

The changes occurred in impairment for debt securities are analysed as follows:

|   | (Thousands of euros) |         |
|---|----------------------|---------|
|   | 2019                 | 2018    |
| <b>Debt securities held associated with credit operations</b>     |                      |         |
| <b>Balance on 1 January</b>                                       | 39,921               | 42,886  |
| Adjustments due to the implementation of IFRS 9                   | -                    | 2,946   |
| Charge for the year in net income interest (note 2)               | 120                  | 211     |
| Impairment charge for the year (note 10)                          | 1,717                | -       |
| Reversals for the year (note 10)                                  | (907)                | (6,121) |
| Loans charged-off   | (28,420)             | -       |
| Exchange rate differences   | -                    | (1)     |
| <b>Balance at the end of the year</b>                             | 12,431               | 39,921  |
| <b>Debt securities held not associated with credit operations</b> |                      |         |
| <b>Balance on 1 January</b>                                       | 284                  | n.a.    |
| Adjustments due to the implementation of IFRS 9                   | -                    | 1,838   |
| Impairment charge for the year (note 10)                          | 447                  | -       |
| Reversals for the year (note 10)                                  | -                    | (1,554) |
| Loans charged-off   | (202)                | -       |
| Exchange rate differences   | 3                    | -       |
| <b>Balance at the end of the year</b>                             | 532                  | 284     |

## 21. Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income

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) |           |
|---|----------------------|-----------|
|   | 2019                 | 2018      |
| <b>Financial assets at fair value through profit or loss</b>                                  |                      |           |
| <b>Financial assets held for trading</b>  |                      |           |
| Debt instruments  | 51,452               | 57,942    |
| Equity instruments  | 545                  | 805       |
| Trading derivatives   | 590,361              | 637,005   |
|   | 642,358              | 695,752   |
| <b>Financial assets not held for trading mandatorily at fair value through profit or loss</b> |                      |           |
| Debt instruments  | 1,444,772            | 1,589,899 |
| <b>Financial assets designated at fair value through profit or loss</b>                       |                      |           |
| Debt instruments  | 31,496               | 33,034    |
| <b>Financial assets at fair value through other comprehensive income</b>                      |                      |           |
| Debt instruments  | 8,006,771            | 6,900,301 |
| Equity instruments  | 72,099               | 96,591    |
|   | 8,078,870            | 6,996,892 |
|   | 10,197,496           | 9,315,577 |

The balance Trading derivatives includes the valuation of the embedded derivatives separated in accordance with the accounting policy 1B.5. in the amount of Euros 956,000 (31 December 2018: Euros 916,000).

The portfolio of Financial assets at fair value through profit or loss and Financial assets at fair value through other comprehensive income, net of impairment, as at 31 December 2019, is analysed as follows:

(Thousands of euros)

|   | 2019  |   |   |  |            |
|---|---|---|---|--|------------|
|   | Financial assets at fair value through profit or loss |   |   |  |            |
|   | Held for trading                                      | Not held for trading mandatorily at fair value through profit or loss | Designated at fair value through profit or loss | At fair value through other comprehensive income | Total      |
| Debt instruments                                  |   |   |   |  |            |
| Bonds issued by public entities                   |   |   |   |  |            |
| Portuguese issuers                                | 3,180   | -   | 31,496  | 4,407,607  | 4,442,283  |
| Foreign issuers                                   | 238   | -   | -   | 538,224  | 538,462    |
| Bonds issued by other entities                    |   |   |   |  |            |
| Portuguese issuers                                | -   | 16,778  | -   | 802,267  | 819,045    |
| Foreign issuers                                   | 48,034  | 13,596  | -   | 341,696  | 403,326    |
| Treasury bills (Public Issuers and Central Banks) |   |   |   |  |            |
| Portuguese issuers                                | -   | -   | -   | 1,916,977  | 1,916,977  |
| Investment fund units (a)                         | -   | 1,401,248   | -   | -  | 1,401,248  |
| Shares of foreign companies (b)                   | -   | 13,150  | -   | -  | 13,150     |
|   | 51,452  | 1,444,772   | 31,496  | 8,006,771  | 9,534,491  |
| Equity instruments                                |   |   |   |  |            |
| Shares  |   |   |   |  |            |
| Portuguese companies                              | 1   | -   | -   | 20,037   | 20,038     |
| Foreign companies                                 | -   | -   | -   | 9,638  | 9,638      |
| Investment fund units                             | -   | -   | -   | 42,424   | 42,424     |
| Other securities                                  | 544   | -   | -   | -  | 544        |
|   | 545   | -   | -   | 72,099   | 72,644     |
| Trading derivatives                               | 590,361   | -   | -   | -  | 590,361    |
|   | 642,358   | 1,444,772   | 31,496  | 8,078,870  | 10,197,496 |
| Level 1   | 46,703  | -   | 31,496  | 7,718,032  | 7,796,231  |
| Level 2   | 303,933   | -   | -   | 152,712  | 456,645    |
| Level 3   | 291,722   | 1,444,772   | -   | 208,126  | 1,944,620  |

(a) Under IFRS 9, and as detailed in note 51, the participation units held by the Bank on the transaction date, were considered as debt instruments because they not fall within the definition of equity instruments. As at 31 December 2019 this balance include Euros 404,230 related to units of real estate investment funds mainly owned by the Bank.

(b) Under IFRS 9, and as detailed in note 51, these shares were considered as debt instruments because they not fall within the definition of SPPI.

As at 31 December 2019, portfolios are recorded at fair value in accordance with the accounting policy described in note 1B. As referred in IFRS 13, financial instruments are measured according to the levels of valuation described in note 44.

As at 31 December 2019, the balances Financial assets at fair value through other comprehensive income and Financial assets held for trading include bonds issued with different levels of subordination associated with the traditional securitization transactions, referred in note 1 C in the amount of Euros 78,594,000 and Euros 4,854,000, respectively.

As at 31 December 2019, the balance Financial assets at fair value through other comprehensive income - Bonds issued by other entities includes the amount of Euros 297,243,000 related to public sector companies.

The portfolio of Financial assets at fair value through profit or loss and Financial assets at fair value through other comprehensive income, net of impairment, as at 31 December 2018, is analysed as follows:

(Thousands of euros)

|   | 2018  |   |   |  |           |
|---|---|---|---|--|-----------|
|   | Financial assets at fair value through profit or loss |   |   |  |           |
|   | Held for trading                                      | Not held for trading mandatorily at fair value through profit or loss | Designated at fair value through profit or loss | At fair value through other comprehensive income | Total     |
| Debt instruments                                  |   |   |   |  |           |
| Bonds issued by public entities                   |   |   |   |  |           |
| Portuguese issuers                                | 3,666   | -   | 33,034  | 4,096,913  | 4,133,613 |
| Foreign issuers                                   | -   | -   | -   | 151,153  | 151,153   |
| Bonds issued by other entities                    |   |   |   |  |           |
| Portuguese issuers                                | 3,790   | 16,778  | -   | 955,000  | 975,568   |
| Foreign issuers                                   | 50,486  | 22,468  | -   | 171,542  | 244,496   |
| Treasury bills (Public Issuers and Central Banks) |   |   |   |  |           |
| Portuguese issuers                                | -   | -   | -   | 853,492  | 853,492   |
| Foreign issuers                                   | -   | -   | -   | 675,923  | 675,923   |
| Investment fund units (a)                         | -   | 1,541,619   | -   | -  | 1,541,619 |
| Shares of foreign companies (b)                   | -   | 9,034   | -   | -  | 9,034     |
|   | 57,942  | 1,589,899   | 33,034  | 6,904,023  | 8,584,898 |
| Impairment for overdue securities                 | -   | -   | -   | (3,722)  | (3,722)   |
|   | 57,942  | 1,589,899   | 33,034  | 6,900,301  | 8,581,176 |
| Equity instruments                                |   |   |   |  |           |
| Shares  |   |   |   |  |           |
| Portuguese companies                              | 372   | -   | -   | 24,307   | 24,679    |
| Foreign companies                                 | -   | -   | -   | 15,863   | 15,863    |
| Investment fund units                             | -   | -   | -   | 56,421   | 56,421    |
| Other securities                                  | 433   | -   | -   | -  | 433       |
|   | 805   | -   | -   | 96,591   | 97,396    |
| Trading derivatives                               | 637,005   | -   | -   | -  | 637,005   |
|   | 695,752   | 1,589,899   | 33,034  | 6,996,892  | 9,315,577 |
| Level 1   | 52,280  | -   | 33,034  | 6,368,563  | 6,453,877 |
| Level 2   | 349,504   | -   | -   | 474,361  | 823,865   |
| Level 3   | 293,968   | 1,589,899   | -   | 153,968  | 2,037,835 |

(a) Under IFRS 9, and as detailed in note 51, the participation units held by the Bank on the transaction date, were considered as debt instruments because they not fall within the definition of equity instruments. As at 31 December 2018 this balance include Euros 452,090 related to units of real estate investment funds mainly owned by the Bank.

(b) Under IFRS 9, and as detailed in note 51, these shares were considered as debt instruments because they not fall within the definition of SPPI.

As at 31 December 2018, portfolios are recorded at fair value in accordance with the accounting policy described in note 1B. As referred in IFRS 13, financial instruments are measured according to the levels of valuation described in note 44.

As at 31 December 2018, the balances Financial assets at fair value through other comprehensive income and Financial assets held for trading include bonds issued with different levels of subordination associated with the traditional securitization transactions, referred in note 1 C in the amount of Euros 103,909,000 and Euros 5,418,000, respectively.

The portfolio of financial assets at fair value through other comprehensive income, as at 31 December 2019, is analysed as follows:

| (Thousands of euros)                                 |                       |   |  |           |
|--|-----------------------|---|--|-----------|
| 2019   |                       |   |  |           |
|  | Amortised<br>cost (a) | Fair value<br>hedge<br>adjustments<br>(note 39) | Fair value<br>adjustments<br>(note 39) | Total     |
| <b>Debt instruments</b>                              |                       |   |  |           |
| Bonds issued by public entities                      |                       |   |  |           |
| Portuguese issuers                                   | 4,276,310             | 91,781  | 39,516                                 | 4,407,607 |
| Foreign issuers                                      | 534,100               | -   | 4,124                                  | 538,224   |
| Bonds issued by other entities                       |                       |   |  |           |
| Portuguese issuers                                   | 764,721               | 17,622  | 19,924                                 | 802,267   |
| Foreign issuers                                      | 295,951               | 5,281   | 40,464                                 | 341,696   |
| Treasury bills<br>(Public Issuers and Central Banks) |                       |   |  |           |
| Portuguese issuers                                   | 1,916,652             | -   | 325                                    | 1,916,977 |
|  | 7,787,734             | 114,684   | 104,353                                | 8,006,771 |
| <b>Equity instruments</b>                            |                       |   |  |           |
| Shares   |                       |   |  |           |
| Portuguese companies                                 | 50,771                | -   | (30,734)                               | 20,037    |
| Foreign companies                                    | 15,590                | -   | (5,952)                                | 9,638     |
| Investment fund units                                | 42,424                | -   | -                                      | 42,424    |
| Other securities                                     | 6,930                 | -   | (6,930)                                | -         |
|  | 115,715               | -   | (43,616)                               | 72,099    |
|  | 7,903,449             | 114,684   | 60,737                                 | 8,078,870 |

The portfolio of financial assets at fair value through other comprehensive income, as at 31 December 2018, is analysed as follows:

| (Thousands of euros)                                 |                       |   |  |           |
|--|-----------------------|---|--|-----------|
| 2018   |                       |   |  |           |
|  | Amortised<br>cost (a) | Fair value<br>hedge<br>adjustments<br>(note 39) | Fair value<br>adjustments<br>(note 39) | Total     |
| <b>Fixed income:</b>                                 |                       |   |  |           |
| Bonds issued by public entities                      |                       |   |  |           |
| Portuguese issuers                                   | 3,995,157             | 149,359   | (47,603)                               | 4,096,913 |
| Foreign issuers                                      | 151,909               | 981   | (1,737)                                | 151,153   |
| Bonds issued by other entities                       |                       |   |  |           |
| Portuguese issuers                                   | 952,775               | 4,942   | (6,439)                                | 951,278   |
| Foreign issuers                                      | 134,676               | 1,491   | 35,375                                 | 171,542   |
| Treasury bills<br>(Public Issuers and Central Banks) |                       |   |  |           |
| Portuguese issuers                                   | 853,339               | -   | 153                                    | 853,492   |
| Foreign issuers                                      | 675,643               | -   | 280                                    | 675,923   |
|  | 6,763,499             | 156,773   | (19,971)                               | 6,900,301 |
| <b>Variable income:</b>                              |                       |   |  |           |
| Shares   |                       |   |  |           |
| Portuguese companies                                 | 57,330                | -   | (33,023)                               | 24,307    |
| Foreign companies                                    | 15,590                | -   | 273                                    | 15,863    |
| Investment fund units                                | 56,421                | -   | -                                      | 56,421    |
| Other securities                                     | 1,357                 | -   | (1,357)                                | -         |
|  | 130,698               | -   | (34,107)                               | 96,591    |
|  | 6,894,197             | 156,773   | (54,078)                               | 6,996,892 |

(a) Includes interest accrued and accumulated impairment for debt securities classified as financial assets at fair value through other comprehensive income, as provided by IFRS 9, and in accordance with the requirements defined in note 1B1.5.1.2.

The analysis of Financial assets at fair value through profit or loss and Financial assets at fair value through other comprehensive, net of impairment, by valuation levels, as at 31 December 2019 is as follows:

(Thousands of euros)

|   | 2019      |         |           |            |
|---|-----------|---------|-----------|------------|
|   | Level 1   | Level 2 | Level 3   | Total      |
| <b>Fixed income:</b>                      |           |         |           |            |
| Bonds issued by public entities           |           |         |           |            |
| Portuguese issuers                        | 4,374,686 | 67,597  | -         | 4,442,283  |
| Foreign issuers                           | 538,462   | -       | -         | 538,462    |
| Bonds issued by other entities            |           |         |           |            |
| Portuguese issuers                        | 644,463   | 69,044  | 105,538   | 819,045    |
| Foreign issuers                           | 316,858   | 3,309   | 83,159    | 403,326    |
| Treasury bills and other Government bonds |           |         |           |            |
| Portuguese issuers                        | 1,916,977 | -       | -         | 1,916,977  |
| Investment fund units                     | -         | -       | 1,401,248 | 1,401,248  |
| Shares of foreign companies               | -         | -       | 13,150    | 13,150     |
|   | 7,791,446 | 139,950 | 1,603,095 | 9,534,491  |
| <b>Variable income:</b>                   |           |         |           |            |
| Shares                                    |           |         |           |            |
| Portuguese companies                      | 4,786     | 3,424   | 11,828    | 20,038     |
| foreign companies                         | -         | 9,338   | 300       | 9,638      |
| Investment fund units                     | -         | -       | 42,424    | 42,424     |
| Other securities                          | -         | -       | 544       | 544        |
|   | 4,786     | 12,762  | 55,096    | 72,644     |
| <b>Trading derivatives</b>                | -         | 303,933 | 286,428   | 590,361    |
|   | 7,796,232 | 456,645 | 1,944,619 | 10,197,496 |

The analysis of Financial assets at fair value through profit or loss and Financial assets at fair value through other comprehensive, net of impairment, by valuation levels, as at 31 December 2018 is as follows:

(Thousands of euros)

|   | 2018      |         |           |           |
|---|-----------|---------|-----------|-----------|
|   | Level 1   | Level 2 | Level 3   | Total     |
| <b>Fixed income:</b>                      |           |         |           |           |
| Bonds issued by public entities           |           |         |           |           |
| Portuguese issuers                        | 3,952,735 | 180,878 | -         | 4,133,613 |
| Foreign issuers                           | 151,153   | -       | -         | 151,153   |
| Bonds issued by other entities            |           |         |           |           |
| Portuguese issuers                        | 679,125   | 275,893 | 16,828    | 971,846   |
| Foreign issuers                           | 136,722   | 2,757   | 105,017   | 244,496   |
| Treasury bills and other Government bonds |           |         |           |           |
| Portuguese issuers                        | 853,492   | -       | -         | 853,492   |
| Foreign issuers                           | 675,923   | -       | -         | 675,923   |
| Investment fund units                     | -         | -       | 1,541,619 | 1,541,619 |
| Shares of foreign companies               | -         | -       | 9,034     | 9,034     |
|   | 6,449,150 | 459,528 | 1,672,498 | 8,581,176 |
| <b>Variable income:</b>                   |           |         |           |           |
| Shares                                    |           |         |           |           |
| Portuguese companies                      | 4,727     | -       | 19,952    | 24,679    |
| foreign companies                         | -         | 15,563  | 300       | 15,863    |
| Investment fund units                     | -         | -       | 56,421    | 56,421    |
| Other securities                          | -         | -       | 433       | 433       |
|   | 4,727     | 15,563  | 77,106    | 97,396    |
| <b>Trading derivatives</b>                | -         | 348,774 | 288,231   | 637,005   |
|   | 6,453,877 | 823,865 | 2,037,835 | 9,315,577 |

As referred in IFRS 13, financial instruments are measured according to the levels of valuation described in note 42.

The item Investment fund units classified as level 3 includes units in restructuring funds (note 42) in the amount of Euros 924,489,000 (31 December 2018: Euros 1,006,988,000) which book value resulted from the last disclosure of the Net Asset Value (NAV) determined by the Management Company, which, as at 31 December 2019, corresponds to the NAV with reference to that date, after considering the effects of the last audited accounts for the respective funds. These funds have a diverse set of assets and liabilities, valued in their respective accounts at fair value through internal methodologies used by the management company.

As at 31 December 2019, the Bank holds mainly investment fund units in Real Estate Investment Funds that are classified in level 3.

As at 31 December 2019, the amount recorded under the balance Financial assets at fair value through other comprehensive income, amounts to Euros 42,424,000 (31 December 2018: Euros 56,421,000), with unrealised net losses in the amount of Euros 6,930,000 (31 December 2018: Euros net losses 1,357,000), and in the balance Financial assets not held for trading mandatorily at fair value through profit or loss, amounts to Euros 424,808,000 (31 December 2018: Euros 476,614,000).

The analysis of financial assets at fair value through profit or loss (excluding trading derivatives) and Financial assets at fair value through other comprehensive income, by residual maturity, as at 31 December 2019 is as follows:

| (Thousands of euros)            |                   |                       |                      |                 |              |           |
|---------------------------------|-------------------|-----------------------|----------------------|-----------------|--------------|-----------|
|                                 | 2019              |                       |                      |                 |              |           |
|                                 | Up to<br>3 months | 3 months to<br>1 year | 1 year to<br>5 years | Over<br>5 years | Undetermined | Total     |
| <b>Fixed income:</b>            |                   |                       |                      |                 |              |           |
| Bonds issued by public entities |                   |                       |                      |                 |              |           |
| Portuguese issuers              | -                 | 66,318                | 2,951,571            | 1,424,394       | -            | 4,442,283 |
| Foreign issuers                 | 201,996           | 226,023               | 103,387              | 7,056           | -            | 538,462   |
| Bonds issued by other entities  |                   |                       |                      |                 |              |           |
| Portuguese issuers              | 44                | -                     | 382,496              | 436,505         | -            | 819,045   |
| Foreign issuers                 | 495               | -                     | 155,864              | 246,967         | -            | 403,326   |
| Treasury bills and other        |                   |                       |                      |                 |              |           |
| Government bonds                |                   |                       |                      |                 |              |           |
| Portuguese issuers              | 782,058           | 1,134,919             | -                    | -               | -            | 1,916,977 |
| Investment fund units           | -                 | -                     | -                    | 1,401,248       | -            | 1,401,248 |
| Shares of foreign companies     | -                 | -                     | -                    | 13,150          | -            | 13,150    |
|                                 | 984,593           | 1,427,260             | 3,593,318            | 3,529,320       | -            | 9,534,491 |
| <b>Variable income:</b>         |                   |                       |                      |                 |              |           |
| Companies' shares               |                   |                       |                      |                 |              |           |
| Portuguese companies            | -                 | -                     | -                    | -               | 20,038       | 20,038    |
| Foreign companies               | -                 | -                     | -                    | -               | 9,638        | 9,638     |
| Investment fund units           | -                 | -                     | -                    | -               | 42,424       | 42,424    |
| Other securities                | -                 | -                     | -                    | -               | 544          | 544       |
|                                 | -                 | -                     | -                    | -               | 72,644       | 72,644    |
|                                 | 984,593           | 1,427,260             | 3,593,318            | 3,529,320       | 72,644       | 9,607,135 |

The analysis of financial assets at fair value through profit or loss (excluding trading derivatives) and Financial assets at fair value through other comprehensive income, by residual maturity, as at 31 December 2018 is as follows:

| (Thousands of euros)              |                   |                       |                      |                 |              |           |
|-----------------------------------|-------------------|-----------------------|----------------------|-----------------|--------------|-----------|
|                                   | 2018              |                       |                      |                 |              |           |
|                                   | Up to<br>3 months | 3 months to<br>1 year | 1 year to<br>5 years | Over<br>5 years | Undetermined | Total     |
| Fixed income                      |                   |                       |                      |                 |              |           |
| Bonds issued by public entities   |                   |                       |                      |                 |              |           |
| Portuguese issuers                | -                 | 860                   | 2,543,948            | 1,588,805       | -            | 4,133,613 |
| Foreign issuers                   | -                 | -                     | 102,572              | 48,581          | -            | 151,153   |
| Bonds issued by other entities    |                   |                       |                      |                 |              |           |
| Portuguese issuers                | 264,471           | 13,010                | 366,519              | 327,846         | 3,722        | 975,568   |
| Foreign issuers                   | -                 | -                     | 48,680               | 195,816         | -            | 244,496   |
| Treasury bills and other          |                   |                       |                      |                 |              |           |
| Government bonds                  |                   |                       |                      |                 |              |           |
| Portuguese issuers                | 38,726            | 814,766               | -                    | -               | -            | 853,492   |
| Foreign issuers                   | 174,348           | 501,575               | -                    | -               | -            | 675,923   |
| Investment fund units             | -                 | 9,185                 | 240,916              | 1,283,267       | 8,251        | 1,541,619 |
| Shares of foreign companies       | -                 | -                     | -                    | -               | 9,034        | 9,034     |
|                                   | 477,545           | 1,339,396             | 3,302,635            | 3,444,315       | 21,007       | 8,584,898 |
| Impairment for overdue securities | -                 | -                     | -                    | -               | (3,722)      | (3,722)   |
|                                   | 477,545           | 1,339,396             | 3,302,635            | 3,444,315       | 17,285       | 8,581,176 |
| Variable income                   |                   |                       |                      |                 |              |           |
| Companies' shares                 |                   |                       |                      |                 |              |           |
| Portuguese companies              | -                 | -                     | -                    | -               | 24,679       | 24,679    |
| Foreign companies                 | -                 | -                     | -                    | -               | 15,863       | 15,863    |
| Investment fund units             | -                 | -                     | -                    | -               | 56,421       | 56,421    |
| Other securities                  | -                 | -                     | -                    | -               | 433          | 433       |
|                                   | -                 | -                     | -                    | -               | 97,396       | 97,396    |
|                                   | 477,545           | 1,339,396             | 3,302,635            | 3,444,315       | 114,681      | 8,678,572 |

The changes occurred in impairment for financial assets at fair value through other comprehensive income are analysed as follows:

| (Thousands of euros)                    |         |           |
|---|---------|-----------|
|   | 2019    | 2018      |
| <b>Balance on 31 December 2017</b>      | -       | 689,742   |
| Transition adjustments IFRS 9 (note 51) | -       | (686,020) |
| <b>Balance on 1 January</b>             | 3,722   | 3,722     |
| Transfers                               | (1,194) | 788       |
| Reversals                               | (2,522) | (788)     |
| Amounts charged-off                     | (6)     | -         |
| <b>Balance at the end of the year</b>   | -       | 3,722     |

As at 31 December 2019, the accumulated impairment associated with the financial assets at fair value through other comprehensive income amounts to Euros 3,154,000 and is recorded against Fair value reserves (31 December 2018: Euros 5,364,000).

The analysis of Financial assets at fair value through profit or loss (excluding trading derivatives) and Financial assets at fair value through other comprehensive income, by sector of activity, as at 31 December 2019 is as follows:

(Thousands of euros)

|   | 2019                           |        |                              |                       |           |
|---|--------------------------------|--------|------------------------------|-----------------------|-----------|
|   | Bonds<br>and Treasury<br>bills | Shares | Other<br>Financial<br>Assets | Overdue<br>Securities | Total     |
| Paper, printing and publishing                  | 51,735                         | -      | -                            | -                     | 51,735    |
| Electricity and gas                             | 9,410                          | -      | -                            | -                     | 9,410     |
| Water   | 7,000                          | -      | -                            | -                     | 7,000     |
| Construction                                    | 17,611                         | -      | 23,252                       | -                     | 40,863    |
| Wholesale business                              | 200,367                        | 162    | -                            | -                     | 200,529   |
| Restaurants and hotels                          | -                              | 9,357  | -                            | -                     | 9,357     |
| Transports                                      | 297,236                        | -      | -                            | -                     | 297,236   |
| Telecommunications                              | -                              | 4,619  | -                            | -                     | 4,619     |
| Services  |                                |        |                              |                       |           |
| Financial intermediation (*)                    | 483,067                        | 19,135 | 1,400,671                    | -                     | 1,902,873 |
| Real estate activities                          | -                              | -      | 19,749                       | -                     | 19,749    |
| Consulting, scientific and technical activities | 129,301                        | 140    | -                            | -                     | 129,441   |
| Administrative and support services activities  | 9,961                          | 9,391  | -                            | -                     | 19,352    |
| Public sector                                   | -                              | -      | 544                          | -                     | 544       |
| Artistic, sports and recreational activities    | 16,683                         | -      | -                            | -                     | 16,683    |
| Other services                                  | -                              | 22     | -                            | -                     | 22        |
|   | 1,222,371                      | 42,826 | 1,444,216                    | -                     | 2,709,413 |
| Government and Public securities                | 4,980,745                      | -      | 1,916,977                    | -                     | 6,897,722 |
|   | 6,203,116                      | 42,826 | 3,361,193                    | -                     | 9,607,135 |

(\*) The balance Other financial assets includes restructuring funds in the amount of Euros 924,487,000 which are classified in the sector of activity Services - Financial intermediation, but which have the core segment as disclosed in note 42.



The analysis of Financial assets at fair value through profit or loss (excluding trading derivatives) and Financial assets at fair value through other comprehensive income, by sector of activity, as at 31 December 2018 is as follows:

(Thousands of euros)

|   | 2018                           |        |                              |                       |           |
|---|--------------------------------|--------|------------------------------|-----------------------|-----------|
|   | Bonds<br>and Treasury<br>bills | Shares | Other<br>Financial<br>Assets | Overdue<br>Securities | Total     |
| Textiles  | -                              | -      | -                            | 203                   | 203       |
| Wood and cork                                   | -                              | -      | -                            | 998                   | 998       |
| Paper, printing and publishing                  | 47,066                         | -      | -                            | -                     | 47,066    |
| Construction                                    | -                              | 371    | 30,118                       | 2,395                 | 32,884    |
| Wholesale business                              | 62,762                         | 655    | -                            | 126                   | 63,543    |
| Restaurants and hotels                          | -                              | 15,585 | -                            | -                     | 15,585    |
| Transports                                      | 427,451                        | -      | -                            | -                     | 427,451   |
| Telecommunications                              | -                              | 7,782  | -                            | -                     | 7,782     |
| Services  |                                |        |                              |                       |           |
| Financial intermediation (*)                    | 335,565                        | 15,678 | 1,540,547                    | -                     | 1,891,790 |
| Real estate activities                          | -                              | -      | 27,374                       | -                     | 27,374    |
| Consulting, scientific and technical activities | 158,735                        | 95     | -                            | -                     | 158,830   |
| Administrative and support services activities  | 9,720                          | 9,372  | -                            | -                     | 19,092    |
| Public sector                                   | 158,360                        | -      | 434                          | -                     | 158,794   |
| Artistic, sports and recreational activities    | 16,683                         | 16     | -                            | -                     | 16,699    |
| Other services                                  | -                              | 22     | -                            | -                     | 22        |
|   | 1,216,342                      | 49,576 | 1,598,473                    | 3,722                 | 2,868,113 |
| Government and Public securities                | 4,284,766                      | -      | 1,529,415                    | -                     | 5,814,181 |
| Impairment for overdue securities               | -                              | -      | -                            | (3,722)               | (3,722)   |
|   | 5,501,108                      | 49,576 | 3,127,888                    | -                     | 8,678,572 |

(\*) The balance Other financial assets includes restructuring funds in the amount of Euros 1,006,988,000 which are classified in the sector of activity Services - Financial intermediation, but which have the core segment as disclosed in note 42.

The Bank, as part of the management process of the liquidity risk (note 48), holds a pool of eligible assets that can serve as collateral in funding operations in the European Central Bank and other Central Banks in countries where the Bank operates, which includes fixed income securities. As at 31 December 2019, this caption includes Euros 38,380,000 (31 December 2018: Euros 39,612,000) of securities included in the ECB's monetary policy pool.

The analysis of trading derivatives by maturity as at 31 December 2019, is as follows:

(Thousands of euros)

|  | 2019                      |                       |                |            |            |                          |
|--|---------------------------|-----------------------|----------------|------------|------------|--------------------------|
|  | Notional (remaining term) |                       |                | Total      | Fair value |                          |
|  | Up to<br>3 months         | 3 months to<br>1 year | Over 1<br>year |            | Assets     | Liabilities<br>(note 33) |
| <b>Interest rate derivatives:</b>              |                           |                       |                |            |            |                          |
| OTC Market:                                    |                           |                       |                |            |            |                          |
| Interest rate swaps                            | 146,000                   | 1,348,807             | 5,184,287      | 6,679,094  | 296,357    | 238,048                  |
| Interest rate options (purchase)               | -                         | 83,417                | 134,529        | 217,946    | 19         | -                        |
| Interest rate options (sale)                   | -                         | -                     | 134,529        | 134,529    | -          | 40                       |
|  | 146,000                   | 1,432,224             | 5,453,345      | 7,031,569  | 296,376    | 238,088                  |
| Stock Exchange transactions:                   |                           |                       |                |            |            |                          |
| Interest rate futures                          | 49,967                    | 17,817                | -              | 67,784     | -          | -                        |
| <b>Currency derivatives:</b>                   |                           |                       |                |            |            |                          |
| OTC Market:                                    |                           |                       |                |            |            |                          |
| Forward exchange contract                      | 52,173                    | 89,135                | -              | 141,308    | 442        | 934                      |
| Currency swaps                                 | 1,661,166                 | 228,136               | -              | 1,889,302  | 3,401      | 19,199                   |
| Currency options (purchase)                    | 24,979                    | 2,274                 | -              | 27,253     | 632        | -                        |
| Currency options (sale)                        | 24,979                    | 2,274                 | -              | 27,253     | -          | 632                      |
|  | 1,763,297                 | 321,819               | -              | 2,085,116  | 4,475      | 20,765                   |
| <b>Currency and interest rate derivatives:</b> |                           |                       |                |            |            |                          |
| OTC Market:                                    |                           |                       |                |            |            |                          |
| Currency and interest rate swaps               | -                         | 462,072               | 136,723        | 598,795    | -          | 8,057                    |
| <b>Shares/indexes:</b>                         |                           |                       |                |            |            |                          |
| OTC Market:                                    |                           |                       |                |            |            |                          |
| Shares/indexes swaps                           | 304,513                   | 1,179,093             | 1,027,987      | 2,511,593  | 4,271      | 1,910                    |
| Shares/indexes options (sale)                  | -                         | -                     | 20,126         | 20,126     | -          | -                        |
| Others shares/indexes options (purchase)       | 16,864                    | -                     | -              | 16,864     | 16,442     | -                        |
| Others shares/indexes options (sale)           | 16,864                    | -                     | -              | 16,864     | -          | -                        |
|  | 338,241                   | 1,179,093             | 1,048,113      | 2,565,447  | 20,713     | 1,910                    |
| Stock exchange transactions:                   |                           |                       |                |            |            |                          |
| Shares futures                                 | 728,807                   | -                     | -              | 728,807    | -          | -                        |
| <b>Commodity derivatives:</b>                  |                           |                       |                |            |            |                          |
| Stock Exchange transactions:                   |                           |                       |                |            |            |                          |
| Commodities futures                            | 38                        | -                     | -              | 38         | -          | -                        |
| <b>Credit derivatives:</b>                     |                           |                       |                |            |            |                          |
| OTC Market:                                    |                           |                       |                |            |            |                          |
| Credit default swaps (CDS)                     | -                         | -                     | 283,107        | 283,107    | 267,841    | -                        |
| Other credit derivatives (sale)                | -                         | -                     | 78,484         | 78,484     | -          | -                        |
|  | -                         | -                     | 361,591        | 361,591    | 267,841    | -                        |
| <b>Total derivatives traded in:</b>            |                           |                       |                |            |            |                          |
| OTC Market                                     | 2,247,538                 | 3,395,208             | 6,999,772      | 12,642,518 | 589,405    | 268,820                  |
| Stock Exchange                                 | 778,812                   | 17,817                | -              | 796,629    | -          | -                        |
| <b>Embedded derivatives</b>                    |                           |                       |                |            | 956        | 346                      |
|  | 3,026,350                 | 3,413,025             | 6,999,772      | 13,439,147 | 590,361    | 269,166                  |

The analysis of trading derivatives by maturity as at 31 December 2018, is as follows:

(Thousands of euros)

|  | 2018                      |                       |                |            |         |                          |
|--|---------------------------|-----------------------|----------------|------------|---------|--------------------------|
|  | Notional (remaining term) |                       |                | Fair value |         |                          |
|  | Up to<br>3 months         | 3 months to<br>1 year | Over 1<br>year | Total      | Assets  | Liabilities<br>(note 33) |
| <b>Interest rate derivatives:</b>              |                           |                       |                |            |         |                          |
| OTC Market:                                    |                           |                       |                |            |         |                          |
| Interest rate swaps                            | 366,157                   | 1,297,318             | 8,394,118      | 10,057,593 | 340,546 | 267,815                  |
| Interest rate options (purchase)               | -                         | 84,927                | 136,129        | 221,056    | 9       | -                        |
| Interest rate options (sale)                   | -                         | 1,510                 | 136,129        | 137,639    | -       | 21                       |
| Other interest rate contracts                  | -                         | 19,174                | 121,588        | 140,762    | 2,031   | 1,147                    |
|  | 366,157                   | 1,402,929             | 8,787,964      | 10,557,050 | 342,586 | 268,983                  |
| Stock Exchange transactions:                   |                           |                       |                |            |         |                          |
| Interest rate futures                          | 104,693                   | -                     | -              | 104,693    | -       | -                        |
| <b>Currency derivatives:</b>                   |                           |                       |                |            |         |                          |
| OTC Market:                                    |                           |                       |                |            |         |                          |
| Forward exchange contract                      | 71,121                    | 131,745               | -              | 202,866    | 942     | 644                      |
| Currency swaps                                 | 1,858,660                 | 552,788               | -              | 2,411,448  | 5,111   | 8,748                    |
| Currency options (purchase)                    | 34,075                    | 25,126                | 27,253         | 86,454     | 3,357   | -                        |
| Currency options (sale)                        | 34,075                    | 25,126                | 27,253         | 86,454     | -       | 3,349                    |
|  | 1,997,931                 | 734,785               | 54,506         | 2,787,222  | 9,410   | 12,741                   |
| <b>Currency and interest rate derivatives:</b> |                           |                       |                |            |         |                          |
| OTC Market:                                    |                           |                       |                |            |         |                          |
| Currency and interest rate swaps               | 58,059                    | 76,034                | 462,072        | 596,165    | 664     | 4,809                    |
| <b>Shares/indexes:</b>                         |                           |                       |                |            |         |                          |
| OTC Market:                                    |                           |                       |                |            |         |                          |
| Shares/indexes swaps                           | 411,029                   | 950,649               | 1,604,819      | 2,966,497  | 666     | 8,816                    |
| Shares/indexes options (sale)                  | -                         | -                     | 19,730         | 19,730     | -       | -                        |
| Others shares/indexes options (purchase)       | -                         | -                     | 16,864         | 16,864     | 15,622  | -                        |
| Others shares/indexes options (sale)           | -                         | -                     | 16,864         | 16,864     | -       | -                        |
|  | 411,029                   | 950,649               | 1,658,277      | 3,019,955  | 16,288  | 8,816                    |
| Stock exchange transactions:                   |                           |                       |                |            |         |                          |
| Shares futures                                 | 686,519                   | -                     | -              | 686,519    | -       | -                        |
| <b>Commodity derivatives:</b>                  |                           |                       |                |            |         |                          |
| Stock Exchange transactions:                   |                           |                       |                |            |         |                          |
| Commodities futures                            | 35                        | -                     | -              | 35         | -       | -                        |
| <b>Credit derivatives:</b>                     |                           |                       |                |            |         |                          |
| OTC Market:                                    |                           |                       |                |            |         |                          |
| Credit default swaps (CDS)                     | 123,531                   | -                     | 294,137        | 417,668    | 267,141 | 287                      |
| Other credit derivatives (sale)                | -                         | -                     | 80,553         | 80,553     | -       | -                        |
|  | 123,531                   | -                     | 374,690        | 498,221    | 267,141 | 287                      |
| <b>Total derivatives traded in:</b>            |                           |                       |                |            |         |                          |
| OTC Market                                     | 2,956,707                 | 3,164,397             | 11,337,509     | 17,458,613 | 636,089 | 295,636                  |
| Stock Exchange                                 | 791,247                   | -                     | -              | 791,247    | -       | -                        |
| <b>Embedded derivatives</b>                    |                           |                       |                |            | 916     | 59                       |
|  | 3,747,954                 | 3,164,397             | 11,337,509     | 18,249,860 | 637,005 | 295,695                  |