

39. Legal and statutory reserves

Under Portuguese legislation, the Bank is required to annually set-up a legal reserve equal to a minimum of 10 percent of annual profits, until the reserve equals the share capital or until the sum of the free reserves constituted and the retained earnings, if higher. Such reserve is not normally distributable. In accordance with the proposal for the application of the 2017 results approved at the General Shareholders' Meeting on 30 May 2018, the Bank increased its legal reserve in the amount of Euros 11,802,000. Thus, as at 31 December 2018, the amount of Legal reserves amounts to Euros 234,608,000 (31 December 2017: Euros 222,806,000).

The amount of Statutory reserves amounts to Euros 30,000,000 (31 December 2017: Euros 30,000,000) and correspond to a reserve to steady dividends that, according to the bank's by-laws, can be distributed.

40. Fair value reserves and reserves and retained earnings

This balance is analysed as follows:

	(Thousands of euros)	
	2018	2017
Fair value changes - Gross amount		
Financial assets at fair value through other comprehensive income (note 21)		
Debt instruments (*)	(19,971)	n.a.
Equity instruments	(34,107)	n.a.
Financial assets available for sale (note 21)		
Debt instruments (*)	n.a.	(6,715)
Equity instruments	n.a.	44,108
Financial assets held to maturity (**)	n.a.	(451)
	(54,078)	36,942
Cash-flow hedge	113,700	26,236
From financial liabilities designated at fair value through profit or loss related to changes in own credit risk	4,151	n.a.
	63,773	63,178
Fair value changes - Tax		
Financial assets at fair value through other comprehensive income		
Debt instruments	6,251	n.a.
Equity instruments	2,698	n.a.
Financial assets available for sale		
Debt instruments	n.a.	2,102
Equity instruments	n.a.	(12,708)
Financial assets held to maturity	n.a.	141
Cash-flow hedge	(35,588)	(8,212)
From financial liabilities designated at fair value through profit or loss related to changes in own credit risk	(1,299)	n.a.
	(27,938)	(18,677)
	35,835	44,501
Legal reserve (note 39)	234,608	222,806
Statutory reserves (note 39)	30,000	30,000
	264,608	252,806
Other reserves and retained earnings	487,060	(106,192)
	787,503	191,115

(*) Includes the effects arising from the application of hedge accounting.

(**) Refers to the amount not accrued of the fair value reserve at the date of reclassification for securities subject to reclassification.