Notes to the statement of financial position

21 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 1 Jan. 2019	**94,964**	**13,493**	**100,523**	**1,405**	**57,255**	**267,640**
Additions	–	167	1,531	2,235	2	3,936
Addition to the scope of consolidation	27,538	3,188	45	–	1,737	32,508
Disposals	–	–	–537	–6	–	–543
Transfers	–	1,166	1,919	–3,085	–	–
As of 31 Dec. 2019	**122,502**	**18,014**	**103,481**	**549**	**58,995**	**303,541**
Additions	–	–	1,929	3,864	2	5,795
Addition to the scope of consolidation	–	–	–	–	–	–
Disposals	–	–	–2,123	–3	–3	–2,129
Transfers	–	99	843	–942	–	–
As of 31 Dec. 2020	**122,502**	**18,113**	**104,130**	**3,468**	**58,994**	**307,207**
Depreciation and impairments						
As of 1 Jan. 2019	**3**	**13,035**	**75,970**	**–**	**22,740**	**111,748**
Depreciation	–	699	7,138	–	1,381	9,218
Addition to the scope of consolidation*	–	–	41	–	–	41
Impairments	–	–	–	–	–	–
Disposals	–	–	–537	–	–	–537
As of 31 Dec. 2019	**3**	**13,735**	**82,612**	**–**	**24,122**	**120,471**
Depreciation	–	1,064	7,138	–	1,680	9,882
Addition to the scope of consolidation	–	–	–	–	–	–
Impairments	–	–	–	–	–	–
Disposals	–	–	–2,015	–	–3	–2,018
As of 31 Dec. 2020	**3**	**14,799**	**87,735**	**–**	**25,798**	**128,335**
Carrying amount 1 Jan. 2019	**94,962**	**457**	**24,553**	**1,405**	**34,515**	**155,892**
Carrying amount 31 Dec. 2019	**122,500**	**4,279**	**20,869**	**549**	**34,873**	**183,070**
Carrying amount 1 Jan. 2020	**122,500**	**4,279**	**20,869**	**549**	**34,873**	**183,070**
Carrying amount 31 Dec. 2020	**122,500**	**3,314**	**16,395**	**3,468**	**33,195**	**178,872**

Intangible assets comprise definite-lived and indefinite-lived assets. Depreciation/amortisation and impairment on intangible assets are presented in → Note 15.

Useful lives of intangible assets

	Useful life as of 31 Dec. 2020	Useful life as of 31 Dec. 2019
Acquired software//licences	3-7 years	3-7 years
Software created internally	3-5 years	3-5 years
Acquired trademark rights	–	-
Client relations/contract inventories	5; 10-25 years	5; 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 goodwill accrued on the basis of the provisional purchase price allocation resulting from the acquisition of the DI Group in the last financial year has been confirmed in the final purchase price allocation and was distributed to two cash-generating units. The reportable Financial Consulting business segment contains the following groups of cash-generating units: (1) financial consulting, (2) occupational pension provision, (3) ZSH and (4) DI Sales. No goodwill has been allocated to the reportable Banking business segment. The reportable FERI business segment includes the cash-generating unit FERI Assetmanagement. The reportable DOMCURA business segment contains one DOMCURA cash-generating unit. The cash-generating unit DI Projects is included in the Holding and Others segment. Cash-generating units were allocated the following goodwill values arising from business combinations:

All figures in €'000	31 Dec. 2020	31 Dec. 2019
Financial Consulting	22,042	22,042
Occupational pension provision	9,955	9,955
ZSH	4,072	4,072
DI Sales	12,974	–*
Financial Consulting	**49,043**	**36,069**
FERI Asset Management	53,230	53,230
FERI	**53,230**	**53,230**
DOMCURA	5,663	5,663
DOMCURA	**5,663**	**5,663**
DI Projects	14,564	–*
Holding and Others	**14,564**	**–***
DI (provisional)	**–**	**27,538***
Total	**122,500**	**122,500**

*Goodwill from the preliminary purchase price allocation in the financial year 2019 not yet allocated to cash generating units.

As was already the case in the previous year, there was no need for an impairment of capitalised goodwill in the financial year 2020. The significant assumptions presented in the following were based on the impairment test performed.

Reportable financial consulting business segment

Financial Consulting		
Weighted average (in %)	2020	2019
Discount rate (before tax)	9.2	9.0
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	*	10.0

Occupational pension provision		
Weighted average (in %)	2020	2019
Discount rate (before tax)	9.5	9.4
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	26.4	3.1

ZSH		
Weighted average (in %)	2020	2019
Discount rate (before tax)	9.5	9.1
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	1.6	12.9

DI Sales		
Weighted average (in %)	2020	2019**
Discount rate (before tax)	9.0	-
Growth rate of the terminal value	1.0	-
Planned EBT growth rate (relative average EBT increase per year)	120.7	-

* Growth rates cannot be arithmetically determined due to a negative starting basis.
** Goodwill from the preliminary purchase price allocation in the financial year 2019 not yet tested and assigned to cash generating units.

Reportable FERI business segment

FERI Assetmanagement		
Weighted average (in %)	2020	2019
Discount rate (before tax)	12.8	12.6
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	-4.5	5.1

Reportable DOMCURA business segment

DOMCURA		
Weighted average (in %)	2020	2019
Discount rate (before tax)	9.5	9.2
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	5.5	4.3

Other Holding and Others segment

DI Projects		
Weighted average (in %)	2020	**2019****
Discount rate (before tax)	13.6	-
Growth rate of the terminal value	1.0	-
Planned EBT growth rate (relative average EBT increase per year)	*	-

* Growth rates cannot be arithmetically determined due to a negative starting basis.
** Goodwill from the preliminary purchase price allocation in the financial year 2019 not yet tested and assigned to cash generating units.

The global COVID-19 pandemic was taken into account in the key underlying assumptions. MLP bases is planned EBT figures on the assumption that the coming year will also be impacted by the pandemic and its consequences and that the situation is unlikely to normalise again until the second half of 2021. The capitalisation rate is made up of a risk-free interest rate of 0.1% (previous year: 0.2%), a market risk premium of 7.6% (previous year: 7.5%), as well as an individual beta for each cash-generating unit in the range from 0.88 to 1.17 (previous year: 0.85 to 1.15).

Within the scope of its impairment testing MLP carried out sensitivity analyses. A so-called adverse scenario was developed in order to simulate an economic downturn that potentially continues beyond the year 2021. This scenario leads to a 30% reduction in the planned EBT growth rate. As such, a reduction in the planned EBT growth rate of 30% (previous year 12%) was analysed. In addition to this, the effects of increasing the discount interest rates by one percentage point were analysed (previous year 50 BP). The reduction in planned EBT growth, as well as the increase in discount interest rates does not lead to the carrying amount exceeding the recoverable amount at any of the cash-generating units.

The items **software (inhouse), software (purchased), advance payments and developments in progress** contain own work performed within the context of developing and implementing software. In the financial year 2020, own services with a value of € 110 thsd were capitalised (previous year: € 354 thsd). All development and implementation costs incurred complied in full with the criteria for capitalisation pursuant to IAS 38 "Intangible assets".

The item **"Other intangible assets"** essentially contains acquired trademark rights, client relationships/contract inventories with a defined term, as well as indefinite-lived 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	2020	2019
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	2020	2019
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 € 174 thsd as of 31 December 2020 (previous year: € 771 thsd).

22 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 1 Jan. 2019	**91,656**	**55,080**	**86**	**146,823**
Additions	877	3,792	695	5,364
Addition to the scope of consolidation	0	200	6	207
Disposals	-203	-7,394	-24	-7,622
Transfers	63	87	-150	0
As of 31 Dec. 2019	**92,393**	**51,765**	**614**	**144,772**
Additions	350	2,911	234	3,495
Addition to the scope of consolidation	–	–	–	–
Disposals	-199	-1,658	-1	-1,859
Transfers	294	429	-723	0
As of 31 Dec. 2020	**92,838**	**53,446**	**124**	**146,408**
Depreciation and impairment				
As of 1 Jan. 2019	**28,218**	**40,335**	**–**	**68,553**
Depreciation	2,297	3,497		5,794
Addition depreciation	–	62	–	62
Impairment	–	–	–	–
Disposals	-154	-7,123	–	-7,277
As of 31 Dec. 2019	**30,361**	**36,771**	**–**	**67,132**
Depreciation	2,205	3,902	–	6,106
Addition depreciation	–	–	–	–
Impairment	–	–	–	–
Disposals	-181	-1,655	–	-1,835
As of 31 Dec. 2020	**32,385**	**39,017**	**–**	**71,403**
Carrying amount 1 Jan. 2019	63,438	14,746	86	78,270
Carrying amount 31 Dec. 2019	**62,032**	**14,994**	**614**	**77,640**
Carrying amount 1 Jan. 2020	62,032	14,994	614	77,640
Carrying amount 31 Dec. 2020	**60,453**	**14,429**	**124**	**75,005**

Useful lives of property, plant and equipment

	Useful life/residual value 31 Dec. 2020	Useful life/residual value 31 Dec. 2019
Administration buildings	33 years to residual value (30% of original cost)	33 years to residual value (30% of original cost)
Land improvements	15-25 years	15-25 years
Leasehold improvements	10 years or duration or the respective tenancy agreement	10 years or duration or the respective tenancy agreement
Furniture and fittings	8-25 years	8-25 years
IT hardware, 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 15.

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 € 273 thsd net as of 31 December 2020 (previous year: € 348 thsd).

Leases

Rights of use from leases are disclosed under the "property, plant and equipment" item. As of 31 December 2020, rights of use of € 50,063 thsd are in place (previous year: € 53,275 thsd), € 48,079 thsd (previous year: € 51,723 thsd) thereof is attributable to rented properties and € 1,984 thsd (previous year: € 1,551 thsd) to vehicle leases.

In the financial year, the acquisition costs of the rights of use from leases developed as follows. There were additions of € 9,104 thsd (previous year: € 11,415 thsd) and disposals of € 2,247 thsd (previous year: € 1,655 thsd). Amortisation of rights of use from leases of € 1,636 thsd (previous year: € 452 thsd) were recognised in the financial year. The changes are mainly due to rented properties.

In the financial year 2020 some properties were sublet, resulting in revenue of € 343 thsd (previous year: € 127 thsd).

The table below shows a maturity analysis of inflows from the sub-lease of properties and 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
Sublease agreements 2020	146	154	10	310
Sublease agreements 2019	148	79	–	227

23 Receivables from clients in the banking business

Receivables from clients in the banking business

All figures in €'000	31 Dec. 2020	31 Dec. 2019
Originated loan	543,223	483,069
Corporate bond debts	231,065	254,950
Receivables from credit cards	87,421	110,099
Receivables from current accounts	22,411	27,172
Receivables from wealth management	1,126	805
Other	4,884	3,753
Total, gross	**890,130**	**879,849**
Impairment	-9,481	-7,674
Total, net	**880,649**	**872,175**

As of 31 December 2020, receivables (net) with a term of more than one year remaining to maturity are € 712,850 thsd (previous year: € 674,139 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 2020

All figures in '000	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL - not credit impaired)	Stage 3 (lifetime ECL - impaired credits	Purchased or originated credit-impaired financial asset (POCI)	Total
As of 1 Jan. 2020	**817,896**	**56,728**	**5,181**	**44**	**879,849**
Transfer to Stage 1	18,188	-17,892	-296	-	-
Transfer to Stage 2	-24,954	25,333	-379	-	-
Transfer to Stage 3	-1,371	-7,641	9,011	-	-
Allocation	100,829	7,775	-	-	108,605
of which newly acquired or issued financial assets	100,829	7,775	-	-	108,605
of which existing business	-	-	-	-	-
Disposals	-92,123	-4,979	-1,216	-5	-98,323
of which financial assets derecognised in their entirety	-90,282	-2,967	-1,032	-5	-94,287
of which existing business	-1,841	-2,011	-600	-	-4,452
of which write-offs	-	-	-184	-	-184
As of 31 Dec. 2020	**818,466**	**59,325**	**12,300**	**39**	**890,130**

Reconciliation statement for gross carrying amounts of receivables from clients in the banking business for 2019

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 asset (POCI)	Total
As of 1 Jan. 2019	**713,391**	**44,746**	**11,867**	**46**	**770,051**
Transfer to Stage 1	16,500	-16,314	-186	–	–
Transfer to Stage 2	-26,646	27,912	-1,267	–	–
Transfer to Stage 3	-142	-46	189	–	–
Allocation	142,010	4,413	106	–	146,528
of which newly acquired or issued financial assets	122,587	4,413	–	–	127,000
of which existing business	19,422	–	106	–	19,528
Disposals	-27,217	-3,983	-5,528	-2	-36,730
of which financial assets derecognised in their entirety	-27,217	-2,142	-5,005	-2	-34,367
of which existing business	–	-1,841	–	–	-1,841
of which write-offs	–	–	-523	–	-523
As of 31 Dec. 2019	**817,896**	**56,728**	**5,181**	**44**	**879,849**

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. In the financial year, there were receivables of € 39 thsd (previous year: € 44 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 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 6 for further details on the impairment methods used and calculation of the impairment.

Modifications were performed to 25 contracts due to the effects of the coronavirus pandemic in the reporting year (previous year: one contract). These essentially relate to the suspension of next due principal payments at an unchanged interest rate and do therefore not apply to substantial modifications. The modification gain resulting from recalculating the present value of the receivable throughout the contractual period is not presented in the statement of comprehensive income, as it is not significant.

As the result of the application of the legal moratorium (pursuant to Art. 240 § 3 (1) of the Introductory Act to the German Civil Code (EGBGB)) MLP has granted 15 clients a deferral of payment in the current financial year. Since the deferrals were not primarily granted on the grounds of financial hardship, they have not been classified as modifications.

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

Reconciliation of expected losses 2020

All figures in €'000	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL – not impaired)	Stage 3 (lifetime ECL – impaired credits)	Purchased or originated credit-impaired financial instruments(POCI)	Total
As of 1 Jan. 2020	**1,800**	**3,233**	**2,638**	**3**	**7,674**
Transfer to Stage 1	108	-97	-11	–	–
Transfer to Stage 2	-76	127	-50	–	–
Transfer to Stage 3	-16	-420	436	–	–
Allocation	665	1,971	2,543	–	5,180
of which newly acquired or issued financial assets	287	534	–	–	821
of which existing business	378	1,438	2,543	–	4,359
Disposals	-602	-1,553	-1,217	–	-3,373
of which usage	–	–	-269	–	-269
of which reversal	-602	-1,553	-947	-1	-3,104
As of 31 Dec. 2020	**1,879**	**3,261**	**4,339**	**2**	**9,481**

Reconciliation of expected losses 2019

All figures in €'000	Stage 1 (12-Months-ECL)	Stage 2 (lifetime ECL – not impaired)	Stage 3 (lifetime ECL – impaired credits)	Purchased or originated credit-impaired financial instruments(POCI)	Total
As of 1 Jan. 2019	**1,768**	**2,359**	**4,862**	**36**	**9,024**
Transfer to Stage 1	78	-76	–	–	–
Transfer to Stage 2	-111	188	-78	–	–
Transfer to Stage 3	-2	-2	4	–	–
Allocation	683	2,037	2,002	–	4,721
of which newly acquired or issued financial assets	367	1,849	–	–	2,217
of which existing business	316	187	2,002	–	2,505
Disposals	-616	-1,273	-4,149	-33	-6,071
of which usage	–	–	-2,452	–	-2,452
of which reversal	-616	-1,273	-1,697	-33	-3,620
As of 31 Dec. 2019	**1,800**	**3,233**	**2,638**	**3**	**7,674**

Loan loss provisions increased from € 7,674 thsd to € 9,481 thsd in the financial year. The loan loss provision on existing business increased by € 2,543 thsd as a result of deteriorations in terms of credit ratings, as well as transfers to Stage 3 (previous year: € 2,002 thsd). Some € 2,400 thsd of these funds were allocated due to the effects of the coronavirus pandemic. In addition there are allocations in Stage 2 of € 1,971 thsd (previous year: € 2,037 thsd) which are mainly due to deteriorations of creditworthiness resulting in a transfer from Stage 1 to Stage 2. These are offset by Stage 2 reversals of € 1,553 thsd (previous year: € 1,273 thsd) and Stage 3 reversals of € 1,217 thsd (previous year: € 4,149 thsd) as a result of credit enhancements.

Taking into account direct write-offs of € 184 thsd (previous year: € 523 thsd) as well as income recovered from written off receivables € 241 thsd (previous year: € 254 thsd), allocations of € 5,180 thsd (previous year: € 4,721 thsd) and reversals of € 3,103 (previous year: € 3,620 thsd) recognised in income resulted in a net loan loss provision of € 2,020 thsd in the reporting year (previous year: € 1,370 thsd).

Qualitative and quantitative information on contributions from anticipated losses 2020

All figures in €'000	Max. default risk without taking into account collateral or other credit enhancement factors as of 31 Dec. 2020	Financial instruments of Stage 3 and POCI	
		of which max. default risk of Stage 3/POCI	of which risk reduction by collateral
Receivables from clients in the banking business (AC)	880,649	7,998	925
Receivables from banks in the banking business (AC)	751,466	–	–
Financial assets (AC)	171,799	–	–
Other receivables (AC)	159,632	952	–
Contingent liabilities	5,356	–	–
Irrevocable credit commitments	67,662	–	–
Total	**2,036,564**	**8,950**	**925**

Qualitative and quantitative information on contributions from anticipated losses 2019

All figures in €'000	Max. default risk without taking into account collateral or other credit enhancement factors as of 31 Dec. 2019	Financial instruments of Stage 3 and POCI	
		of which max. default risk of Stage 3/POCI	of which risk reduction by collateral
Receivables from clients in the banking business (AC)	872,175	8,363	355
Receivables from banks in the banking business (AC)	728,085	–	–
Financial assets (AC)	155,210	–	–
Other receivables (AC)	95,397	4,006	–
Contingent liabilities	3,799	172	–
Irrevocable credit commitments	54,631	–	–
Total	**1,909,296**	**12,541**	**355**

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 31 December 2020 of € 7,998 thsd (previous year: € 8,363 thsd) are secured by land charges of € 925 thsd (previous year: € 355 thsd). The maximum default risk of contingent liabilities and irrevocable credit commitments corresponds to the face value of € 73,018 thsd (previous year: € 58,430 thsd).

The Group holds forwarded loans of € 106,089 thsd (previous year: € 97,970 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 € 47 thsd (previous year: € 237 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 (36).

24 Receivables from banks in the banking business

All figures in €'000	31 Dec. 2020	31 Dec. 2019
Due on demand	113,621	121,330
Other receivables	637,845	606,755
Total	**751,466**	**728,085**

All receivables from banks in the banking business are due from domestic credit institutions. As of 31 December 2020, receivables with a term of more than one year remaining to maturity are € 147,324 thsd (previous year: € 131,182 thsd). The receivables are not collateralised. At the closing date there are no receivables from banks which are overdue. As at the closing date, there are no receivables with a high risk of default which are assigned to Stage 2 (previous year: € 4,000 thsd). Receivables from banks of € 751,466 thsd (previous year: € 724,085 thsd) are disclosed in Stage 1 and an anticipated 12-month loss is determined. The anticipated losses on receivables from banks are € 195 thsd in the financial year (previous year: € 203 thsd). This results in a net income from loan loss provisions in the reporting year of € 8 thsd (previous year: net expense from loan loss provisions: € 32 thsd).

Further information on receivables from financial institutions in the banking business is disclosed in → Note 36.

25 Financial assets

All figures in €'000	31 Dec. 2020	31 Dec. 2019
By public-sector issuers	14,964	14,951
By other issuers	96,941	85,358
Debenture and other fixed income securities	**111,905**	**100,309**
Shares and certificates	359	342
Investment fund shares	6,725	5,056
Shares and other variable yield securities	**7,084**	**5,398**
Other investments (fixed and time deposits)	**69,949**	**64,996**
Investments in non-consolidated subsidiaries	**7,973**	**7,751**
Shares in associates (not at equity)	**660**	**-**
Investments	**51**	**131**
Total	**197,623**	**178,584**

As of 31 December 2020, MLP has portfolios amounting to € 88,945 thsd (previous year: € 83,800 thsd) that are due in more than twelve months.

As per the measurement categories for financial instruments defined in IFRS 9, the financial investment portfolio breaks down as follows:

All figures in €'000	31 Dec. 2020	31 Dec. 2019
AC	101,849	90,214
FVPL	10,056	10,095
Debenture and other fixed income securities	**111,905**	**100,309**
Fixed and time deposits (AC)	**69,949**	**64,996**
Shares and other variable yield securities (FVPL)	**7,084**	**5,398**
Investments in non-consolidated subsidiaries*	**7,973**	**7,751**
Shares in associates (not at equity)*	**660**	**–**
Investments (FVPL)	**51**	**131**
Total	**197,623**	**178,584**

*No financial instruments in the sense of IFRS 9

In the financial year 2020, shares and other variable yield securities of € 7,084 thsd (previous year: € 5,398 thsd) are measured at fair value through profit or loss. These are debt instruments that do not fulfil the cash flow criterion and therefore need to be measured at fair value through profit or loss. The figure includes investment funds of € 4,509 thsd, which are assigned to the "Hold and Sell" business model. This leads to valuation differences from exchange losses of € 247 thsd (previous year: € 485 thsd), which are recognised in the valuation result.

In addition, debentures and other fixed income securities of € 10,056 thsd (previous year: € 10,095 thsd) are measured at fair value through profit or loss in the financial year 2020. This leads to valuation differences from exchange losses of € 40 thsd (previous year: € 170 thsd), which are also recognised in the valuation result.

Debentures and other fixed income securities of € 101,849 thsd (previous year: € 90,214 thsd) are measured at amortised costs.

The anticipated 12-month loss on debentures and other fixed income securities measured at amortised costs is € 48 thsd in the financial year (previous year: € 40 thsd). As at the closing date, two debentures are in place with increased default risk in Stage 2 and a lifetime expected loss of € 33 thsd. These result in total loan loss provisions of € 41 thsd to be recognised in income (previous year: € 12 thsd).

The fair value changes to fixed income securities triggered by a change in creditworthiness are € 5 thsd (previous year: € 89 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 € 35,297 thsd (previous year: € 30,834 thsd) with a face value of € 38,450 thsd (previous year: € 32,700 thsd).

For further disclosures regarding financial assets, please refer to → Note 36.

26 Inventories

Inventories break down as follows:

All figures in €'000	2020	2019
Inventories – land	10,069	7,339
Inventories – buildings	7,621	2,948
Inventories – finished goods	126	246
Total	**17,817**	**10,533**

Due to the sale of residential units, € 3,076 thsd of inventories were accounted for as an expense in the item "Inventory changes" in the last financial year.

27 Other receivables and assets

All figures in €'000	31 Dec. 2020	31 Dec. 2019
Trade accounts receivable	92,997	81,903
Contractual assets	40,700	39,845
Refund receivables from recourse claims	20,161	19,842
Receivables from underwriting business	13,202	7,413
Receivables from MLP consultants	6,056	5,529
Advance payments	45	1
Other assets	31,230	18,355
Total, gross	**204,390**	**172,888**
Impairment	-4,637	-4,302
Total, net	**199,753**	**168,587**

As of 31 December 2020, receivables (net) with a term of more than one year remaining to maturity are € 41,782 thsd (previous year: € 38,230 thsd).

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

Refund receivables from recourse claims are due to MLP consultants and branch office managers, as well as insurance companies.

Receivables from the underwriting business comprise unpaid receivables from clients, as well as receivables from insurance companies for claims settlement.

The contractual assets in the context of unit-linked life insurance policies developed as follows:

All figures in €'000	2020	2019
As of 1 Jan.	**39,805**	**41,602**
Additions from new contracts	**7,279**	**8,239**
Payments received	-9,593	-9,996
Change of transaction price	–	–
Gross receivable as of 31 Dec.	37,491	39,845
Impairment pursuant to IFRS 9	**-37**	**-40**
As of 31 Dec.	**37,453**	**39,805**

The contractual assets relating to DI projects developed as follows:

All figures in €'000	2020
As of 1 Jan.	**–**
Effects from the first-time adoption	–
Additions from new contracts including contract initiation costs	3,307
Payments received	–
Amortisation of contract initiation costs	**-98**
Gross receivable as of 31 Dec.	**3,209**

Figure includes contract initiation costs of € 964 thsd.

Other receivables and assets are usually not collateralised. With regard to receivables and other assets, which are neither impaired nor overdue, there are no signs at the closing date that debtors will not meet their payment obligations. On the closing date there were no receivables and other assets for which new terms were agreed and which would otherwise have been overdue or written down.

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

Development of impairments on other receivables and assets 2020

All figures in €'000	Stage 2	Stage 3	Total
As of 1 Jan. 2020	**1,846**	**2,456**	**4,302**
Allocation	416	153	569
Disposals	-164	-70	-234
of which usage	-10	-4	-14
of which reversal	-154	-66	-221
As of 31 Dec. 2020	**2,097**	**2,540**	**4,637**

Development of impairments on other receivables and assets 2019

All figures in €'000	Stage 2	Stage 3	Total
As of 1 Jan. 2019	**1,686**	**2,410**	**4,096**
Addition scope of consolidation*	499	23	523
Allocation	402	134	536
Disposals	-742	-111	-853
of which usage	–	-55	-55
of which reversal	-742	-56	-798
As of 31 Dec. 2019	**1,846**	**2,456**	**4,302**

* The change to the scope of consolidation affects value adjustments formed for the first time pursuant to IFRS 9 on financial assets of the newly acquired DI Group.

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 € 535 thsd (previous year: € 271 thsd), allocations of € 569 thsd (previous year: € 536 thsd) as well as reversal of € 221 thsd (previous year: € 798 thsd) recognised in income resulted in a net loan loss provision of € 817 thsd in the reporting year (previous year: € 9 thsd).

As of 31 December 2020, the total volume of receivables recognised in Stage 2 is € 152,092 thsd (previous year: € 130,174 thsd). An impairment loss of € 2,097 thsd was recognised for this (previous year: € 1,846 thsd).

As of 31 December 2020, the total volume of receivables recognised in Stage 3 is € 3,867 thsd (previous year: € 4,006 thsd). There are objective indications of an impairment or default status for these receivables. An impairment loss of € 2,540 thsd was recognised for this (previous year: € 2,456 thsd).

Additional disclosures on other receivables and assets can be found in → Note 36.

28 Cash and cash equivalents

All figures in €'000	31 Dec. 2020	31 Dec. 2019
Bank deposits and cash on hand	83,296	107,979
Deposits at Deutsche Bundesbank	775,746	402,800
Total	**859,041**	**510,778**

As was the case in previous years, cash and cash equivalents include deposits at the Deutsche Bundesbank. In the financial year 2020, holding funds with commercial banks were transferred to the Bundesbank. This resulted in an increase in cash and cash equivalents. Changes in cash and cash equivalents during the financial year are shown in the statement of cash flow. The impairment in line with IFRS 9 is € 10 thsd (previous year: € 12 thsd), the holdings are assigned to Stage 1.

29 Shareholders' equity

All figures in €'000	31 Dec. 2020	31 Dec. 2019
Share capital	**109,334**	**109,334**
Treasury stock	-9	0
Capital reserves	149,918	149,853
Retained earnings		
Statutory reserve	3,129	3,129
Other retained earnings and net profit	211,865	191,836
Revaluation reserve	-20,995	-17,547
Equity attributable to MLP SE shareholders	**453,243**	**436,605**
Non-controlling interest	**776**	**787**
Total shareholders' equity	**454,019**	**437,392**

Share capital

The share capital of MLP SE is made up of 109,326,186 (31 December 2019: 109,334,300). 566,000 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

A resolution passed by the Annual General Meeting on 14 June 2018 authorised the Executive Board, with the consent of the Supervisory Board, to increase the company's share capital by up to € 21,500,000 in exchange for cash or non-cash contributions on one or more occasions until 13 June 2023.

Acquisition of treasury stock

The Annual General Meeting on 29 June 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 28 June 2022. On 24 September 2019, the Executive Board at MLP SE approved a share buyback, which was carried out by MLP Finanzberatung SE. The shares were to be used for share-based payments under the 2019 participation programme. The buyback of shares for the 2020 participation programme starts in 2021. Please refer to → Note 34 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 34.

Other retained earnings and net profit

Other retained earnings comprise retained earnings of the MLP Group and a reserve for treasury shares of € 267 thsd (previous year: € 1 thsd).

Revaluation reserve

The provision includes losses from the revaluation of defined benefit obligations of € 29,816 thsd (previous year: € 24,842 thsd) and deferred taxes attributable to this of € 8,822 thsd (previous year: € 7,294 thsd).

Minority interests

Minority interests comprise equity interests subsidiaries of MLP SE.

Proposed appropriation of profit

The Executive Board and Supervisory Board of MLP SE will propose a dividend of € 25,147 thsd (previous year: € 22,960 thsd) for the financial year 2020 at the Annual General Meeting. This corresponds to € 0.23 (previous year: € 0.21) per share.

30 Provisions

Pension provisions

At MLP, executive members of staff have been granted direct pension benefits subject to individual contracts in the form of defined benefit plans which guarantee the beneficiaries the following pension payments:

- Old-age pension upon reaching 60, 62 or 65 years of age
- Disability pension
- Widow's and widower's pension of 60% of the pension of the original recipient
- Orphan's benefit of 10% of the pension of the original recipient

The benefit obligations are partially financed through reinsurance policies, which essentially fulfil the prerequisites of pension scheme assets.

The defined benefit obligation for retirement income, funded only by means of provisions, amounts to € 20,574 thsd (previous year: € 23,469 thsd). Pension insurance policies are in place for all other pension obligations (defined benefit obligation of € 36,573 thsd; previous year: € 33,463 thsd).

The change in net liability from defined benefit plans is summarised in the following table:

All figures in €'000	Defined benefit obligation		Fair value of pension scheme assets		Net liability from defined benefit plans	
	2020	2019	2020	2019	2020	2019
As of 1 Jan.	**56,933**	**49,753**	**–26,234**	**–25,826**	**30,699**	**23,927**
Current service cost	330	272	–	–	330	272
Interest expenses (+)/ income (-)	625	933	–293	–491	331	442
Recognised in profit or loss	**954**	**1,205**	**–293**	**–491**	**661**	**714**
Actuarial gains (-)/ losses (+) from:						
financial assumptions	4,658	7,257	–	–	4,658	7,257
experience adjustments	-101	61	–	–	-101	61
Gains (-)/ losses (+) from pension scheme assets without amounts recognised as interest income	–	–	-620	-336	-620	-336
Gains (-)/ losses (+) from revaluations*	**4,557**	**7,318**	**–620**	**–336**	**3,937**	**6,982**
Contributions paid by the employer	–	–	50	-147	50	-147
Payments made	–1,565	–1,343	690	567	-875	-776
Other	**–1,565**	**–1,343**	**740**	**419**	**–826**	**–923**
As of 31 Dec.	**60,879**	**56,933**	**–26,407**	**–26,234**	**34,472**	**30,699**

*recognised in other comprehensive income

Net liabilities of € 2,029 thsd recognised in the balance sheet (previous year: € 1,941 thsd) are attributable to Executive Board members active at the end of the reporting period.

With regard to net pension provisions, payments of € 1,671 thsd are anticipated for 2021 (previous year: € 1,462 thsd). € 961 thsd thereof (previous year: € 872 thsd) is attributable to direct, anticipated company pension payments, while € 710 thsd (previous year: € 590 thsd) is attributable to anticipated reinsurance policy premiums.

Actuarial calculations incorporate the following assumptions:

	2020	2019
Assumed interest rate	0.65%	1.10%
Anticipated annual pension adjustment	1.7%/2.5%	1.7%/2.5%

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

On 31 December 2020, the weighted average term of defined benefit obligations was 18 years (previous year: 18 years).

Sensitivity analysis

If the other assumptions all remained the same, changes to one of the key actuarial assumptions, which would have been realistically possible on the closing date, would have influenced the defined benefit obligations by the following amounts:

All figures in €'000	Change of parameter	Reduction/ increase of defined obligation
Assumed interest rate	0.5%	-5,143
	-0.5%	5,871
Pension trend	0.5%	4,957
	-0.5%	-4,442
Mortality	80.0%	5,691

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 the financial year 2020 they total € 11,748 thsd (previous year: € 11,158 thsd).

Other provisions are made up as follows:

All figures in €'000	31 Dec. 2020			31 Dec. 2019		
	Current	Non-current	Total	Current	Non-current	Total
Cancellation risks	13,288	20,217	33,505	12,974	20,315	33,289
Bonus schemes	26,013	2,165	28,177	25,424	–	25,424
Litigation risks/ costs	3,390	397	3,787	1,207	53	1,260
Share-based payments	823	2,257	3,081	1,834	2,865	4,699
Claim settlement contributions/ commission reductions	1,517	–	1,517	950	–	950
Economic loss	700	–	700	488	–	488
Phased retirement	261	416	676	91	214	305
Provisions for expected credit losses	422	231	653	595	194	790
Anniversaries	235	409	644	184	399	583
Rent	121	34	155	97	84	181
Other	7,281	825	8,106	2,300	627	2,927
Total	**54,051**	**26,950**	**81,001**	**46,144**	**24,752**	**70,897**

Other provisions have changed as follows:

All figures in €'000	01. Jan 20	Utilisation	Reversal	Compounding/Discounting	Allocation	31 Dec. 2020
Cancellation risks	33,289	-12,884	-51	110	13,041	33,505
Bonus schemes	25,424	-25,271	-302	-	28,326	28,177
Litigation risks/ costs	1,260	-90	-63	-	2,679	3,787
Share-based payments	4,699	-2,140	-36	17	542	3,081
Claim settlement contributions/ commission reductions	950	-59	-153	-	779	1,517
Economic loss	488	-84	-121	-	417	700
Phased retirement	305	-123	-	8	486	676
Provisions for expected credit losses	790	-	-581	-	444	653
Anniversaries	583	-152	-1	2	212	644
Rent	181	-78	-	2	49	155
Other	2,927	-937	-91	-3	6,210	8,106
Total	**70,897**	**-41,817**	**-1,399**	**136**	**53,185**	**81,001**

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.

Provisions for litigation risks/costs are formed for risks resulting from legal disputes.

Provisions for share-based payments are recognised for incentive agreements and for profit-sharing schemes for Executive Board members, employees, MLP consultants and branch office managers.

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 provisions for economic loss due to liability risks are offset by claims for reimbursement from liability insurance policies with a value of € 573 thsd (previous year: € 435 thsd).

The provision for anticipated losses from the lending business is recognised as a result of the impairment regulations pursuant to IFRS 9. Please refer to → Note 35 for further information on the provision for anticipated losses from the lending business.

Other provisions are formed for obligations from IT services and incentive trips.

The provisions classed as short-term are likely to be utilised within the next financial year. Payments for long-term provisions are essentially likely to be incurred within the next 2 to 33 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 1 Jan. 2020	**265**	**260**	**265**	**790**
Transfer to Stage 1	11	-11	–	–
Transfer to Stage 2	-13	14	–	–
Transfer to Stage 3	–	-1	1	–
Allocation	148	255	18	420
of which newly acquired or issued financial assets	109	82	–	191
of which existing business	39	173	18	230
Disposals	-127	-175	-255	-557
of which usage/consumption	–	–	–	–
of which reversal	-127	-175	-255	-557
As of 31 Dec. 2020	**283**	**341**	**29**	**653**

All figures in €'000	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL – not impaired)	Stage 3 (lifetime ECL – impaired credits)	Total
As of 1 Jan. 2019	**294**	**239**	**310**	**842**
Transfer to Stage 1	13	-12	-1	–
Transfer to Stage 2	-12	14	-2	–
Transfer to Stage 3	-1	-1	1	–
Allocation	108	188	225	521
of which newly acquired or issued financial assets	68	97	–	165
of which existing business	40	92	225	357
Disposals	-137	-169	-268	-574
of which usage/consumption	-56	-61	-60	-177
of which reversal	-81	-108	-208	-397
As of 31 Dec. 2019	**265**	**260**	**265**	**790**

31 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		31 Dec. 2020			31 Dec. 2019	
	Current	Non-current	Total	Current	Non-current	Total
Liabilities due to clients	2,265,389	6,529	2,271,919	1,888,676	6,166	1,894,843
Liabilities due to banks	3,913	103,557	107,471	2,901	95,507	98,409
Total	**2,269,303**	**110,086**	**2,379,389**	**1,891,578**	**101,674**	**1,993,251**

The change in liabilities due to banking business from € 1,993,251 thsd to € 2,379,389 thsd is essentially attributable to the increase in short-term client deposits in current accounts.

As of 31 December 2020, liabilities due to clients from savings deposits with an agreed notice period of three months amounted to € 22,357 thsd (previous year: € 19,758 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 36 and → 37.

32 Other liabilities

All figures in €'000		31 Dec. 2020			31 Dec. 2019	
	Current	Non-current	Total	Current	Non-current	Total
Liabilities due to MLP consultants and branch office managers	49,352	17,695	67,047	48,485	19,273	67,758
Leasing liabilities	10,473	40,684	51,157	10,769	43,387	54,156
Trade accounts payable	33,760	–	33,760	28,173	–	28,173
Personnel-related liabilities	32,858	–	32,858	28,955	–	28,955
Liabilities due to underwriting business	28,056	–	28,056	24,882	–	24,882
Purchase price liabilities	–	19,063	19,063	–	18,279	18,279
Liabilities due to other taxes	9,243	–	9,243	9,072	–	9,072
Liabilities due to banks	3,244	5,007	8,251	31	1,500	1,531
Liabilities due to social security contributions	7	–	7	15	–	15
Other liabilities	13,771	2,510	16,281	15,190	2,558	17,748
Total	**180,763**	**84,959**	**265,722**	**165,571**	**84,997**	**250,568**

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 1 January 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 31 December 2020 this figure was € 25,070 thsd (previous year: € 26,515 thsd), € 17,695 thsd of this amount was non-current (previous year: € 19,273 thsd).

Leasing liabilities of € 51,157 thsd (previous year: € 54,156 thsd) include liabilities for lease payments on real estate of € 49,184 thsd (previous year: € 52,624 thsd) and liabilities for lease payments on vehicles of € 1,973 thsd (previous year: € 1,532 thsd). The total outflow of cash and cash equivalents for leases was € 12,036 thsd in the financial year 2020 (previous year: € 11,584 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.

Purchase price liabilities include variable purchase price components resulting from the acquisition of the DI Group. Adjustments to the earnings targets of the DI Group were performed due to the coronavirus pandemic in the time period relevant for the purchase price. This leads to a reduction in the purchase price of € 1,479 thsd, which was recognised in the income statement.

Other liabilities comprise commissions withheld from MLP consultants due to cancellations amounting to € 2,359 thsd (previous year: € 2,291 thsd). Commissions withheld are charged with interest. Their term is mainly indefinite.

MLP has agreed-upon and non-utilised lines of credit amounting to € 160,029 thsd (previous year: € 168,961 thsd).

Further disclosures on other liabilities can be found in → Note 35 and → 36.