

25. NON-CURRENT ASSETS HELD FOR SALE

This balance is analysed as follows:

	(Thousands of euros)	
	2017	2016
Real estate		
Assets arising from recovered loans	1,559,450	1,582,615
Assets for own use (closed branches)	5,553	7,869
Equipment and other	3,304	14,206
Subsidiaries acquired exclusively with the purpose of short-term sale	122,293	235,744
Other assets	26,842	35,177
	1,717,442	1,875,611
Impairment		
Real estate		
Assets arising from recovered loans	(190,359)	(168,626)
Assets for own use (closed branches)	(1,241)	(1,829)
Equipment and other	(3,035)	(4,141)
Subsidiaries acquired exclusively with the purpose of short-term sale	(42,695)	(79,711)
	(237,330)	(254,307)
	1,480,112	1,621,304

The assets included in this balance are accounted for in accordance with the accounting policy described in note 1 k).

The balance Real estate - Assets arising from recovered loans includes, essentially, real estate resulted from recovered loans or judicial auction following the resolution of credit agreements to customers being accounted for at the time the Bank assumes control of the asset, which is usually associated with the transfer of their legal ownership. Additional information on these assets is presented in note 46.

These assets are available for sale in a period less than one year and the Bank has a strategy for its sale, according to the characteristic of each asset. However, taking into account the actual market conditions, it was not possible in all instances to conclude the sales in the expected time. The sale strategy is based in an active search of buyers, with the Bank having a website where advertises these properties and through partnerships with the mediation of companies having more ability for the product that each time the Bank has for sale. Prices are periodically reviewed and adjusted for continuous adaptation to the market.

The Bank requests, regularly, to the Bank of Portugal, following the Article No. 114° of the General Regime of Credit Institutions and Financial Companies, the extension of the period of holding these properties.

The referred balance includes real estate for which the Bank has already established contracts for the sale in the amount of Euros 29,081,000 (31 December 2016: Euros 32,586,000), which impairment associated is Euros 4,397,000 (31 December 2016: Euros 16,190,000), which was calculated taking into account the value of the respective contracts.

As at 31 December 2017, the caption Subsidiaries acquired exclusively with the view of short-term sale corresponds to 1 real estate company acquired by the Bank (31 December 2016: 5 companies) within the restructuring of a loan exposure that the Bank intends to sell in less than one year (note 52), which hold real estate assets in the amount of Euros 20,447,000 (31 December 2016: Euros 129,456,000). However, taking into account the actual market conditions, it was not possible to conclude the sales in the expected time.

As part of a corporate restructuring process, as at 31 December 2017, the Bank sold four real estate companies to real estate investment funds held by it, in the amount of Euros 120,938,000, with a net gain of Euros 9,434,000, recognized in the caption Sale of other assets, as described in note 15.

The changes occurred in impairment for non-current assets held for sale are analysed as follows:

	(Thousands of euros)	
	2017	2016
Balance on 1 January	254,307	319,794
Transfers	-	(13,746)
Impairment for the year	93,027	33,553
Loans charged-off	(109,581)	(85,294)
Exchange rate differences	(423)	-
Balance on 31 December	237,330	254,307

26. OTHER TANGIBLE ASSETS

This balance is analysed as follows:

	(Thousands of euros)	
	2017	2016
Land and buildings	508,440	528,878
Equipment		
Furniture	69,631	70,206
Machinery	16,648	16,416
Computer equipment	175,627	168,051
Interior installations	98,876	96,688
Motor vehicles	13,032	10,377
Security equipment	62,907	64,089
Other equipment	2,868	2,923
Work in progress	10,143	8,322
Other tangible assets	32	30
	958,204	965,980
Accumulated depreciation		
Charge for the year (note 11)	(21,871)	(19,212)
Charge for the previous years	(719,232)	(728,459)
	(741,103)	(747,671)
	217,101	218,309