

## 38. Provisions

This balance is analysed as follows:

	(Thousands of euros)	
	2019	2018
Provision for guarantees and other commitments (note 21)	116,560	187,710
Technical provisions for the insurance activity - For direct insurance and reinsurance accepted:		
Unearned premiums	7,346	7,801
Life insurance	3,400	4,736
For participation in profit and loss	216	184
Other technical provisions	26,853	13,918
Other provisions for liabilities and charges	190,937	136,483
	345,312	350,832

Changes in Provisions for guarantees and other commitments are analysed as follows:

	(Thousands of euros)	
	2019	2018
<b>Balance on 1 January</b>	187,710	130,875
Adjustments due to the implementation of IFRS 9	-	14,714
Transfers resulting from changes in the Group's structure (Euro Bank acquisition)	172	-
Other transfers	(67,072)	(2,122)
Charge for the year (note 13)	36,230	86,255
Reversals for the year (note 13)	(40,618)	(41,802)
Exchange rate differences	138	(210)
<b>Balance at the end of the year</b>	116,560	187,710

As at 31 December 2019, the balance Other transfers includes the amount of Euros 64,588,000 corresponding to provisions for guarantees and other commitments, which was transferred to impairment for credit risks due the conversion of guarantees granted into loans and advances to customers.

Changes in Other provisions for liabilities and charges are analysed as follows:

	(Thousands of euros)	
	2019	2018
<b>Balance on 1 January</b>	136,483	135,249
Transfers	2,447	733
Charge for the year (note 13)	65,239	13,537
Reversals for the year (note 13)	(3,367)	(301)
Amounts charged-off	(10,627)	(12,427)
Exchange rate differences	762	(308)
<b>Balance at the end of the year</b>	190,937	136,483

The Other provisions for liabilities and charges were based on the probability of occurrence of certain contingencies related to risks inherent to the Group's activity, being reviewed at each reporting date in order to reflect the best estimate of the amount and respective probability of payment.

This balance includes provisions for contingencies in the sale of Millennium Bank (Greece) (Euros 23,507,000), lawsuits, fraud and tax contingencies. The provisions constituted to cover tax contingencies totalled Euros 70,714,000 (31 December 2018: Euros 65,539,000) and are associated, essentially, to contingencies related to VAT and Stamp Duty.

This balance also includes the amount of Euros 52,480,000 (PLN 223.134.000) related to the creation, by Bank Millennium, of provisions for legal risk related to FX-indexed mortgages. As described in note 56, the methodology developed by Bank Millennium is based on the following main parameters: (i) the number of current (including class actions) and potential future court cases that will appear within a specified (three-year) time horizon; (ii) the amount of Bank Millennium's potential loss in the event of a specific court judgment (three negative judgment scenarios were taken into account); and, (iii) the probability of obtaining a specific court verdict calculated on the basis of statistics of judgments of the banking sector in Poland and legal opinions obtained. Variation in the level of provisions or concrete losses will depend on the final court decisions about each case and on the number of court cases. As at 31 December 2019, the Loans and advances to customers portfolio in CHF has a net amount of approximately Euros 3,473,000,000.