Net Assets

Further increase in balance sheet total

As of the reporting date of December 31, 2016 the balance sheet total of the MLP Group increased to € 1,944.1 million (€ 1,752.7 million).

Intangible assets – essentially including the client base, brand and goodwill – decreased to € 168.4 million (€ 174.5 million) as of the balance sheet date. This decline can essentially be attributed to the amortization of software. Fixed assets were declined within the scope of depreciation and amortization to € 63.4 million (€ 65.7 million).

Receivables from clients in the banking business increased to € 626.5 million (€ 542.7 million). This can essentially be attributed to an increase in own-resource loans, higher investment volumes in promissory note bonds and a greater volume of promotional loans being passed on to our clients. Receivables from banks in the banking business amounted to € 591.0 million (€ 600.3 million). Around 58% of receivables from banks and clients in the banking business have a term to maturity of less than one year.

As of the balance sheet date financial investments increased to € 162.3 million (€ 147.9 million) due to redeployment of other forms of investment. The tax refund claims declined to € 12.1 million (€ 14.9 million). This can be attributed to a reimbursement of corporation tax overpayments.

Other receivables and assets rose to € 122.8 million (€ 112.5 million). This item essentially contains commission receivables from insurers resulting from the brokerage of insurance products.

As a result of reporting-date factors, cash and cash equivalents increased to € 184.8 million (€ 77.5 million), reflecting temporarily higher deposits at the Deutsche Bundesbank. At the same time, the profit transfers of MLP Finanzdienstleistungen AG and FERI AG boosted the figure. Among other factors, the dividend payment to our shareholders had the opposite effect. You can find detailed information on the change in cash and cash equivalents in the chapter entitled → “Financial position”.

Non-current assets held for sale and disposal groups fell from € 6.0 million to € 0.0 million on the closing date. A property included in this item was sold in the financial year 2016.

Equity capital backing remains good

The equity capital backing of the MLP Group remains good. As of December 31, 2016, shareholders’ equity was € 383.6 million (€ 385.8 million). Due to the higher balance sheet total, the equity ratio was 19.7% (22.0%). Based on Group net profit of € 14.7 million, we therefore achieved a return on equity of 3.8% (5.1%).

Provisions increased to € 91.2 million (€ 86.5 million), essentially due to higher provisions for cancellation risks and pensions. This was offset by the release of provisions in connection with the participation model.

The deposits of our clients (liabilities due to clients in the banking business) increased to € 1,271.1 million (€ 1,102.6 million) at the end of the reporting period. This increase is primarily attributable to short-term deposits held in bank accounts, credit cards and instant access savings accounts. Liabilities due to banks in the banking business rose to € 37.7 million (€ 23.1 million). This 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.

Following € 4.0 million in the previous year, tax liabilities amounted to € 3.6 million. Other liabilities were € 146.9 million (€ 140.2 million). This item essentially comprises current liabilities due to our consultants and branch managers in connection with open commission claims (please also refer to the section entitled → "Financial position").

General statement on the economic situation

The corporate management still considers the Group's economic situation to be positive, both at the end of the reporting period and at the time of preparing the Group management report. This also applies to our financial position. Liquidity remains at a good level. The equity capital backing also remains good.

Comparison of the actual and forecast development of business

At the start of the financial year, we issued a forecast for the operating EBIT that indicated a slight increase over the previous year. We also made a qualitative estimate regarding the revenue performance.

In the old-age provision area, we were able to slightly exceed our expectation of maintaining constant revenues. Revenues in both the wealth management and health insurance areas remained at the previous year's level and were therefore slightly below our expectations. In the non-life insurance area, we were able to increase revenues significantly in the anticipated scope.

Before one-off expenses associated with our efficiency measures, we anticipated administrative expenses of € 277.0 million for the past financial year. With administrative expenses of € 275.5 million before one-off expenses, we were able to remain slightly below this level.

With operating EBIT of € 35.1 million (before one-off expenses), we were able to achieve an increase in line with our forecast.