

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

(Thousands of euros)						
	2018				Fair value	
	Notional (remaining period)			Total	Assets	Liabilities
	Up to 3 months	3 months to 1 year	Over 1 year			
Fair value hedging derivatives related to interest rate risk changes						
OTC Market						
Interest rate swaps	-	24,500	3,976,674	4,001,174	12,662	77,787
Cash flow hedging derivatives related to interest rate risk changes						
OTC Market						
Interest rate swaps	52,367	205,511	12,467,208	12,725,086	81,677	7,604
Cash flow hedging derivatives related to currency risk changes						
OTC Market						
Other currency contracts	336,794	570,475	2,609,407	3,516,676	28,051	87,700
Hedging derivatives related to net investment in foreign operations						
OTC Market						
Currency and interest rate swap	58,059	76,034	462,072	596,165	664	4,809
Total derivatives traded by						
OTC Market	447,220	876,520	19,515,361	20,839,101	123,054	177,900

25. Investments in associated companies

This balance is analysed as follows:

(Thousands of euros)		
	2019	2018
Portuguese credit institutions	37,959	42,486
Foreign credit institutions	172,432	237,991
Other Portuguese companies	228,897	180,832
Other foreign companies	21,876	21,785
	461,164	483,094
Impairment	(60,773)	(78,012)
	400,391	405,082

The movements occurred in Impairment for investments in associated companies are analysed as follows:

(Thousands of euros)		
	2019	2018
Balance on 1 January	78,012	102,012
Transfers	2,853	-
Impairment charge for the year (note 12)	4,550	12,623
Loans charged-off	(3,756)	-
Exchange rate differences	(20,886)	(36,623)
Balance at the end of the year	60,773	78,012

The balance Investments in associated companies is analysed as follows:

(Thousands of euros)

	2019			2018
	Ownership on equity	Goodwill	Impairment for investments in associated companies	Total
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	174,348	-	-	174,348
Banco Millennium Atlântico, S.A.	68,196	63,962	(39,114)	93,044
Banque BCP, S.A.S.	40,274	-	-	40,274
Cold River's Homestead, S.A.	19,170	-	(3,648)	15,522
Mundotêxtil - Indústrias Têxteis, S.A.	-	-	-	-
SIBS, S.G.P.S, S.A.	34,815	-	-	34,815
Unicre - Instituição Financeira de Crédito, S.A.	30,523	7,436	-	37,959
Webspectator Corporation	94	18,011	(18,011)	94
Others	4,335	-	-	4,335
	371,755	89,409	(60,773)	400,391

These investments correspond to unquoted companies. According to the accounting policy described in note 1 B), these investments are measured at the equity method.

The Group's companies included in the consolidation perimeter are presented in note 61.

The main indicators of the principal associated companies, as at 31 December 2019, are analysed as follows:

(Thousands of euros)

	2019 (a)				
	Country	% held	Total Assets	Total Liabilities	Net income for the year
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	Portugal	49.0	11,808,337	11,147,890	1,035,785
Banco Millennium Atlântico, S.A. (*)	Angola	22.7	3,027,719	2,725,875	359,375
Banque BCP, S.A.S.	France	19.8	4,147,954	3,944,835	123,119
SIBS, S.G.P.S, S.A. (**)	Portugal	23.3	243,883	134,308	195,618
Unicre - Instituição Financeira de Crédito, S.A. (**)	Portugal	32.0	373,410	276,942	171,891

(a) Non audited accounts

(*) These indicators correspond to the statutory financial statements that do not include the effects of applying IAS 29 (note 14).

(**) Provisional values.

The main indicators of the principal associated companies, as at 31 December 2018 are analysed as follows:

(Thousands of euros)

	2018					
	Country	% held	Total Assets	Total Liabilities	Total Income	Net income for the year
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	Portugal	49.0	11,111,215	10,514,100	1,149,380	60,894
Banco Millennium Atlântico, S.A. (*)	Angola	22.7	3,952,382	3,570,117	539,337	90,872
Banque BCP, S.A.S.	France	19.9	3,867,689	3,682,412	123,017	18,375
SIBS, S.G.P.S., S.A.	Portugal	23.3	243,883	134,308	195,618	24,782
Unicre - Instituição Financeira de Crédito, S.A.	Portugal	32.0	349,749	247,358	162,383	15,343

(*) - These indicators correspond to the statutory financial statements that do not include the effects of applying IAS 29 (note 14).

In accordance with the requirements of IFRS 12 and considering their relevance, the movements occurred in the investment held in Banco Millennium Atlântico, S.A., is analysed as follows:

(Thousands of euros)

	2019	2018
Ownership held by BCP on equity of the associated company as at 1 January	141,188	212,797
Application of IFRS 9 - Effect on 1 January 2018	-	(4,184)
Application of IAS 29 for the year:		
Net non-monetary assets of the BMA		
Effect on BMA's equity (note 43)	-	18,250
Effect of exchange rate variations (note 43)	(14,733)	(21,267)
Amortization of the effect of the application of IAS 29 calculated as at 31 December 2018 (note 14)	(5,725)	-
Revaluation in net income (note 14)	-	759
Goodwill of the merger operation of the BMA		
Effect of exchange rate variations (note 43)	(10,682)	(17,426)
Revaluation in net income (note 14)	-	12,623
Impairment for investments in associated companies	-	(12,623)
Appropriation of the net income of the associated companies (note 14)	16,923	20,659
Appropriation of the net income of previous years (note 14)	-	19
Annulment of the gains arising from properties sold to Group entities (note 14)	(8,680)	-
Other comprehensive income attributable to BCP	(1,735)	885
Exchange differences		
Effect on BMA's equity	(33,779)	(62,304)
Goodwill associated with BMA investment	(12,999)	(28,866)
Impairment for investments in associated companies (note 43)	20,886	36,623
Annulment of the gains arising from properties sold to Group entities	2,073	-
Dividends received	-	(14,757)
Others	307	-
Investment held at the end of the year	93,044	141,188

The following table presents the financial statements of Banco Millennium Atlântico, S.A, prepared in accordance with IFRS, modified by the consolidation adjustments:

	(Thousands of euros)	
	2019	2018
Income	359,375	539,337
Net profit for the year	74,094	90,872
Comprehensive income	(7,633)	3,889
Total comprehensive income attributable to Shareholders of the associated company	66,461	94,761
Application of IAS 29 (*)	(25,181)	3,339
Attributable to Shareholders of the associated companies adjusted to BCP GAAP	41,280	98,100
Attributable to the BCP Group	9,385	22,303
Balance sheet		
Financial assets	2,455,612	3,258,359
Non-financial assets	572,107	694,023
Financial liabilities	(2,657,420)	(3,494,473)
Non-financial liabilities	(68,455)	(75,644)
Attributable to Shareholders of the associated companies	301,844	382,265
Application of IAS 29 (*)	113,459	203,445
Reverse of the gain from the sale of buildings to entities of the Group	(29,064)	-
Attributable to Shareholders of the associated companies adjusted to BCP GAAP	386,239	585,710
Attributable to the BCP Group	87,810	133,159
Goodwill of the merge	44,349	68,030
Impairment for investments in associated companies	(39,115)	(60,001)
Attributable to the BCP Group adjusted of consolidation items	93,044	141,188

(*) The impact of the IAS 29 adoption was calculated from the date of the merger (April 2016).

The amounts presented do not include adjustments arising from the application of IAS 29. Based on the requirements of IAS 29, Angola was considered a hyperinflationary economy until 31 December 2018, for the purpose of presenting the consolidated financial statements, as described in accounting policy 1 B6. This classification ceased to apply on 1 January 2019.

In accordance with the requirements of IFRS 12 and considering their relevance, the movements occurred in the investment held in Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A., is analysed as follows:

	(Thousands of euros)	
	2019	2018
Ownership held by BCP on equity of the associated company as at 1 January	138,460	252,577
Appropriation of the net income of the associated company (note 14) (*)	28,430	35,361
Other comprehensive income attributable to BCP	7,458	(6,398)
Capital reimbursement	-	(98,000)
Dividends received	-	(45,080)
Investment held at the end of the year	174,348	138,460

(*) Includes adjustments according to BCP GAAP.

The following table presents the financial statements of Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A., prepared in accordance with IFRS, modified by the consolidation adjustments:

	(Thousands of euros)	
	2019	2018
Income	1,035,785	1,149,380
Net profit for the year	47,677	60,894
Comprehensive income	15,220	(13,057)
Total comprehensive income attributable to Shareholders of the associated company	62,897	47,837
Adjustments of intra-group transactions (reverse of the VOBA annual amortisation (*))	10,343	11,272
Attributable to Shareholders of the associated company adjusted to BCP GAAP	73,240	59,109
Attributable to the BCP Group	35,888	28,963
Balance sheet		
Financial assets	11,374,831	10,639,154
Non-financial assets	433,506	472,061
Financial liabilities	(11,061,276)	(10,384,696)
Non-financial liabilities	(86,614)	(129,404)
Total equity	660,447	597,115
Attributable to non-controlling interests	11,649	11,215
Attributable to Shareholders of the associated companies	648,798	585,900
Adjustments of intra-group transactions (reverse of the VOBA annual amortisation (*))	337,917	327,574
Attributable to Shareholders of the associated company adjusted to BCP GAAP	986,715	913,474
Attributable to the BCP Group	483,490	447,602
Reverse of the initial gain in 2004 allocated to the BCP Group	(309,142)	(309,142)
Attributable to the BCP Group adjusted of consolidation items	174,348	138,460

(*) VOBA corresponds to the estimated current value of the future cash flows of the contracts in force at the date of acquisition. The value of the acquired business (VOBA) is recognised in the consolidated accounts of Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. as intangible assets and is amortised over the period of recognition of the income associated with the policies acquired.

The Group owns 49% of Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Mbc Ageas), being accounted as investment in an associate under the equity method.

According to IFRS 4, there is the possibility to differ the application of IFRS 9 to insurance entities, i.e. although IFRS 9 is in force on 1 January 2018, the insurance companies can choose for the temporary exemption until 2021.

The Group chose for the temporary exemption until 2021, following the approach of Mbc Ageas, and as far it fulfils the requirements to be accomplished with the temporary exemption until 2021 which are:

- The entity didn't adopt previously the IFRS 9;
- The liabilities measured according IFRS 4 are significative;
- The weight of IFRS4 liabilities in total liabilities of entity is more than 90%;
- Non-related activities with insurance activity isn't significant.

This exception, and based on paragraph 20P b) and 200a) of IFRS 4, allows the Group to apply IFRS 9 in its consolidated accounts and to have Mbc Ageas not applying IFRS 9 in its individual accounts (which are integrated into the consolidated accounts using the equity method).

Regarding to the evaluation of the impacts arising from the adoption of IFRS 9, the Ageas Group Portugal has a project in progress to determine the impacts of adopting IFRS 9. Based on the evaluation made on this date, the total impact of IFRS 9, as at 31 December 2019, net of Participation of Benefits (PB) and net of Tax (29%) in consolidation in BCP Group is a positive amount of Euros 513,000 (2018: negative amount of Euros 48,000).