Notes to the statement of financial position

22 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, 2018	**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	–	–
As of Dec. 31, 2018	**94,964**	**13,493**	**100,523**	**1,405**	**57,255**	**267,640**
Additions	0	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 Dec. 31, 2019	**122,502**	**18,014**	**103,481**	**549**	**58,995**	**303,541**
Depreciation and impairment						
As of Jan. 1, 2018	**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**
Depreciation	–	699	7,138	–	1,381	9,218
Addition to the scope of consolidation	–	–	41	–	–	41
Impairment	–	–	–	–	–	–
Disposals	–	–	-537	–	–	-537
As of Dec 31, 2019	**3**	**13,735**	**82,612**	**–**	**24,122**	**120,471**
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**
Carrying amount Jan. 1, 2019	94,962	457	24,553	1,405	34,515	155,892
Carrying amount Dec. 31, 2019	**122,500**	**4,279**	**20,869**	**549**	**34,873**	**183,070**

Intangible assets comprise definite-lived and indefinite-lived assets. Depreciation/amortisation and impairment on intangible assets are presented in → Note 16.

Useful lives of intangible assets

	Useful life as of Dec. 31, 2019	Useful life as of Dec. 31, 2018
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 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, 2019	Dec. 31, 2018
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**
DI (provisional)	**27,538**	**-**
Total	**122,500**	**94,962**

The goodwill resulting from the acquisition of the DI Group in the last financial year (see → Note 5) was not yet assigned to a cash-generating unit or subjected to any impairment test, as the purchase price allocation had not yet been finalised on the closing date, the time of acquisition is close to the closing date and no significant changes have occurred since this time.

As was already the case in the previous year, there was no need for an impairment of capitalised goodwill in the financial year 2019. The significant assumptions presented in the following were based on the impairment test performed.

Reportable financial consulting business segment

Financial Consulting		
Weighted average (in %)	2019	**2018**
Discount rate (before tax)	9.0	10.4
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	10.0	28.3

Occupational pension provision		
Weighted average (in %)	2019	**2018**
Discount rate (before tax)	9.4	10.9
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	3.1	3.6

ZSH		
Weighted average (in %)	2019	**2018**
Discount rate (before tax)	9.1	10.8
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	12.9	14.3

Reportable FERI business segment

FERI Assetmanagement		
Weighted average (in %)	2019	**2018**
Discount rate (before tax)	12.6	14.6
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	5.1	4.4

Reportable DOMCURA business segment

DOMCURA		
Weighted average (in %)	2019	**2018**
Discount rate (before tax)	9.2	10.9
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	4.3	1.5

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 2 % (previous year: 4 %). 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 (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 2019, own services with a value of € 354 thsd were capitalised (previous year: € 412 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	2019	2018
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	2019	2018
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 € 771 thsd as of December 31, 2019 (previous year: € 355 thsd).

23 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, 2018	**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**
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 Dec. 31, 2019	**92,393**	**51,765**	**614**	**144,772**
Depreciation and impairment				
As of Jan. 1, 2018	**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**
Depreciation	2,297	3,497		5,794
Addition depreciation	–	62	–	50
Impairment	–	–	–	–
Disposals	-154	-7,123	–	-7,277
As of Dec. 31, 2019	**30,361**	**36,771**	**–**	**67,132**
Carrying amount Jan. 1, 2018	48,924	12,274	663	61,861
Carrying amount Dec. 31, 2018	**63,438**	**14,746**	**86**	**78,270**
Carrying amount Jan. 1, 2019	63,438	14,746	86	78,270
Carrying amount Dec. 31, 2019	**62,032**	**14,994**	**614**	**77,640**

Useful lives of property, plant and equipment

	Useful life/residual value Dec. 31, 2019	Useful life/residual value Dec. 31, 2018
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 16.

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 € 348 thsd net as of December 31, 2019 (previous year: € 491 thsd).

Leases

Rights of use from leases are disclosed under the "property, plant and equipment" item. As of December 31, 2019, rights of use of € 53,275 thsd are in place, € 51,723 thsd thereof are attributable to rented buildings and € 1,551 thsd to vehicle leases. Rights of use of € 1,146 thsd were newly added in the financial year.

In the financial year, the acquisition costs of the rights of use from leases developed as follows. There were additions amounting to € 11,415 thsd and disposals of € 1,655 thsd. Essentially, the changes result from the leased buildings.

Some office space was sublet in 2019 and € 127 thsd was recognised for this.

The following table represents a maturity analysis of the leasing receivables and shows the undiscounted lease payments to be received after the balance sheet date.

All figures in €'000	Up to 1 year	1–5 years	>5 years	Total
Sublease agreements	148	79	-	227

Leases 2018

The Group has concluded **operating leases** for various motor vehicles, administration buildings and office machines. The average term of the contracts is three years for motor vehicles, generally up to ten years for buildings and four years for office machines.

The Group has been recognising rights of use for these leases since January 1, 2019, with the exception of short-term and low-value leases (see → Note 17).

The following future payment obligations (face values) due to irredeemable operating leases were in place as of December 31, 2018:

All figures in €'000	Up to 1 year	1–5 years	>5 years	Total
Rent on buildings	11,978	36,887	9,553	58,418
Rental/leasing liabilities	2,050	1,838	5	3,893
Total	**14,028**	**38,725**	**9,558**	**62,311**

24 Receivables from clients in the banking business

Receivables from clients in the banking business

All figures in €'000	Dec. 31, 2019	Dec. 31, 2018
Originated loan	483,069	432,114
Corporate bond debts	254,950	203,814
Receivables from credit cards	110,099	101,035
Receivables from current accounts	27,172	27,950
Receivables from wealth management	805	1,139
Other	3,753	3,998
Total, gross	**879,849**	**770,051**
Impairment	-7,674	-9,024
Total, net	**872,175**	**761,027**

As of December 31, 2019, receivables (net) with a term of more than one year remaining to maturity are € 674,139 thsd (previous year: € 643,219 thsd).

The gross carrying amounts of receivables from clients in the banking business developed as follows in the financial year:

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

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 (Stage 4)	Total
As of Jan. 1, 2019	**713,391**	**44,746**	**11,867**	**46**	**770,051**
Transfer to Stage 1	16,500	-16,314	-186	-	0
Transfer to Stage 2	-26,646	27,912	-1,267	-	0
Transfer to Stage 3	-142	-46	189	-	0
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 Dec. 31, 2019	**817,896**	**56,728**	**5,181**	**44**	**879,849**

Reconciliation statement for 2018 gross carrying amounts of receivables from clients in the banking business

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 (Stage 4)	Total
As of Jan. 1, 2018	**636,340**	**62,392**	**10,496**	**48**	**709,335**
Transfer to Stage 1	28,151	–28,104	–46	–	0
Transfer to Stage 2	–14,478	14,808	–330	–	0
Transfer to Stage 3	–2,337	–2,655	4,992	–	0
Allocation	143,383	5,912	158	–	149,453
of which newly acquired or issued financial assets	114,162	5,912	–	–	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 which write-offs	–	–	–685	–	–685
As of Dec. 31, 2018	**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 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 € 44 thsd (previous year: € 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 a credit impairment or a default status, the financial asset is recognised in Stage 3. See → Note 7 for further details on the impairment methods used and calculation of the impairment.

A modification to one contract (previous year: three contracts) was performed in the reporting year. This involved an adjustment to the originally agreed interest rate and thus only represents a slight modification. 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.

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

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 asset (Stage 4)	Total
As of Jan. 1, 2019	**1,768**	**2,359**	**4,862**	**36**	**9,024**
Transfer to Stage 1	78	-76	-2	-	0
Transfer to Stage 2	-111	188	-78	-	0
Transfer to Stage 3	-2	-2	4	-	0
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 Dec. 31, 2019	**1,800**	**3,233**	**2,638**	**3**	**7,674**

Reconciliation of expected losses 2018

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 asset (Stage 4)	Total
As of Jan. 1, 2018	**2,233**	**3,216**	**5,638**	**40**	**11,126**
Transfer to Stage 1	161	-161	-	-	0
Transfer to Stage 2	-56	93	-37	-	0
Transfer to Stage 3	-3	-204	207	-	0
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	-187	-127	-2,019	-	-2,333
of which reversal	-1,064	-1,879	-655	-4	-3,602
As of Dec. 31, 2018	**1,768**	**2,359**	**4,862**	**36**	**9,024**

Loan loss provisions declined from € 9,024 thsd to € 7,674 thsd in the financial year. This can primarily be attributed to disposals of receivables from credit cards, current accounts, and own-resource loans in stage 3. The disposal of receivables results in a reduction in loan loss provisions of € 4,149 thsd (previous year: € 2,674 thsd). In the financial year, there were also reversals from Stage 1 of € 616 thsd (previous year: € 1,064 thsd), as well as from Stage 2 of € 1,273 thsd (previous year: € 1,879 thsd). The reversals from Stage 2 are primarily the result of credit enhancements of receivables and the transfer to Stage 1 associated with this. In contrast there are allocations in Stage 2 of € 2,037 thsd (previous year: € 1,422 thsd) and Stage 3 of € 2,002 thsd (previous year: € 1,728 thsd). The allocations in Stage 2 are essentially attributable to primarily the result of credit status deteriorations of receivables and the transfer from Stage 1 to Stage 2 associated with this.

Taking into account direct write-offs of € 523 thsd (previous year: € 684 thsd) as well as income recovered from written-off receivables of € 254 thsd (previous year: € 198 thsd) allocations of € 4,721 thsd (previous year: € 3,832 thsd) and reversals of € 3,620 (previous year: € 3,601 thsd) recognised in income resulted in a net loan loss provision of € 1,370 thsd in the reporting year (previous year: € 255 thsd).

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 Dec. 31, 2019	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 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**	**–**	**–**	**–**

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

Qualitative and quantitative information on contributions from anticipated losses 2018

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 in the banking business (AC)	761,027	15,844	1,559	–	–
Receivables from banks in the banking business (AC)	694,210	–	–	–	–
Financial assets (AC)	159,480	–	–	–	–
Other receivables (AC)	81,315	3,890	–		
Contingent liabilities	4,719	178			
Irrevocable credit commitments	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. Credit impaired or defaulted receivables disclosed in Stage 3 as of December 31, 2019 of € 8,363 thsd (previous year: € 15,844 thsd) are secured with customary banking collaterals of € 355 thsd (previous year: € 1,559 thsd). The maximum default risk of contingent liabilities and irrevocable credit commitments corresponds to the face value of € 58,430 thsd (previous year: € 59,386 thsd).

The Group holds forwarded loans of € 97,970 thsd (previous year: € 81,295 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 € 237 thsd (previous year: € 1,361 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 (37).

25 Receivables from banks in the banking business

All figures in €'000	Dec. 31, 2019	Dec. 31, 2018
Due on demand	121,330	108,839
Other receivables	606,755	585,371
Total	**728,085**	**694,210**

All receivables from banks in the banking business are due from domestic credit institutions. As of December 31, 2019, receivables with a term of more than one year remaining to maturity are € 131,182 thsd (previous year: € 103,161 thsd), The receivables are not collateralised. At the closing date there are no receivables from banks that are overdue. Receivables of € 4,000 thsd have a greater default risk and are therefore allocated to Stage 2. Other receivables from banks of € 724,085 thsd are disclosed in Stage 1 and an anticipated 12-month loss is determined. The anticipated losses on receivables from banks are € 203 thsd in the financial year (previous year: € 170 thsd). This leads to a net expense from loan loss provisions in the reporting year of € 32 thsd (previous year: net income from loan loss provisions: € 74 thsd).

Further information on receivables from financial institutions in the banking business is disclosed in → Note 37.

26 Financial assets

All figures in €'000	Dec. 31, 2019	Dec. 31, 2018
By public-sector issuers	14,951	19,989
By other issuers	85,358	76,155
Debenture and other fixed income securities	**100,309**	**96,144**
Shares and certificates	342	186
Investment fund shares	5,056	2,972
Shares and other variable yield securities	**5,398**	**3,157**
Other investments (fixed and time deposits)	**64,996**	**59,995**
Investments in non-consolidated subsidiaries	**7,751**	**5,799**
Investments	**131**	**184**
Total	**178,584**	**165,279**

As of December 31, 2019, MLP has portfolios amounting to € 83,800 thsd (previous year: € 79,583 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	Dec. 31, 2019	Dec. 31, 2018
AC	90,214	86,219
FVPL	10,095	9,925
Debenture and other fixed income securities	**100,309**	**96,144**
FVPL	5,398	3,157
Shares and other variable yield securities	**5,398**	**3,157**
Fixed and time deposits (loans and receivables)	**64,996**	**59,995**
Anteile an nicht konsolidierten Tochterunternehmen	**7,751**	**5,799**
Investments	**131**	**184**
Total	**178,584**	**165,279**

In the financial year 2019, shares and other variable yield securities of € 5,398 thsd (previous year: € 3,157 thsd) are measured at fair value through profit or loss. This leads to valuation differences from exchange losses of € 485 thsd (previous year: € 662 thsd), which are recognised in the valuation result.

In addition, debentures and other fixed income securities of € 10,095 thsd (previous year: € 9,925 thsd) are measured at fair value through profit or loss in the financial year 2019. This leads to valuation differences from exchange profits of € 170 thsd (previous year: € 54 thsd), which are also recognised in the valuation result.

Debentures and other fixed income securities of € 90,214 thsd (previous year: € 86,219 thsd) are measured at amortised costs.

The anticipated 12-month loss on debentures and other fixed income securities measured at amortised costs is € 40 thsd in the financial year (previous year: € 28 thsd).

The fair value changes to fixed income securities triggered by a change in creditworthiness are € 89 thsd (previous year: € -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 € 30,834 thsd (previous year: € 6,883 thsd) with a face value of € 32,700 thsd (previous year: € 7,000 thsd).

For further disclosures regarding financial assets, please refer to → Note 37.

27 Inventories

As a result of the acquisition of the DI Group, inventories are being disclosed for the first time. Inventories break down as follows:

All figures in €'000	2019
Inventories – land	7,339
Inventories – buildings	2,948
Inventories – finished goods	246
Total	**10,533**

28 Other receivables and assets

All figures in €'000	Dec. 31, 2019	Dec. 31, 2018
Trade accounts receivable	81,903	71,669
Contractual assets	39,845	41,643
Refund receivables from recourse claims	19,842	19,194
Receivables from MLP consultants	5,529	5,514
Receivables from underwriting business	7,413	6,468
Advance payments	1	0
Other assets	18,355	17,731
Total, gross	**172,888**	**162,219**
Impairment	-4,302	-4,096
Total, net	**168,587**	**158,123**

As of December 31, 2019, receivables (net) with a term of more than one year remaining to maturity are € 38,230 thsd (previous year: € 45,984 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	2019	2018
As of Jan. 1	**41,602**	**0**
Effekt aus der erstmaligen Anwendung		**41,513**
Additions from new contracts	8,239	7,567
Payments received	-9,996	-10,570
Change of transaction price	–	3,132
Impairment pursuant to IFRS 9	**-40**	**-41**
As of Dec. 31,	**39,805**	**41,602**

Corresponding revenue had to be recognised for additional payments of 27 thsd (previous year: € 752 thsd) received in relation to contractual assets amounting to a different total.

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 2019

All figures in €'000	Stage 2	Stage 3	Total
As of Jan. 1, 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 Dec. 31, 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.

Development of impairments on other receivables and assets 2018

All figures in €'000	Stage 2	Stage 3	Total
As of Jan. 1, 2018	**1,525**	**3,557**	**5,083**
Allocation	684	200	884
Disposals	-524	-1,347	-1,871
of which usage	-	-78	-78
of which reversal	-524	-1,269	-1,793
As of Dec. 31, 2018	**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 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 that are disputed and where legal action is pending.

Taking into account direct write-offs of € 271 thsd (previous year: € 505 thsd), allocations of € 536 thsd (previous year: € 884 thsd) as well as reversals of € 798 thsd (previous year: € 1,871 thsd) recognised in income resulted in a net loan loss provision of € 9 thsd in the reporting year (previous year: € 393 thsd).

As of December 31, 2019, the total volume of receivables recognised in Stage 2 is € 130,174 thsd (previous year: € 119,027 thsd). An impairment loss of € 1,846 thsd was recognised for this (previous year: € 1,686 thsd).

As of December 31, 2019, Stage 3 receivables amount to a total of € 4,006 thsd (previous year: € 3,889 thsd). There are objective indications of an impairment or default status for these receivables. An impairment loss of € 2,456 thsd was recognised for this (previous year: € 2,410 thsd).

Additional disclosures on other receivables and assets can be found in → Note 37.

29 Cash and cash equivalents

All figures in €'000	Dec. 31, 2019	Dec. 31, 2018
Bank deposits	107,876	81,490
Deposits at Deutsche Bundesbank	402,800	304,334
Cash on hand	103	102
Total	**510,778**	**385,926**

As was the case in previous years, cash and cash equivalents include deposits at the Deutsche Bundesbank. In the financial year 2019, 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 value adjustment pursuant to IFRS 9 is € 12 thsd (previous year: € 10 thsd), the holdings are assigned to Stage 1.

30 Shareholders' equity

All figures in €'000	Dec. 31, 2019	Dec. 31, 2018
Share capital	**109,334**	**109,167**
Treasury stock	–	168
Capital reserves	149,853	149,227
Retained earnings		
Statutory reserve	3,129	3,129
Other retained earnings and net profit	191,836	175,653
Revaluation reserve	–17,547	–12,518
Equity attributable to MLP SE shareholders	**436,605**	**424,826**
Non-controlling interest	**787**	**–**
Total shareholders' equity	**437,392**	**424,826**

Share capital

The share capital of MLP SE is made up of 109,334,300 shares (December 31, 2018: 109,166,662). 372,309 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 June 14, 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 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 2018. The share buyback for the participation programme 2019 starts in 2020. Please refer to → Note 35 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 35.

Other retained earnings and net profit

Other retained earnings comprise retained earnings of the MLP Group and a reserve for treasury shares of € 1 thsd (previous year: € 556 thsd).

Revaluation reserve

The provision includes losses from the revaluation of defined benefit obligations of € 24,842 thsd (previous year: € 17,804 thsd) and deferred taxes attributable to this of € 7,294 thsd (previous year: € 5,286 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 € 22,960 thsd (previous year: € 21,867 thsd) for the financial year 2019 at the Annual General Meeting. This corresponds to € 0.21 (previous year: € 0.20) per share.

31 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 that 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 € 23,469 thsd (previous year: € 19,236 thsd). Pension insurance policies are in place for all other pension obligations (defined benefit obligation of € 33,463 thsd; previous year: € 30,517 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	
	2019	2018	2019	2018	2019	2018
As of Jan. 1	**49,753**	**49,140**	**–25,826**	**–25,590**	**23,927**	**23,550**
Current service cost	272	266	–	–	272	266
Interest expenses (+)/ income (-)	933	898	-491	-473	442	425
Recognised in profit or loss	**1,205**	**1,164**	**-491**	**-473**	**714**	**691**
Actuarial gains (-)/ losses (+) from:						
financial assumptions	7,257	522	–	–	7,257	522
demographic assumptions	–	461			–	461
experience adjustments	61	-306	–	–	61	-306
Gains (-)/ losses (+) from pension scheme assets without amounts recognized as interest income		–	-336	-104	-336	-104
Gains (-)/ losses (+) from revaluations*	**7,318**	**677**	**-336**	**-104**	**6,982**	**574**
Contributions paid by the employer		–	-147	-103	-147	-103
Payments made	-1,343	-1,229	567	444	-776	-785
Other	**-1,343**	**-1,229**	**419**	**341**	**-923**	**-888**
As of Dec. 31	**56,933**	**49,753**	**–26,234**	**–25,826**	**30,699**	**23,927**

*recognised in other comprehensive income

Net liabilities of € 1,941 thsd recognised in the balance sheet (previous year: € 992 thsd) are attributable to Executive Board members active at the end of the reporting period.

With regard to net pension provisions, payments of € 1,462 thsd are anticipated for 2020 (previous year: € 1,314 thsd). € 872 thsd thereof (previous year: € 770 thsd) is attributable to direct, anticipated company pension payments, while € 590 thsd (previous year: € 544 thsd) is attributable to anticipated reinsurance policy premiums.

Actuarial calculations incorporate the following assumptions:

	2019	2018
Assumed interest rate	1.10%	1.90%
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 December 31, 2019, 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
	0.50%	–4,708
Assumed interest rate	–0.50%	5,367
	0.50%	–
Salary trend	–0.50%	–
	0.50%	4,485
Pension trend	–0.50%	–4,026
Mortality	80.00%	4,952

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 2019 they total € 11,158 thsd (previous year: € 10,510 thsd).

Other provisions are made up as follows:

All figures in €'000	Dec. 31, 2019			Dec. 31, 2018		
	Current	Non-current	Total	Current	Non-current	Total
Cancellation risks	12,974	20,315	33,289	12,448	18,928	31,376
Bonus schemes	25,424	–	25,424	21,520	–	21,520
Share-based payments	1,834	2,865	4,699	1,088	2,540	3,628
Litigation risks/ costs	1,207	53	1,260	1,098	71	1,169
Claim settlement contributions/ commission reductions	950	–	950	1,620	–	1,620
Provisions for expected credit losses	595	194	790	641	201	842
Anniversaries	184	399	583	174	386	560
Economic loss	488	–	488	1,148	–	1,148
Phased retirement	91	214	305	44	200	244
Rent	97	84	181	286	113	399
Obligations to longstanding branch office managers	–	–	–	5,239	1,130	6,368
Other	2,300	627	2,927	1,273	410	1,684
Total	**46,144**	**24,752**	**70,897**	**46,579**	**23,979**	**70,558**

Other provisions have changed as follows:

All figures in €'000	Jan. 1, 2019	Addition to the scope of consolidation	Utilisation	Reversal	Compounding / Discounting	Allocation	Dec. 31, 2019
Cancellation risks	31,376	–	-12,450	–	133	14,231	33,289
Bonus schemes	21,520	–	-21,514	-6	0	25,424	25,424
Share-based payments	3,628	–	-26	-70	–	1,167	4,699
Litigation risks/ costs	1,169	–	-357	-75	1	523	1,260
Claim settlement contributions/ commission reductions	1,620	–	-540	-584	–	454	950
Provisions for expected credit losses	842	–	–	-602	–	550	790
Anniversaries	560	–	-158	-6	4	182	583
Economic loss	1,148	–	-352	-492	–	184	488
Phased retirement	244	–	-44	–	7	99	305
Rent	399	–	-165	-54	2	–	181
Obligations to longstanding branch office managers	6,368	–	-6,366	-17	15	–	–
Other	1,684	485	-513	-216	-7	1,496	2,927
Total	**70,558**	**485**	**-42,496**	**-2,123**	**154**	**44,319**	**70,897**

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 € 435 thsd (previous year: € 970 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 36 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 32 years.

Provisions for expected losses from the lending business developed as follows in the financial year:

All figures in €'000	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL – not impaired)	Stage 3 (lifetime ECL – impaired credits)	Total
As of Jan. 1, 2019	**294**	**239**	**310**	**842**
Transfer to Stage 1	13	-12	-1	0
Transfer to Stage 2	-12	14	-2	0
Transfer to Stage 3	-1	-1	1	0
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 Dec. 31, 2019	**265**	**260**	**265**	**790**

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 to Stage 1	35	-35	–	0
Transfer to Stage 2	-12	15	-2	0
Transfer to Stage 3	-8	-45	54	0
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, 2018	**294**	**239**	**310**	**842**

32 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, 2019			Dec 31, 2018	
	Current	Non-current	Total	Current	Non-current	Total
Liabilities due to clients	1,888,676	6,166	1,894,843	1,632,922	5,970	1,638,892
Liabilities due to banks	2,901	95,507	98,409	2,523	79,102	81,625
Total	**1,891,578**	**101,674**	**1,993,251**	**1,635,445**	**85,073**	**1,720,517**

The change in liabilities due to banking business from € 1,720,517 thsd to € 1,993,251 thsd is essentially attributable to the increase in short-term client deposits in current accounts.

As of December 31, 2019, liabilities due to clients from savings deposits with an agreed notice period of three months amounted to € 19,758 thsd (previous year: € 18,059 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 37 and → 38.

33 Other liabilities

All figures in €'000			Dec 31, 2019			Dec 31, 2018
	Current	Non-current	Total	Current	Non-current	Total
Liabilities due to MLP consultants and branch office managers	48,485	19,273	67,758	42,761	21,503	64,263
Liabilities due to underwriting business	24,882	–	24,882	24,136	–	24,136
Trade accounts payable	28,173	–	28,173	26,539	–	26,539
Purchase price liabilities	–	18,279	18,279	–	–	–
Liabilities due to banks	31	1,500	1,531	3	–	3
Advance payments received	84	–	84	84	–	84
Liabilities due to other taxes	9,072	–	9,072	2,006	–	2,006
Liabilities due to social security contributions	15	–	15	1	–	1
Leasing liabilities	10,769	43,387	54,156	–	–	–
Other liabilities	44,061	2,558	46,619	46,321	2,413	48,734
Total	**165,571**	**84,997**	**250,568**	**141,852**	**23,915**	**165,768**

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. 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, 2019 they were € 26,515 thsd (previous year: € 27,630 thsd) of which long-term: € 19,273 thsd (previous year: € 21,503 thsd).

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

Leasing liabilities of € 54,156 thsd include liabilities for real estate of € 52,624 thsd and liabilities for vehicles of € 1,532 thsd.

Other liabilities comprise commissions withheld from MLP consultants due to cancellations amounting to € 2,291 thsd (previous year: € 2,248 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 € 168,961 thsd (previous year: € 116,148 thsd).

Further disclosures on other liabilities can be found in → Note 36 and → 37.