, 2018, these were € 27,630 thsd. (of which long-term: € 21,503 thsd).

Liabilities from the underwriting business include collection liabilities due to insurance companies, open commission claims and liabilities from claims settlement.

The item "Advance payments received" of the previous year concerns paid-in-advance trail commissions from unit-linked life insurance policies.

Other liabilities comprise commissions withheld from MLP consultants due to cancellations amounting to € 2,248 thsd (previous year: € 2,347 thsd). Commissions withheld are charged with interest. Their term is mainly indefinite. The item also contains liabilities for bonus and profit-sharing payments.

MLP has agreed-upon and non-utilised lines of credit amounting to € 116,148 thsd (previous year: € 131,605 thsd).

Further disclosures on other liabilities can be found in → Note 34 and → 35.