

### 43. Transfers of assets

The Bank performed a set of transactions of sale of financial assets (namely loans and advances to customers) for Funds specialized in the recovery of loans. These funds take the responsibility for management of the borrower companies or assets received as collateral with the objective of ensuring a pro-active management through the implementation of plans to explore/increase the value of the companies/assets.

The specialized funds in credit recovery that acquired the financial assets are closed funds, in which the holders of the participation units have no possibility to request the reimbursement of its participation units throughout the useful life of the Fund. These participation units are held by several banks, which are the sellers of the loans, in percentages that vary through the useful life of the Funds, ensuring however that, separately, none of the banks hold more than 50% of the capital of the Fund.

The Funds have a specific management structure (General Partner), fully independent from the assignor banks and that is selected on the date of establishment of the Fund. The management structure of the Fund has as main responsibilities to: (i) determine the objective of the Fund and (ii) administrate and manage exclusively the Fund, determining the objectives and investment policy and the conduct in management and business of the Fund. The management structure is remunerated through management commissions charged to the Funds.

These funds (in which the Group holds minority positions) establish companies in order to acquire the loans to the banks, which are financed through the issuance of senior and junior securities. The value of the senior securities fully subscribed by the Funds that hold the share capital match the fair value of the asset sold, determined in accordance with a negotiation based on valuations performed by both parties.

The value of the junior securities is equivalent to the difference between the fair value based on the valuation of the senior securities and the value of the transfer of credits. These junior securities, when subscribed by the Group, provide the right to a contingent positive value if the recovered amount for the assets transferred is above the nominal value amount of senior securities plus its related interest. Thus, considering these junior assets reflect a difference between the valuations of the assets sold based on the appraisals performed by independent entities and the negotiation between the parties, the Group performs the constitution of impairment losses for all of them.

Therefore, as a result of the transfer of assets occurred operations, the Group subscribed:

- Senior securities (participation units) of the funds, for which the cash-flows arise mainly from a set of assets transferred from the participant banks. As at 31 December 2018, these securities are booked in Other financial assets not held for trading mandatorily at fair value through profit or loss portfolio (financial assets available for sale portfolio as at 31 December 2017, in accordance with the classification of IAS 39) and are accounted for at fair value based on the last available Net assets value (NAV), as disclosed by the Management companies and audited at year end, still being analysed by the Bank;
- Junior securities (with higher subordination degree) issued by the Portuguese law companies held by the funds and which are fully provided to reflect the best estimate of impairment of the financial assets transferred.

Within this context, not withholding control but maintaining an exposure to certain risks and rewards, the Group, in accordance with IFRS 9 3.2 performed an analysis of the exposure to the variability of risks and rewards in the assets transferred, before and after the transaction, having concluded that it does not hold substantially all the risks and rewards. Considering that it does not hold control and does not exercise significant influence on the funds or companies' management, the Group performed, under the scope of IAS IFRS 9 3.2, the derecognition of the assets transferred and the recognition of the assets received.

The results are calculated on the date of transfer of the assets. During 2018 and 2017, no credits were sold to Specialized Credit Funds. The amounts accumulated as at 31 December 2018, related to these operations are analysed as follows:

	Assets transferred	Net assets transferred	Received value	Net gains / (losses)
Fundo Recuperação Turismo FCR (a)	304,400	268,318	294,883	26,565
Fundo Reestruturação Empresarial FCR (b)	84,112	82,566	83,212	646
FLIT-PTREL (c)	577,803	399,900	383,821	(16,079)
Fundo Recuperação FCR (b)	343,266	243,062	232,267	(10,795)
Fundo Aquarius FCR (c)	132,635	124,723	132,635	7,912
Discovery Real Estate Fund (c)	211,388	152,155	138,187	(13,968)
Fundo Vega FCR (d)	113,665	113,653	109,599	(4,054)
	1,767,269	1,384,377	1,374,604	(9,773)

(Thousands of euros)

The Restructuring of the Fund activity segments are as follows: a) Tourism; b) Diversified; c) Real estate and tourism; and d) Property.

During 2018, it was liquidated the fund Vallis Construction Sector Fund.

The amounts accumulated as at 31 December 2017, related to these operations are analysed as follows:

	(Thousands of euros)			
	Assets transferred	Net assets transferred	Received value	Net gains / (losses)
Fundo Recuperação Turismo FCR (a)	304,400	268,318	294,883	26,565
Fundo Reestruturação Empresarial FCR (b)	84,112	82,566	83,212	646
FLIT-PTREL (c)	577,803	399,900	383,821	(16,079)
Vallis Construction Sector Fund (d)	238,325	201,737	238,325	36,588
Fundo Recuperação FCR (b)	343,266	243,062	232,267	(10,795)
Fundo Aquarius FCR (c)	132,635	124,723	132,635	7,912
Discovery Real Estate Fund (c)	211,388	152,155	138,187	(13,968)
Fundo Vega FCR (e)	113,665	113,653	109,599	(4,054)
	2,005,594	1,586,114	1,612,929	26,815

The Restructuring of the Fund activity segments are as follows: a) Tourism; b) Diversified; c) Real estate and tourism; d) Construction and e) Property.

As at 31 December 2018, the assets received under the scope of these operations are comprised of:

	(Thousands of euros)			
	2018			
	Senior securities	Junior securities		
	Participation units (*) (note 21)	Capital supplies (note 29)	Capital supplementary contributions (note 29)	Total
<b>Fundo Recuperação Turismo FCR</b>				
Gross value	287,930	32,206	-	320,136
Impairment and other fair value adjustments	(49,074)	(32,206)	-	(81,280)
	238,856	-	-	238,856
<b>Fundo Reestruturação Empresarial FCR</b>				
Gross value	86,669	-	33,280	119,949
Impairment and other fair value adjustments	(11,315)	-	(33,280)	(44,595)
	75,354	-	-	75,354
<b>FLIT-PTREL</b>				
Gross value	262,920	38,154	-	301,074
Impairment and other fair value adjustments	1,826	(38,154)	-	(36,328)
	264,746	-	-	264,746
<b>Fundo Recuperação FCR</b>				
Gross value	193,730	80,938	-	274,668
Impairment and other fair value adjustments	(89,971)	(80,938)	-	(170,909)
	103,759	-	-	103,759
<b>Fundo Aquarius FCR</b>				
Gross value	139,148	-	-	139,148
Impairment and other fair value adjustments	(10,974)	-	-	(10,974)
	128,174	-	-	128,174
<b>Discovery Real Estate Fund</b>				
Gross value	152,938	-	-	152,938
Impairment and other fair value adjustments	1,001	-	-	1,001
	153,939	-	-	153,939
<b>Fundo Vega FCR</b>				
Gross value	47,694	74,751	-	122,445
Impairment and other fair value adjustments	(5,534)	(74,751)	-	(80,284)
	42,160	-	-	42,160
Total Gross value	1,171,029	226,049	33,280	1,430,358
Total impairment and other fair value adjustments	(164,041)	(226,049)	(33,280)	(423,370)
	1,006,988	-	-	1,006,988

(\*) As from 1 January 2018, with the entry into force of IFRS 9, the Participation Units are now recorded at fair value through profit and loss (note 21).

The book value of these assets resulted from the last communication by the respective management company of the NAV of the Fund which, as at 31 December 2018, corresponds to the NAV at that date. In addition, the valuation of these funds includes, among others, the following aspects: (i) these are funds whose latest Audit Reports available with reference to 31 December 2018 for 4 of the 7 funds and with reference to 31 December 2017 for 3 of the 7 funds (and Revision Report Limited with reference to 30 June 2018 for 1 of these 3 funds), do not present any reservations; (ii) the funds are subject to supervision by the competent authorities.

Within the scope of the transfer of assets, the junior securities subscribed which carry a subordinated nature and are directly linked to the transferred assets, are fully provided for. Although the junior securities are fully provisioned, the Group still holds an indirect exposure to financial assets transferred, under the minority investment that holds in the pool of all assets transferred by financial institutions involved, through the holding of participation units of the funds (denominated in the table as senior securities).

As at 31 December 2017, the assets received under the scope of these operations are comprised of:

(Thousands of euros)

	2017				Total
	Senior securities		Junior securities		
	Participation units (note 21)	Participation units (note 21)	Capital supplies (note 29)	Capital supplementary contributions (note 29)	
<b>Fundo Recuperação Turismo FCR</b>					
Gross value	287,930	-	31,737	-	319,667
Impairment	(46,791)	-	(31,737)	-	(78,528)
	241,139	-	-	-	241,139
<b>Fundo Reestruturação Empresarial FCR</b>					
Gross value	85,209	-	-	33,280	118,489
Impairment and other fair value adjustments	(6,118)	-	-	(33,280)	(39,398)
	79,091	-	-	-	79,091
<b>FLIT-PTREL</b>					
Gross value	261,502	-	38,155	2,939	302,596
Impairment	(3,697)	-	(38,155)	(2,939)	(44,791)
	257,805	-	-	-	257,805
<b>Vallis Construction Sector Fund</b>					
Gross value	203,172	36,292	-	-	239,464
Impairment	(203,172)	(36,292)	-	-	(239,464)
	-	-	-	-	-
<b>Fundo Recuperação FCR</b>					
Gross value	199,324	-	78,995	-	278,319
Impairment	(79,247)	-	(78,995)	-	(158,242)
	120,077	-	-	-	120,077
<b>Fundo Aquarius FCR</b>					
Gross value	138,045	-	-	-	138,045
Impairment	(6,993)	-	-	-	(6,993)
	131,052	-	-	-	131,052
<b>Discovery Real Estate Fund</b>					
Gross value	150,409	-	-	-	150,409
Impairment	(2,690)	-	-	-	(2,690)
	147,719	-	-	-	147,719
<b>Fundo Vega FCR</b>					
Gross value	47,087	-	70,770	-	117,857
Impairment	(1,902)	-	(70,770)	-	(72,672)
	45,185	-	-	-	45,185
<b>Total Gross value</b>	<b>1,372,678</b>	<b>36,292</b>	<b>219,657</b>	<b>36,219</b>	<b>1,664,846</b>
<b>Total Impairment</b>	<b>(350,610)</b>	<b>(36,292)</b>	<b>(219,657)</b>	<b>(36,219)</b>	<b>(642,778)</b>
	1,022,068	-	-	-	1,022,068

As at 31 December 2018, the detail of the commitments of subscribed and unpaid capital for each of the corporate restructuring funds is analysed as follows:

	(Thousands of euros)		
	<b>2018</b>		
<b>Corporate restructuring funds</b>	<b>Subscribed capital</b>	<b>Capital realized</b>	<b>Subscribed and unpaid capital</b>
Fundo Recuperação Turismo FCR	303,683	287,929	15,754
Fundo Reestruturação Empresarial FCR	101,133	86,419	14,714
FLIT-PTREL	262,231	262,231	-
Fundo Recuperação FCR	213,635	193,729	19,906
Fundo Aquarius FCR	156,100	139,148	16,952
Discovery Real Estate Fund	153,243	153,243	-
Fundo Vega FCR	49,616	46,233	3,383
	<b>1,239,641</b>	<b>1,168,932</b>	<b>70,709</b>

The amount of subscribed capital does not include additional subscription commitments, which amount to Euros 19,596,000 in FLIT-PTREL and Euros 6,854,000 in Discovery.

Additionally, are booked in Loans and advances to customer's portfolio and in balances Guarantees granted and Irrevocable credit lines, the following exposures and respective impairment:

Items	(Thousands of euros)	
	<b>2018</b>	<b>2017</b>
Loans and advances to customers	<b>282,480</b>	271,997
Guarantees granted and irrevocable credit lines	<b>55,089</b>	34,114
Gross exposure	<b>337,569</b>	306,111
Impairment	<b>(85,884)</b>	(75,571)
Net exposure	<b>251,685</b>	230,540

## 44. Relevant events occurred during 2018

### Resolutions of the general meeting

On 5 November 2018, BCP concluded on that day, with 62.1% of the share capital represented, the Annual General Meeting of Shareholders, with the following resolutions:

- i) Approval of the alteration of the articles of association through the modification of number 2 of article 54 of the Bank's Articles of Association;
- ii) Approval of reformulation of the items of own capital with the special purpose of unequivocally reinforcing the future conditions for the existence of funds able of being classified by the regulators as distributable by means of the reduction of the amount of the share capital in 875,738,053.72 euros, without changing the existing number of shares (without nominal value) and without altering the net equity, with the consequent alteration of number 1 of article 4 of the articles of association.