

Under the scope of derivative financial instruments operations (IRS and CIRS) with institutional counterparties, and as defined in the respective contracts ("Cash collateral"), the caption Other loans and advances to credit institutions includes the amounts detailed below:

| | (Thousands of euros) | |
|---|----------------------|----------------|
| | 2017 | 2016 |
| Other loans and advances to credit institutions in Portugal | | |
| Other applications | 1,010 | 2,840 |
| Other loans and advances to credit institutions abroad | | |
| Short-term applications | 27,639 | 242,896 |
| Other applications | 269,284 | 275,180 |
| | 297,933 | 520,916 |

These deposits are held by the counterparties and are given as collateral of the referred operations (IRS and CIRS), whose revaluation is negative for the Bank.

This balance is analysed by the period to maturity, as follows:

| | (Thousands of euros) | |
|----------------|----------------------|------------------|
| | 2017 | 2016 |
| Up to 3 months | 287,211 | 995,667 |
| 3 to 6 months | 744,567 | 13,567 |
| 6 to 12 months | 16,918 | 4,869 |
| 1 to 5 years | 6,872 | 42,099 |
| Over 5 years | 10,000 | - |
| Undetermined | - | 499 |
| | 1,065,568 | 1,056,701 |

22. LOANS AND ADVANCES TO CUSTOMERS

This balance is analysed as follows:

| | (Thousands of euros) | |
|-----------------------------------|----------------------|-------------------|
| | 2017 | 2016 |
| Public sector | 853,393 | 1,041,191 |
| Asset-backed loans | 27,885,255 | 29,011,503 |
| Other guaranteed loans | 3,932,216 | 3,985,120 |
| Unsecured loans | 7,779,063 | 6,821,163 |
| Foreign loans | 1,852,420 | 2,099,860 |
| Factoring operations | 2,106,173 | 1,794,778 |
| Finance leases | 3,525,058 | 3,373,561 |
| | 47,933,578 | 48,127,176 |
| Overdue loans - less than 90 days | 88,500 | 134,934 |
| Overdue loans - Over 90 days | 2,933,345 | 3,496,343 |
| | 50,955,423 | 51,758,453 |
| Impairment for credit risk | (3,321,931) | (3,740,851) |
| | 47,633,492 | 48,017,602 |

As at 31 December 2017, the balance Loans and advances to customers includes the amount of Euros 12,146,649,000 (31 December 2016: Euros 12,027,960,000) regarding credits related to mortgage loans issued by the Group.

As referred in note 52, the Group, as part of the liquidity risk management, holds a pool of eligible assets that can serve as collateral in funding operations with the European Central Bank and other Central Banks in countries where the Group operates, which include loans and advances to customers.

As at 31 December 2017 and as referred in note 57, the Group performed a set of sales of loans and advances to customers for Specialized Loan Funds in the amount of Euros 1,586,114,000 (31 December 2016: Euros: 1,586,114,000). During 2017, no credits have been sold to these funds.

As referred in note 50, the Group provides loans and/or guarantees to qualifying shareholders holding individually or together with their affiliates, 2% or more of the share capital, identified in the Board of Directors report and in note 40.

As at 31 December 2017, the Group granted credit to qualifying shareholders and entities controlled by them, in the amount of Euros 213,436,000 (31 December 2016: Euros 237,707,000), as referred in note 50 a). The amount of impairment recognised for these contracts amounts to Euros 77,000 (31 December 2016: Euros 130,000).

The business conducted between the company and qualifying shareholders or natural or legal persons related to them, pursuant to article 20 of the Securities Code, regardless of the amount, is always subject to appraisal and deliberation by the Board of Directors, through a proposal by the Credit Committee and the Executive Committee, supported by an analysis and technical opinion issued by the Internal Audit Division, and after a prior opinion has been obtained from the Audit Committee.

The analysis of loans and advances to customers, by type of credit, is as follows:

| | (Thousands of euros) | |
|--|----------------------|--------------------|
| | 2017 | 2016 |
| Loans not represented by securities | | |
| Mortgage loans | 23,307,977 | 23,952,257 |
| Loans | 13,766,728 | 13,689,736 |
| Finance leases | 3,525,058 | 3,373,561 |
| Factoring operations | 2,106,173 | 1,794,778 |
| Current account credits | 1,556,279 | 1,625,812 |
| Overdrafts | 1,456,141 | 1,339,874 |
| Discounted bills | 232,169 | 284,378 |
| | 45,950,525 | 46,060,396 |
| Loans represented by securities | | |
| Commercial paper | 1,702,941 | 1,843,345 |
| Bonds | 280,112 | 223,435 |
| | 1,983,053 | 2,066,780 |
| | 47,933,578 | 48,127,176 |
| Overdue loans - less than 90 days | 88,500 | 134,934 |
| Overdue loans - Over 90 days | 2,933,345 | 3,496,343 |
| | 50,955,423 | 51,758,453 |
| Impairment for credit risk | (3,321,931) | (3,740,851) |
| | 47,633,492 | 48,017,602 |

The analysis of loans and advances to customers, by maturity and by sector of activity, as at 31 December 2017, is as follows:

(Thousands of euros)

| | 2017 | | | | | | |
|--|----------------------|----------------------|-----------------|----------------------|------------------|------------|--------|
| | Outstanding loans | | | Total Outstanding | Overdue loans | Total | % |
| | Due within 1 year | 1 year to 5 years | Over 5 years | | | | |
| Agriculture and forestry | 83,770 | 85,208 | 121,933 | 290,911 | 16,167 | 307,078 | 0.60% |
| Fisheries | 7,647 | 14,990 | 7,707 | 30,344 | 237 | 30,581 | 0.06% |
| Mining | 46,801 | 22,963 | 5,645 | 75,409 | 8,059 | 83,468 | 0.16% |
| Food, beverage and tobacco | 406,227 | 217,506 | 78,238 | 701,971 | 17,287 | 719,258 | 1.41% |
| Textiles | 263,418 | 97,526 | 85,797 | 446,741 | 24,668 | 471,409 | 0.93% |
| Wood and cork | 106,540 | 83,890 | 41,619 | 232,049 | 11,704 | 243,753 | 0.48% |
| Paper, printing and publishing | 137,597 | 42,439 | 46,919 | 226,955 | 5,915 | 232,870 | 0.46% |
| Chemicals | 469,779 | 206,012 | 143,183 | 818,974 | 45,707 | 864,681 | 1.70% |
| Machinery, equipment and basic metallurgical | 577,905 | 402,079 | 190,651 | 1,170,635 | 62,540 | 1,233,175 | 2.42% |
| Electricity and gas | 52,500 | 51,571 | 428,318 | 532,389 | 150 | 532,539 | 1.05% |
| Water | 43,071 | 107,570 | 114,534 | 265,175 | 4,410 | 269,585 | 0.53% |
| Construction | 802,563 | 278,120 | 707,968 | 1,788,651 | 616,806 | 2,405,457 | 4.72% |
| Retail business | 641,116 | 319,037 | 294,334 | 1,254,487 | 84,765 | 1,339,252 | 2.63% |
| Wholesale business | 1,241,500 | 575,687 | 186,806 | 2,003,993 | 128,818 | 2,132,811 | 4.19% |
| Restaurants and hotels | 94,566 | 173,810 | 738,235 | 1,006,611 | 75,955 | 1,082,566 | 2.12% |
| Transports | 449,414 | 473,383 | 383,534 | 1,306,331 | 31,780 | 1,338,111 | 2.63% |
| Post offices | 2,651 | 1,896 | 81 | 4,628 | 381 | 5,009 | 0.01% |
| Telecommunications | 101,052 | 151,880 | 68,419 | 321,351 | 6,490 | 327,841 | 0.64% |
| Services | | | | | | | |
| Financial intermediation | 461,156 | 423,951 | 1,048,733 | 1,933,840 | 298,984 | 2,232,824 | 4.38% |
| Real estate activities | 322,251 | 334,323 | 645,482 | 1,302,056 | 357,905 | 1,659,961 | 3.26% |
| Consulting, scientific and technical activities | 1,279,466 | 570,563 | 379,585 | 2,229,614 | 217,534 | 2,447,148 | 4.80% |
| Administrative and support services activities | 243,651 | 201,178 | 85,256 | 530,085 | 29,603 | 559,688 | 1.10% |
| Public sector | 95,623 | 447,957 | 447,731 | 991,311 | 312 | 991,623 | 1.95% |
| Education | 38,157 | 25,431 | 69,813 | 133,401 | 2,642 | 136,043 | 0.27% |
| Health and collective service activities | 111,055 | 88,342 | 103,455 | 302,852 | 2,532 | 305,384 | 0.60% |
| Artistic, sports and recreational activities | 41,021 | 38,808 | 238,174 | 318,003 | 6,030 | 324,033 | 0.64% |
| Other services | 170,760 | 104,857 | 50,183 | 325,800 | 261,021 | 586,821 | 1.15% |
| Consumer credit | 1,111,151 | 1,508,862 | 793,285 | 3,413,298 | 381,412 | 3,794,710 | 7.45% |
| Mortgage credit | 369,380 | 1,352,665 | 21,432,674 | 23,154,719 | 253,258 | 23,407,977 | 45.94% |
| Other domestic activities | 2 | 13 | - | 15 | 5,096 | 5,111 | 0.01% |
| Other international activities | 461,005 | 250,793 | 109,181 | 820,979 | 63,677 | 884,656 | 1.74% |
| | 10,232,795 | 8,653,310 | 29,047,473 | 47,933,578 | 3,021,845 | 50,955,423 | 100% |

The analysis of loans and advances to customers, by maturity and by sector of activity, as at 31 December 2016, is as follows:

(Thousands of euros)

| | 2016 | | | | | | |
|---|-------------------|-------------------|--------------|-------------------|---------------|------------|--------|
| | Outstanding loans | | | | Overdue loans | Total | % |
| | Due within 1 year | 1 year to 5 years | Over 5 years | Total Outstanding | | | |
| Agriculture and forestry | 108,926 | 83,579 | 108,386 | 300,891 | 39,686 | 340,577 | 0.66% |
| Fisheries | 7,038 | 15,999 | 18,364 | 41,401 | 11,981 | 53,382 | 0.10% |
| Mining | 62,562 | 24,753 | 8,052 | 95,367 | 6,875 | 102,242 | 0.20% |
| Food, beverage and tobacco | 365,344 | 148,471 | 71,361 | 585,176 | 19,221 | 604,397 | 1.17% |
| Textiles | 238,126 | 104,689 | 101,875 | 444,690 | 26,075 | 470,765 | 0.91% |
| Wood and cork | 95,148 | 75,229 | 37,914 | 208,291 | 14,702 | 222,993 | 0.43% |
| Paper, printing and publishing | 70,701 | 75,111 | 52,141 | 197,953 | 10,010 | 207,963 | 0.40% |
| Chemicals | 363,117 | 205,728 | 113,358 | 682,203 | 66,517 | 748,720 | 1.45% |
| Machinery, equipment and basic metallurgical | 468,225 | 345,115 | 184,444 | 997,784 | 63,945 | 1,061,729 | 2.05% |
| Electricity and gas | 129,048 | 73,735 | 374,745 | 577,528 | 971 | 578,499 | 1.12% |
| Water | 56,254 | 34,608 | 114,947 | 205,809 | 3,884 | 209,693 | 0.41% |
| Construction | 937,900 | 282,397 | 812,991 | 2,033,288 | 826,013 | 2,859,301 | 5.52% |
| Retail business | 623,863 | 291,102 | 237,644 | 1,152,609 | 120,173 | 1,272,782 | 2.46% |
| Wholesale business | 1,022,257 | 526,029 | 215,238 | 1,763,524 | 153,696 | 1,917,220 | 3.70% |
| Restaurants and hotels | 92,372 | 181,660 | 582,587 | 856,619 | 117,557 | 974,176 | 1.88% |
| Transports | 419,444 | 517,356 | 482,739 | 1,419,539 | 72,317 | 1,491,856 | 2.88% |
| Post offices | 2,965 | 2,853 | 51 | 5,869 | 471 | 6,340 | 0.01% |
| Telecommunications | 94,241 | 112,614 | 65,741 | 272,596 | 106,998 | 379,594 | 0.73% |
| Services | | | | | | | |
| Financial intermediation | 1,256,275 | 1,062,314 | 1,176,613 | 3,495,202 | 565,769 | 4,060,971 | 7.85% |
| Real estate activities | 294,076 | 288,054 | 559,104 | 1,141,234 | 344,475 | 1,485,709 | 2.87% |
| Consulting, scientific and technical activities | 448,582 | 189,895 | 213,138 | 851,615 | 42,432 | 894,047 | 1.73% |
| Administrative and support services activities | 184,782 | 179,336 | 95,493 | 459,611 | 38,371 | 497,982 | 0.96% |
| Public sector | 150,003 | 150,417 | 439,440 | 739,860 | 979 | 740,839 | 1.43% |
| Education | 32,948 | 14,670 | 74,968 | 122,586 | 3,388 | 125,974 | 0.24% |
| Health and collective service activities | 87,721 | 67,994 | 120,952 | 276,667 | 4,491 | 281,158 | 0.54% |
| Artistic, sports and recreational activities | 75,893 | 24,643 | 265,225 | 365,761 | 15,811 | 381,572 | 0.74% |
| Other services | 159,650 | 397,386 | 62,521 | 619,557 | 16,304 | 635,861 | 1.23% |
| Consumer credit | 979,162 | 1,801,945 | 737,839 | 3,518,946 | 538,843 | 4,057,789 | 7.84% |
| Mortgage credit | 368,626 | 1,336,889 | 22,004,342 | 23,709,857 | 308,450 | 24,018,307 | 46.40% |
| Other domestic activities | 8 | 1 | - | 9 | 7,879 | 7,888 | 0.02% |
| Other international activities | 509,282 | 276,093 | 199,759 | 985,134 | 82,993 | 1,068,127 | 2.06% |
| | 9,704,539 | 8,890,665 | 29,531,972 | 48,127,176 | 3,631,277 | 51,758,453 | 100% |

The analysis of loans and advances to customers, by type of credit and by maturity, as at 31 December 2017, is as follows:

(Thousands of euros)

| | 2017 | | | | | |
|------------------------|-------------------|-------------------|--------------|-------------------|---------------|------------|
| | Outstanding loans | | | | Overdue loans | Total |
| | Due within 1 year | 1 year to 5 years | Over 5 years | Total Outstanding | | |
| Public sector | 41,491 | 79,849 | 732,053 | 853,393 | 265 | 853,658 |
| Asset-backed loans | 1,790,993 | 3,011,766 | 23,082,496 | 27,885,255 | 1,502,718 | 29,387,973 |
| Other guaranteed loans | 1,571,652 | 1,371,367 | 989,197 | 3,932,216 | 335,606 | 4,267,822 |
| Unsecured loans | 4,343,298 | 1,852,701 | 1,583,064 | 7,779,063 | 888,057 | 8,667,120 |
| Foreign loans | 421,166 | 546,644 | 884,610 | 1,852,420 | 149,805 | 2,002,225 |
| Factoring operations | 1,548,343 | 512,249 | 45,581 | 2,106,173 | 23,892 | 2,130,065 |
| Finance leases | 515,852 | 1,278,734 | 1,730,472 | 3,525,058 | 121,502 | 3,646,560 |
| | 10,232,795 | 8,653,310 | 29,047,473 | 47,933,578 | 3,021,845 | 50,955,423 |

The analysis of loans and advances to customers, by type of credit and by maturity, as at 31 December 2016, is as follows:

(Thousands of euros)

| | 2016 | | | | | |
|------------------------|-------------------|-------------------|--------------|-------------------|---------------|------------|
| | Outstanding loans | | | | Overdue loans | Total |
| | Due within 1 year | 1 year to 5 years | Over 5 years | Total Outstanding | | |
| Public sector | 124,754 | 366,857 | 549,580 | 1,041,191 | 27 | 1,041,218 |
| Asset-backed loans | 1,862,811 | 3,343,083 | 23,805,609 | 29,011,503 | 1,832,217 | 30,843,720 |
| Other guaranteed loans | 1,678,537 | 1,336,693 | 969,890 | 3,985,120 | 443,626 | 4,428,746 |
| Unsecured loans | 3,806,214 | 1,619,086 | 1,395,863 | 6,821,163 | 1,053,539 | 7,874,702 |
| Foreign loans | 504,058 | 595,976 | 999,826 | 2,099,860 | 128,959 | 2,228,819 |
| Factoring operations | 1,304,834 | 445,597 | 44,347 | 1,794,778 | 23,588 | 1,818,366 |
| Finance leases | 423,331 | 1,183,373 | 1,766,857 | 3,373,561 | 149,321 | 3,522,882 |
| | 9,704,539 | 8,890,665 | 29,531,972 | 48,127,176 | 3,631,277 | 51,758,453 |

The caption Loans and advances to customers includes the effect of traditional securitization transactions owned by Special Purpose Entities (SPEs) consolidated following the application of IFRS 10, in accordance with accounting policy 1 b) and synthetic securitization. The characterization of these operations is described in note 1 d) 6 ii).

TRADITIONAL SECURITIZATIONS

Securitization transactions engaged by the Group refer to mortgage loans and are set through specifically created SPE. As at 31 December 2017, the loans and advances referred to these traditional securitization transactions amounts to Euros 464,513,000 (31 December 2016: Euros 527,924,000) As referred in accounting policy 1 b), when the substance of the relationships with the SPEs indicates that the Group holds control of its activities, the SPE are consolidated by the full method.

Magellan Mortgages No. 2

On 20 October 2003, the Group transferred a pool of mortgage loans owned by Banco Comercial Português, S.A. and by Banco de Investimento Imobiliário, S.A. to the SPE "Magellan Mortgages No. 2 PLC". Considering that, by having acquired the total subordinated tranches, the Group holds the control of the referred assets, the SPE is consolidated in the Group's Financial Statements, as established in the accounting policy 1 b). As at 31 December 2017, the SPE's credit portfolio associated with this operation amounts to Euros 121,585,000, and the bonds issued with different subordination levels amount to Euros 107,780,000 (this amount excludes bonds already acquired by the Group in the amount of Euros 13,536,000 and Euros 14,000,000 of the most subordinated tranche fully acquired).

Magellan Mortgages No. 3

On 24 June 2005, the Group transferred a pool of mortgage loans owned by Banco Comercial Português, S.A. to the SPE "Magellan Mortgages No. 3 PLC". Considering that, by having acquired part of the subordinated tranche, the Group holds the control of the referred assets, the SPE is consolidated in the Group's Financial Statements, as established in the accounting policy 1 b). As at 31 December 2017, the SPE's credit portfolio associated with this operation amounts to Euros 342,928,000, and bonds issued with different subordination levels amount to Euros 230,231,000 (this amount excludes bonds already acquired by the Group in the amount of Euros 111,647,000) and the most subordinated tranche amounts to Euros 44,000 (this amount excludes bonds already acquired by the Group in the amount Euros 206,000).

SYNTHETIC SECURITIZATIONS

The Group has two operations in progress which form structures of synthetic securitization.

Caravela SME No. 3

Caravela SME No.3, which operation started on 28 June 2013, based on a medium and long term loans portfolio of current accounts and authorized overdrafts granted by BCP, mainly to small and medium companies. The maturity date is 25 March of 2036 and as at 31 December 2017, the synthetic securitization "Caravela SME No.3" amounts to Euros 2,269,231,000. The fair value of swaps is recorded in the amount of Euros 194,606,000 and the associated cost in 2017 amounts to Euros 17,708,000.

Caravela SME No. 4

Caravela SME No.4 is a similar operation, initiated on 5 June 2014, which portfolio contains car, real estate and equipment leasing granted between the Bank and a group of clients that belong to the same segment (small and medium companies). The maturity date is 21 September of 2043 and as at 31 December 2017, the synthetic securitization "Caravela SME No.4" amounts to Euros 1,144,979,000. The fair value of swaps is recorded at the amount of Euros 66,193,000 and their associated cost in 2017 amounts to Euros 1,491,000.

In both operations, the Bank hired a Credit Default Swap (CDS) with a Special Purpose Vehicle (SPV), buying by this way the protection for the total portfolio referred. Both cases, the synthetic securitizations, the same CDS, the risk of the respective portfolios were divided in 3 classes: senior, mezzanine and equity. The mezzanine and part of the equity (20%) were placed in the market through an SPV, and the subscription by investors, the Credit Linked Notes (CLNs). The Bank retained the senior risk and part of the equity remaining (80%). The product of the CLNs issue was invested by the SPV in a deposit which total collateral the responsibilities in the presence of the Bank, in accordance of the CDS.

These operations involve the Bank's reduced exposure to the risks associated with the credit granted, but it did not transfer to third parties the majority of the rights and obligations arising from the credits included in them, thus not meeting the criteria set out in paragraphs 16 and subsequent IAS 39 for derecognition.

The Group's credit portfolio, which includes further than loans and advances to customers, the guarantees granted and commitments to third parties, split between loans with or without signs of impairment is analysed as follows:

| | (Thousands of euros) | |
|--|----------------------|-------------|
| | 2017 | 2016 |
| Total loans | 55,497,146 | 56,594,498 |
| Loans and advances to customers with signs of impairment | | |
| Individually significant | | |
| Gross amount | 5,234,558 | 6,535,910 |
| Impairment | (2,520,686) | (2,587,273) |
| | 2,713,872 | 3,948,637 |
| Collective analysis | | |
| Gross amount | 2,721,470 | 3,829,973 |
| Impairment | (806,351) | (1,164,037) |
| | 1,915,119 | 2,665,936 |
| Loans and advances to customers without signs of impairment | 47,541,118 | 46,228,615 |
| Impairment (IBNR) | (125,769) | (117,597) |
| | 52,044,340 | 52,725,591 |

The total loan portfolio presented in the table above includes loans and advances to customers in the amount of Euros 50,955,423,000 (31 December 2016: Euros: 51,758,453,000) and guarantees granted and commitments to third parties balance (note 45), in the amount of Euros 4,541,723,000 (31 December 2016: Euros 4,836,045,000).

The balances Impairment and Impairment ('IBNR') were determined in accordance with the accounting policy described in note 1 c), including the provision for guarantees and other commitments to third parties (note 37), in the amount of Euros 130,875,000 (31 December 2016: Euros 128,056,000).

The analysis of the exposure covered by collateral associated with loans and advances to customers' portfolio, considering its fair value, is as follows:

| | (Thousands of euros) | |
|---|----------------------|-------------------|
| | 2017 | 2016 |
| Loans and advances to customers with impairment | | |
| Individually significant | | |
| Securities and other financial assets | 491,535 | 650,949 |
| Residential real estate | 372,675 | 498,915 |
| Other real estate | 1,196,156 | 1,385,860 |
| Other guarantees | 644,484 | 680,523 |
| | 2,704,850 | 3,216,247 |
| Collective analysis | | |
| Securities and other financial assets | 21,456 | 23,271 |
| Residential real estate | 1,336,562 | 1,783,311 |
| Other real estate | 197,310 | 296,815 |
| Other guarantees | 76,546 | 107,704 |
| | 1,631,874 | 2,211,101 |
| Loans and advances to customers without impairment | | |
| Securities and other financial assets | 2,029,452 | 2,178,216 |
| Residential real estate | 20,789,178 | 20,972,631 |
| Other real estate | 3,863,924 | 3,174,211 |
| Other guarantees | 3,824,188 | 3,725,116 |
| | 30,506,742 | 30,050,174 |
| | 34,843,466 | 35,477,522 |

The captions Other guarantees include debtors, assets subject to leasing transactions and personal guarantees, among others. Considering the policy of risk management of the Group (note 52), the amounts presented do not include the fair value of the personal guarantees provided by clients with lower risk rating. When considered, the fair value of the personal guarantees corresponds to the guaranteed amount.

The Group is applying physical collaterals and financial guarantees as instruments to mitigate the credit risk. The physical collaterals are mainly mortgages on residential buildings for the mortgage portfolio and other mortgages on other types of buildings related to other types of loans. In order to reflect the market value, these collaterals are regularly reviewed based on independent and certified valuation entities or through the application of revaluation coefficients that reflect the market trends for each specific type of building and geographical area. The financial guarantees are reviewed based on the market value of the respective assets, when available, with the subsequent application of haircuts that reflect the volatility of their prices. Considering the current real estate and financial markets conditions, the Group continued to negotiate additional physical and financial collaterals with its customers.

The balance Loans and advances to customers includes the following amounts related to finance leases contracts:

| | (Thousands of euros) | |
|-----------------------------------|----------------------|-----------|
| | 2017 | 2016 |
| Amount of future minimum payments | 3,956,596 | 3,810,114 |
| Interest not yet due | (431,538) | (436,553) |
| Present value | 3,525,058 | 3,373,561 |

The amount of future minimum payments of lease contracts, by maturity terms, is analysed as follows:

| | (Thousands of euros) | |
|--------------|----------------------|-----------|
| | 2017 | 2016 |
| Up to 1 year | 846,943 | 752,119 |
| 1 to 5 years | 1,831,777 | 1,723,305 |
| Over 5 years | 1,277,876 | 1,334,690 |
| | 3,956,596 | 3,810,114 |

The analysis of financial lease contracts, by type of client, is presented as follows:

| | (Thousands of euros) | |
|--------------------|----------------------|-----------|
| | 2017 | 2016 |
| Individuals | | |
| Home | 71,331 | 76,577 |
| Consumer | 31,269 | 25,712 |
| Others | 114,892 | 125,693 |
| | 217,492 | 227,982 |
| Companies | | |
| Equipment | 1,673,106 | 1,499,569 |
| Real estate | 1,634,460 | 1,646,010 |
| | 3,307,566 | 3,145,579 |
| | 3,525,058 | 3,373,561 |

Regarding operational leasing, the Group does not present relevant contracts as lessor.

The loan to customers' portfolio includes contracts that resulted in a formal restructuring with the customers and the consequent establishment of a new funding to replace the previous. The restructuring may result in a reinforce of guarantees and / or liquidation of part of the credit and involve an extension of maturities or a different interest rate. The analysis of the non-performing restructured loans, by sector of activity, is as follows:

| | (Thousands of euros) | |
|---|----------------------|----------------|
| | 2017 | 2016 |
| Agriculture and forestry | 8,464 | 23,330 |
| Fisheries | 2,019 | 12,996 |
| Mining | 13,338 | 140 |
| Food, beverage and tobacco | 1,020 | 1,326 |
| Textiles | 554 | 694 |
| Wood and cork | 2,977 | 2,832 |
| Paper, printing and publishing | 450 | 1,899 |
| Chemicals | 2,108 | 4,277 |
| Machinery, equipment and basic metallurgical | 17,755 | 16,156 |
| Electricity and gas | 431 | 270 |
| Water | 250 | 98 |
| Construction | 32,135 | 34,029 |
| Retail business | 95,818 | 8,529 |
| Wholesale business | 16,888 | 8,928 |
| Restaurants and hotels | 10,252 | 12,822 |
| Transports | 13,372 | 9,656 |
| Post offices | 30 | 28 |
| Telecommunications | 80,701 | 238 |
| Services | | |
| Financial intermediation | 495 | 452 |
| Real estate activities | 5,969 | 6,760 |
| Consulting, scientific and technical activities | 8,110 | 1,866 |
| Administrative and support services activities | 7,436 | 721 |
| Public sector | 41,070 | 746 |
| Education | 390 | 540 |
| Health and collective service activities | 89 | 54 |
| Artistic, sports and recreational activities | 381 | 399 |
| Other services | 1,546 | 1,626 |
| Consumer credit | 125,646 | 113,151 |
| Mortgage credit | 107,182 | 102,303 |
| Other international activities | 10,434 | 11,524 |
| | 607,310 | 378,390 |

The restructured loans are subject to an impairment analysis resulting from the revaluation of expectation to meet new cash flows inherent to the new contract terms, discounted at the original effective interest rate and considering new collaterals.

Regarding the restructured loans, the impairment associated to these operations amounts to Euros 169,912,000 (31 December 2016: Euros 151,810,000).

The Group has implemented a process for marking operations restructured due to clients' financial difficulties. This marking is part of the credit analysis process, being in charge of the respective decision-making bodies, according to the corresponding competencies, established in the regulations in force.

The information on operations restructured due to financial difficulties is available in the Group's information systems, having a relevant role in the processes of credit analysis, in the marking of customers in default and in the process of determining impairment. In particular:

- there are several default triggers related to restructurings due to financial difficulties (restructuring with loss of value, recidivism of restructuring, unproductive credit, default on customers with restructured operations);
- in the process of individual impairment analysis, in addition to the existence of operations restructured due to financial difficulties, is a reason for customer selection, the loss inherent to the change in the conditions resulting from the restructuring is determined;
- with regard to collective analysis, and the existence of such operations leads to the integration of the client into a subpopulation with an aggravated impairment rate.

The demarcation of an operation can only take place at least 2 years after the date of marking, provided that a set of conditions exist that allow to conclude by the improvement of the financial condition of the client.

As mentioned in note 52, as at 31 December 2017, the total restructured loans amount to Euros 4,382,262,000 (31 December 2016: Euros 5,059,571,000).

The definition of Non Performing Loans for more than 90 days (NPL > 90) incorporates total credit (past due + outstanding) associated with past due operations for more than 90 days. As at 31 December 2017, the amount calculated is Euros 4,526,765,000 (31 December 2016: Euros 5,384,717,000).

The definition of Non-Performing Exposure (NPE) is as follows:

- a) Total exposure of defaulted customers;
- b) Total exposure of customers with signs of impairment;
- c) Total exposure of customers whose overdue operations for more than 90 days represents more than 20% of their total on-balance sheet exposure;
- d) Total exposure of non-retail customers with at least one overdue operation for more than 90 days;
- e) Retail operations overdue for more than 90 days;
- f) Operations restructured due to financial difficulties overdue for more than 30 days.

As at 31 December 2017, the NPE amounts to Euros 7,742,399,000 (31 December 2016: Euros 9,814,723,000), of which Euros 7,658,392,000 are associated to loans not represented by securities (31 December 2016: Euros 9,374,848,000) and Euros 84,007,000 associated to loans represented by securities (31 December 2016: Euros 439,875,000).

The changes occurred in impairment for credit risks are analysed as follows:

| | (Thousands of euros) | |
|---|----------------------|------------------|
| | 2017 | 2016 |
| Balance on 1 January | 3,740,851 | 3,468,084 |
| Transfers resulting from changes in the Group's structure | - | (40,109) |
| Other transfers | (33,187) | 4,642 |
| Impairment charge for the year | 939,919 | 1,381,442 |
| Reversals for the year | (299,245) | (230,658) |
| Loans charged-off | (1,040,845) | (806,403) |
| Exchange rate differences | 14,438 | (36,147) |
| Balance on 31 December | 3,321,931 | 3,740,851 |

If the impairment loss decreases in a subsequent period to its initial accounting and this decrease can be objectively associated to an event that occurred after the recognition of the loss, the reduction of the impairment is reversed through profit and loss.

The analysis of impairment, by sector of activity, is as follows:

| | (Thousands of euros) | |
|---|----------------------|------------------|
| | 2017 | 2016 |
| Agriculture and forestry | 33,190 | 38,705 |
| Fisheries | 1,003 | 18,921 |
| Mining | 10,933 | 5,048 |
| Food, beverage and tobacco | 15,108 | 14,806 |
| Textiles | 24,333 | 26,595 |
| Wood and cork | 22,020 | 16,957 |
| Paper, printing and publishing | 12,030 | 14,694 |
| Chemicals | 40,858 | 55,849 |
| Machinery, equipment and basic metallurgical | 55,255 | 47,664 |
| Electricity and gas | 1,700 | 3,198 |
| Water | 13,210 | 9,937 |
| Construction | 547,885 | 614,394 |
| Retail business | 73,246 | 92,880 |
| Wholesale business | 116,930 | 127,132 |
| Restaurants and hotels | 110,254 | 113,459 |
| Transports | 37,393 | 119,507 |
| Post offices | 671 | 500 |
| Telecommunications | 16,351 | 19,591 |
| Services | | |
| Financial intermediation | 484,650 | 1,052,162 |
| Real estate activities | 227,813 | 208,729 |
| Consulting, scientific and technical activities | 500,051 | 60,709 |
| Administrative and support services activities | 66,760 | 33,880 |
| Public sector | 2,731 | 3,584 |
| Education | 6,342 | 7,438 |
| Health and collective service activities | 3,979 | 4,617 |
| Artistic, sports and recreational activities | 78,627 | 89,892 |
| Other services | 163,246 | 50,564 |
| Consumer credit | 373,513 | 473,800 |
| Mortgage credit | 240,546 | 316,087 |
| Other domestic activities | 76 | 555 |
| Other international activities | 41,227 | 98,997 |
| | 3,321,931 | 3,740,851 |

The impairment for credit risk, by type of credit, is analysed as follows:

| | (Thousands of euros) | |
|------------------------|----------------------|------------------|
| | 2017 | 2016 |
| Public sector | 2,678 | 3,307 |
| Asset-backed loans | 2,013,212 | 2,296,551 |
| Other guaranteed loans | 434,783 | 460,856 |
| Unsecured loans | 579,690 | 652,206 |
| Foreign loans | 117,851 | 140,922 |
| Factoring operations | 32,162 | 30,789 |
| Finance leases | 141,555 | 156,220 |
| | 3,321,931 | 3,740,851 |

The analysis of loans charged-off, by sector of activity, is as follows:

| | (Thousands of euros) | |
|---|----------------------|----------------|
| | 2017 | 2016 |
| Agriculture and forestry | 1,843 | 13,234 |
| Fisheries | 22,020 | 47 |
| Mining | 773 | 4,200 |
| Food, beverage and tobacco | 4,107 | 2,353 |
| Textiles | 8,200 | 8,385 |
| Wood and cork | 3,213 | 15,697 |
| Paper, printing and publishing | 4,563 | 2,619 |
| Chemicals | 9,099 | 28,023 |
| Machinery, equipment and basic metallurgical | 13,492 | 23,984 |
| Electricity and gas | 103 | 43 |
| Water | 397 | 229 |
| Construction | 100,260 | 184,253 |
| Retail business | 38,479 | 51,680 |
| Wholesale business | 41,691 | 57,244 |
| Restaurants and hotels | 14,239 | 17,481 |
| Transports | 94,008 | 5,683 |
| Post offices | 181 | 46 |
| Telecommunications | 3,967 | 9,575 |
| Services | | |
| Financial intermediation | 284,185 | 104,895 |
| Real estate activities | 54,842 | 43,905 |
| Consulting, scientific and technical activities | 18,541 | 24,954 |
| Administrative and support services activities | 9,442 | 4,159 |
| Public sector | - | 2 |
| Education | 825 | 119 |
| Health and collective service activities | 830 | 660 |
| Artistic, sports and recreational activities | 5,867 | 1,123 |
| Other services | 4,037 | 4,843 |
| Consumer credit | 264,426 | 171,378 |
| Mortgage credit | 18,725 | 18,623 |
| Other domestic activities | 14,740 | 671 |
| Other international activities | 3,750 | 6,295 |
| | 1,040,845 | 806,403 |

In compliance with the accounting policy described in note 1 c), loans and advances to customers are charged-off when there are no feasible expectations, of recovering the loan amount and for collateralised loans, the charge-off occurs when the funds arising from the execution of the respective collaterals are effectively received. This charge-off is carried out by the utilization of impairment losses when they refer to 100% of the loans that are considered unrecoverable.

The analysis of loans charged-off, by type of credit, is as follows:

| | (Thousands of euros) | |
|------------------------|----------------------|----------------|
| | 2017 | 2016 |
| Asset-backed loans | 7,076 | 46,878 |
| Other guaranteed loans | 13,845 | 9,115 |
| Unsecured loans | 985,712 | 729,412 |
| Foreign loans | - | 29 |
| Factoring operations | 1,841 | 6,149 |
| Finance leases | 32,371 | 14,820 |
| | 1,040,845 | 806,403 |

The analysis of recovered loans and interest, occurred during 2017 and 2016, by sector of activity, is as follows:

| | (Thousands of euros) | |
|---|----------------------|---------------|
| | 2017 | 2016 |
| Agriculture and forestry | 65 | 58 |
| Fisheries | 42 | 3 |
| Mining | 125 | 184 |
| Food, beverage and tobacco | 203 | 460 |
| Textiles | 305 | 824 |
| Wood and cork | 247 | 333 |
| Paper, printing and publishing | 569 | 55 |
| Chemicals | 448 | 244 |
| Machinery, equipment and basic metallurgical | 263 | 416 |
| Electricity and gas | - | 13 |
| Water | 1 | 10 |
| Construction | 4,155 | 20,301 |
| Retail business | 1,108 | 822 |
| Wholesale business | 2,206 | 2,107 |
| Restaurants and hotels | 144 | 117 |
| Transports | 1,004 | 135 |
| Post offices | - | 2 |
| Telecommunications | 1 | 12 |
| Services | | |
| Financial intermediation | 165 | 60 |
| Real estate activities | 1,106 | 670 |
| Consulting, scientific and technical activities | 82 | 213 |
| Administrative and support services activities | 295 | 131 |
| Education | - | 11 |
| Health and collective service activities | 10 | - |
| Artistic, sports and recreational activities | 8 | 2,173 |
| Other services | 8 | 122 |
| Consumer credit | 3,515 | 3,970 |
| Mortgage credit | 30 | 21 |
| Other domestic activities | 285 | 149 |
| Other international activities | 576 | 250 |
| | 16,966 | 33,866 |

The analysis of recovered loans and interest, occurred during 2017 and 2016, by type of credit, is as follows:

| | (Thousands of euros) | |
|------------------------|----------------------|---------------|
| | 2017 | 2016 |
| Asset-backed loans | 16 | - |
| Other guaranteed loans | 2,040 | 389 |
| Unsecured loans | 14,221 | 32,522 |
| Foreign loans | 120 | 594 |
| Factoring operations | 74 | 8 |
| Finance leases | 495 | 353 |
| | 16,966 | 33,866 |

23. FINANCIAL ASSETS HELD FOR TRADING, OTHER FINANCIAL ASSETS HELD FOR TRADING AT FAIR VALUE THROUGH PROFIT OR LOSS AND FINANCIAL ASSETS AVAILABLE FOR SALE

The balance Financial assets held for trading, Other financial assets held for trading at fair value through profit or loss and Financial assets available for sale is analysed as follows:

| | (Thousands of euros) | |
|--|----------------------|-------------------|
| | 2017 | 2016 |
| Bonds and other fixed income securities | | |
| Issued by public entities | 7,720,019 | 7,612,491 |
| Issued by other entities | 2,913,550 | 2,099,070 |
| | 10,633,569 | 9,711,561 |
| Overdue securities | 3,722 | 18,022 |
| Impairment for overdue securities | (3,722) | (13,079) |
| | 10,633,569 | 9,716,504 |
| Shares and other variable income securities | 1,137,064 | 1,226,456 |
| | 11,770,633 | 10,942,960 |
| Trading derivatives | 741,284 | 848,774 |
| | 12,511,917 | 11,791,734 |

The caption Bonds and other fixed income securities - issue by public entities includes the amount of Euros 422,257,000 referring to Mozambican sovereign debt (31 December 2016: Euros 126,395,000), according to note 56.

The balance Trading derivatives includes the valuation of the embedded derivatives separated in accordance with the accounting policy 1 d) in the amount of Euros 2,000 (31 December 2016: Euros 195,000).