

19. Loans and advances to customers

The analysis of loans and advances to customers, by type of credit, is as follows:

	(Thousands of euros)	
	2020	2019
Discounted bills	187,383	259,281
Current account credits	939,781	1,343,276
Overdrafts	299,772	319,750
Loans	12,024,807	9,614,819
Mortgage loans	17,820,559	17,320,899
Factoring operations	1,946,974	1,945,732
Finance leases	2,358,801	2,336,499
	35,578,077	33,140,256
Overdue loans - less than 90 days	14,045	28,305
Overdue loans - Over 90 days	909,540	1,079,684
	36,501,662	34,248,245
Impairment for credit risk	(1,472,591)	(1,861,894)
	35,029,071	32,386,351

In the evolution of the balance Loans and advances to customers, is to highlight in 2020, the weight of the financing granted under the COVID-19 lines, which benefit from the guarantee of the Portuguese State, as detailed in note 54.

The balance Loans and advances to customers, as at 31 December 2020, is analysed as follows:

	(Thousands of euros)				
	2020				
	Outstanding loans	Overdue loans	Gross amount	Impairment	Net amount
Public sector	510,370	1	510,371	(1,725)	508,646
Asset-backed loans	20,320,472	480,108	20,800,580	(790,735)	20,009,845
Other guaranteed loans	5,235,582	117,927	5,353,509	(216,317)	5,137,192
Unsecured loans	3,135,564	166,994	3,302,558	(190,789)	3,111,769
Foreign loans	2,070,314	121,642	2,191,956	(125,242)	2,066,714
Factoring operations	1,946,974	15,010	1,961,984	(41,201)	1,920,783
Finance leases	2,358,801	21,903	2,380,704	(106,582)	2,274,122
	35,578,077	923,585	36,501,662	(1,472,591)	35,029,071

The balances Asset-backed loans and Other guaranteed loans follow the subsequent types of guarantees considered:

- Asset-backed loans: Financial collaterals, physical collaterals (movable or immovable) and amounts receivable (income consignment);
- Other guaranteed loans: First-demand guarantees issued by banks or other entities and personal guarantees.

The balance Loans and advances to customers, as at 31 December 2019, is analysed as follows:

	(Thousands of euros)				
	2019				
	Outstanding loans	Overdue loans	Gross amount	Impairment	Net amount
Public sector	554,047	2	554,049	(1,137)	552,912
Asset-backed loans	20,037,965	692,956	20,730,921	(1,233,215)	19,497,706
Other guaranteed loans	3,286,023	108,088	3,394,111	(189,536)	3,204,575
Unsecured loans	3,288,027	142,659	3,430,686	(148,735)	3,281,951
Foreign loans	1,691,963	125,073	1,817,036	(188,380)	1,628,656
Factoring operations	1,945,732	14,806	1,960,538	(30,303)	1,930,235
Finance leases	2,336,499	24,405	2,360,904	(70,588)	2,290,316
	33,140,256	1,107,989	34,248,245	(1,861,894)	32,386,351

As at 31 December 2020, the balance Loans and advances to customers includes the amount of Euros 11,692,831,000 (31 December 2019: Euros 11,674,854,000) regarding mortgage loans assigned to the cover pool backing the Group's covered bond programme issuances.

The Bank, as part of the liquidity risk management, holds a pool of eligible assets that can serve as collateral in funding operations with the European Central Bank, which include loans and advances to customers.

As referred in note 46, the Bank provides loans and/or guarantees to qualifying shareholders holding individually or together with their affiliates, 2% or more of the share capital identified in the Board of Directors report and in note 37.

As at 31 December 2020, the Bank granted credit to qualifying shareholders and entities controlled by them, in the amount of Euros 66,334,000 (31 December 2019: Euros 99,774,000), as referred in note 46 A). The amount of impairment recognised for these contracts amounts to Euros 363,000 (31 December 2019: Euros 210,000).

The business conducted between the company and qualifying shareholders or natural or legal persons related to them, pursuant to article 20 of the Securities Code, regardless of the amount, is always subject to appraisal and deliberation by the Board of Directors, through a proposal by the Credit Committee and the Executive Committee, supported by an analysis and technical opinion issued by the Internal Audit Division, and after a prior opinion has been obtained from the Audit Committee.

The balance Loans and advances to customers includes the following amounts related to finance leases contracts:

	(Thousands of euros)	
	2020	2019
Amount of future minimum payments	2,810,475	2,738,951
Interest not yet due	(451,674)	(402,452)
Present value	2,358,801	2,336,499

The amount of future minimum payments of lease contracts, by maturity terms, is analysed as follows:

	(Thousands of euros)	
	2020	2019
Up to 1 year	371,509	469,949
1 to 5 years	1,067,240	995,541
Over 5 years	1,371,726	1,273,461
	2,810,475	2,738,951

The analysis of the maturing component of financial lease contracts, by type of client, is presented as follows:

	(Thousands of euros)	
	2020	2019
Individuals		
Home	51,291	56,084
Consumer	29,920	30,585
Others	88,949	92,309
	170,160	178,978
Companies		
Equipment	457,251	438,944
Real estate	1,731,390	1,718,577
	2,188,641	2,157,521
	2,358,801	2,336,499

Regarding operational leasing, the Bank does not present relevant contracts as lessor.

The analysis of loans and advances to customers, as at 31 December 2020, by sector of activity, is as follows:

(Thousands of euros)

	2020					
	Outstanding loans	Overdue loans	Gross amount	Impairment	Net amount	% Gross amount
Agriculture and forestry	376,141	7,429	383,570	(6,899)	376,671	1.05%
Fisheries	22,766	36	22,802	(318)	22,484	0.06%
Mining	42,876	2,692	45,568	(2,001)	43,567	0.12%
Food, beverage and tobacco	605,887	5,893	611,780	(15,701)	596,079	1.68%
Textiles	444,738	11,046	455,784	(24,503)	431,281	1.25%
Wood and cork	152,473	3,274	155,747	(3,611)	152,136	0.43%
Paper, printing and publishing	166,820	1,202	168,022	(14,547)	153,475	0.46%
Chemicals	549,645	15,167	564,812	(25,053)	539,759	1.55%
Machinery, equipment and basic metallurgical	890,637	22,361	912,998	(34,389)	878,609	2.50%
Electricity and gas	203,340	122	203,462	(871)	202,591	0.56%
Water	194,147	333	194,480	(16,722)	177,758	0.53%
Construction	1,448,474	78,767	1,527,241	(126,091)	1,401,150	4.18%
Retail business	1,228,223	27,252	1,255,475	(39,071)	1,216,404	3.44%
Wholesale business	1,369,363	31,016	1,400,379	(72,332)	1,328,047	3.84%
Restaurants and hotels	1,317,594	36,972	1,354,566	(59,451)	1,295,115	3.71%
Transports	677,452	21,154	698,606	(33,492)	665,114	1.91%
Post offices	15,392	170	15,562	(236)	15,326	0.04%
Telecommunications	227,553	4,407	231,960	(16,945)	215,015	0.64%
Services						
Financial intermediation	1,577,351	85,556	1,662,907	(190,489)	1,472,418	4.56%
Real estate activities	1,616,656	12,737	1,629,393	(82,234)	1,547,159	4.46%
Consulting, scientific and technical activities	883,352	30,444	913,796	(73,762)	840,034	2.50%
Administrative and support services activities	446,136	8,558	454,694	(63,965)	390,729	1.25%
Public sector	798,510	1	798,511	(1,725)	796,786	2.19%
Education	120,385	1,339	121,724	(6,537)	115,187	0.33%
Health and collective service activities	337,420	781	338,201	(8,953)	329,248	0.93%
Artistic, sports and recreational activities	358,125	10,853	368,978	(101,591)	267,387	1.01%
Other services	139,186	242,052	381,238	(178,004)	203,234	1.04%
Consumer loans	1,837,420	109,238	1,946,658	(106,898)	1,839,760	5.33%
Mortgage credit	17,171,929	47,176	17,219,105	(55,276)	17,163,829	47.18%
Other domestic activities	848	358	1,206	(21,203)	(19,997)	0.00%
Other international activities	357,238	105,199	462,437	(89,721)	372,716	1.27%
	35,578,077	923,585	36,501,662	(1,472,591)	35,029,071	100.00%

The analysis of loans and advances to customers, as at 31 December 2019, by sector of activity, is as follows:

(Thousands of euros)

	2019					
	Outstanding loans	Overdue loans	Gross amount	Impairment	Net amount	% Gross amount
Agriculture and forestry	299,991	4,545	304,536	(3,992)	300,544	0.89%
Fisheries	24,938	29	24,967	(576)	24,391	0.07%
Mining	27,612	1,110	28,722	(4,228)	24,494	0.08%
Food, beverage and tobacco	482,581	5,478	488,059	(9,927)	478,132	1.43%
Textiles	350,066	8,028	358,094	(17,695)	340,399	1.05%
Wood and cork	118,609	2,637	121,246	(1,801)	119,445	0.35%
Paper, printing and publishing	135,206	1,085	136,291	(14,079)	122,212	0.40%
Chemicals	448,963	14,928	463,891	(17,104)	446,787	1.35%
Machinery, equipment and basic metallurgical	651,436	15,117	666,553	(18,268)	648,285	1.95%
Electricity and gas	213,989	122	214,111	(1,015)	213,096	0.63%
Water	155,240	332	155,572	(8,952)	146,620	0.45%
Construction	1,254,853	142,644	1,397,497	(230,698)	1,166,799	4.08%
Retail business	921,187	30,030	951,217	(41,708)	909,509	2.78%
Wholesale business	1,095,396	31,119	1,126,515	(71,203)	1,055,312	3.29%
Restaurants and hotels	1,093,086	36,372	1,129,458	(79,359)	1,050,099	3.30%
Transports	643,697	18,483	662,180	(27,563)	634,617	1.93%
Post offices	3,489	118	3,607	(72)	3,535	0.01%
Telecommunications	159,079	3,749	162,828	(4,786)	158,042	0.48%
Services						
Financial intermediation	1,561,425	133,458	1,694,883	(492,447)	1,202,436	4.95%
Real estate activities	1,365,548	92,603	1,458,151	(107,166)	1,350,985	4.26%
Consulting, scientific and technical activities	935,741	17,416	953,157	(167,445)	785,712	2.78%
Administrative and support services activities	376,218	12,369	388,587	(67,776)	320,811	1.13%
Public sector	776,378	2	776,380	(1,136)	775,244	2.27%
Education	107,859	933	108,792	(5,899)	102,893	0.32%
Health and collective service activities	253,152	923	254,075	(3,240)	250,835	0.74%
Artistic, sports and recreational activities	263,806	989	264,795	(66,438)	198,357	0.77%
Other services	101,069	242,548	343,617	(186,390)	157,227	1.00%
Consumer loans	1,904,231	105,028	2,009,259	(78,700)	1,930,559	5.87%
Mortgage credit	16,943,057	68,287	17,011,344	(48,736)	16,962,608	49.67%
Other domestic activities	989	272	1,261	(82)	1,179	0.00%
Other international activities	471,365	117,235	588,600	(83,413)	505,187	1.72%
	33,140,256	1,107,989	34,248,245	(1,861,894)	32,386,351	100.00%

The analysis of loans and advances to customers, by maturity and by sector of activity as at 31 December 2020 is as follows:

(Thousands of euros)

	2020						
	Due within 1 year	1 year to 5 years	Over 5 years	Total Outstanding	Overdue loans	Total	%
Agriculture and forestry	92,933	87,557	195,651	376,141	7,429	383,570	1.05%
Fisheries	3,321	5,320	14,125	22,766	36	22,802	0.06%
Mining	10,432	13,956	18,488	42,876	2,692	45,568	0.12%
Food, beverage and tobacco	266,261	148,245	191,381	605,887	5,893	611,780	1.68%
Textiles	118,726	153,860	172,152	444,738	11,046	455,784	1.25%
Wood and cork	44,180	48,892	59,401	152,473	3,274	155,747	0.43%
Paper, printing and publishing	58,024	46,577	62,219	166,820	1,202	168,022	0.46%
Chemicals	152,193	182,640	214,812	549,645	15,167	564,812	1.55%
Machinery, equipment and basic metallurgical	227,699	267,865	395,073	890,637	22,361	912,998	2.50%
Electricity and gas	16,135	70,651	116,554	203,340	122	203,462	0.56%
Water	17,039	15,274	161,834	194,147	333	194,480	0.53%
Construction	361,316	432,901	654,257	1,448,474	78,767	1,527,241	4.18%
Retail business	375,213	285,880	567,130	1,228,223	27,252	1,255,475	3.44%
Wholesale business	487,039	343,251	539,073	1,369,363	31,016	1,400,379	3.84%
Restaurants and hotels	65,648	316,512	935,434	1,317,594	36,972	1,354,566	3.71%
Transports	95,019	190,592	391,841	677,452	21,154	698,606	1.91%
Post offices	11,248	1,484	2,660	15,392	170	15,562	0.04%
Telecommunications	75,008	62,418	90,127	227,553	4,407	231,960	0.64%
Services							
Financial intermediation							
intermediation	190,877	393,833	992,641	1,577,351	85,556	1,662,907	4.56%
Real estate activities	259,936	537,711	819,009	1,616,656	12,737	1,629,393	4.46%
Consulting, scientific and technical activities	149,985	228,143	505,224	883,352	30,444	913,796	2.50%
Administrative and support services activities	96,941	163,565	185,630	446,136	8,558	454,694	1.25%
Public sector	121,885	456,876	219,749	798,510	1	798,511	2.19%
Education	22,855	19,294	78,236	120,385	1,339	121,724	0.33%
Health and collective service activities	102,017	83,736	151,667	337,420	781	338,201	0.93%
Artistic, sports and recreational activities	33,982	45,405	278,738	358,125	10,853	368,978	1.01%
Other services	52,244	31,250	55,692	139,186	242,052	381,238	1.04%
Consumer credit	493,283	588,499	755,638	1,837,420	109,238	1,946,658	5.33%
Mortgage credit	9,859	226,212	16,935,858	17,171,929	47,176	17,219,105	47.18%
Other domestic activities	123	287	438	848	358	1,206	0.00%
Other international activities	203,535	66,067	87,636	357,238	105,199	462,437	1.27%
	4,214,956	5,514,753	25,848,368	35,578,077	923,585	36,501,662	100.00%

The analysis of loans and advances to customers, by maturity and by sector of activity as at 31 December, 2019 is as follows:

(Thousands of euros)

	2019						
	Outstanding loans				Overdue loans	Total	%
	Due within 1 year	1 year to 5 years	Over 5 years	Total Outstanding			
Agriculture and forestry	105,011	69,353	125,627	299,991	4,545	304,536	0.89%
Fisheries	4,935	5,263	14,740	24,938	29	24,967	0.07%
Mining	13,104	10,813	3,695	27,612	1,110	28,722	0.08%
Food, beverage and tobacco	300,692	115,593	66,296	482,581	5,478	488,059	1.43%
Textiles	176,953	91,456	81,657	350,066	8,028	358,094	1.05%
Wood and cork	53,231	36,518	28,860	118,609	2,637	121,246	0.35%
Paper, printing and publishing	59,407	33,168	42,631	135,206	1,085	136,291	0.40%
Chemicals	161,411	175,657	111,895	448,963	14,928	463,891	1.35%
Machinery, equipment and basic metallurgical	280,952	214,439	156,045	651,436	15,117	666,553	1.95%
Electricity and gas	30,720	40,043	143,226	213,989	122	214,111	0.63%
Water	18,481	15,646	121,113	155,240	332	155,572	0.45%
Construction	361,937	336,747	556,169	1,254,853	142,644	1,397,497	4.08%
Retail business	456,021	231,571	233,595	921,187	30,030	951,217	2.78%
Wholesale business	589,889	275,308	230,199	1,095,396	31,119	1,126,515	3.29%
Restaurants and hotels	136,849	197,960	758,277	1,093,086	36,372	1,129,458	3.30%
Transports	167,924	151,468	324,305	643,697	18,483	662,180	1.93%
Post offices	1,930	1,121	438	3,489	118	3,607	0.01%
Telecommunications	86,615	45,452	27,012	159,079	3,749	162,828	0.48%
Services							
Financial intermediation							
intermediation	190,274	450,293	920,858	1,561,425	133,458	1,694,883	4.95%
Real estate activities	266,381	349,018	750,149	1,365,548	92,603	1,458,151	4.26%
Consulting, scientific and technical activities	301,178	155,619	478,944	935,741	17,416	953,157	2.78%
Administrative and support services activities	144,295	121,828	110,095	376,218	12,369	388,587	1.13%
Public sector	160,688	366,611	249,079	776,378	2	776,380	2.27%
Education	33,542	15,587	58,730	107,859	933	108,792	0.32%
Health and collective service activities	92,056	66,828	94,268	253,152	923	254,075	0.74%
Artistic, sports and recreational activities	30,931	28,137	204,738	263,806	989	264,795	0.77%
Other services	31,613	30,577	38,879	101,069	242,548	343,617	1.00%
Consumer credit	529,509	594,544	780,178	1,904,231	105,028	2,009,259	5.87%
Mortgage credit	7,890	247,882	16,687,285	16,943,057	68,287	17,011,344	49.67%
Other domestic activities	154	282	553	989	272	1,261	0.00%
Other international activities	159,919	110,405	201,041	471,365	117,235	588,600	1.72%
	4,954,492	4,585,187	23,600,577	33,140,256	1,107,989	34,248,245	100.00%

The analysis of loans and advances to customers, by type of credit and by maturity, as at 31 December 2020, is as follows:

(Thousands of euros)

	2020					
	Outstanding loans			Total Outstanding	Overdue loans	Total
	Due within 1 year	1 year to 5 years	Over 5 years			
Public sector	72,028	35,382	402,960	510,370	1	510,371
Asset-backed loans	670,563	1,559,550	18,090,358	20,320,471	480,108	20,800,579
Other guaranteed loans	862,548	1,786,290	2,586,744	5,235,582	117,927	5,353,509
Unsecured loans	814,149	875,694	1,445,722	3,135,565	166,994	3,302,559
Foreign loans	231,408	288,132	1,550,774	2,070,314	121,642	2,191,956
Factoring operations	1,521,278	425,696	—	1,946,974	15,010	1,961,984
Finance leases	42,982	544,009	1,771,810	2,358,801	21,903	2,380,704
	4,214,956	5,514,753	25,848,368	35,578,077	923,585	36,501,662

The analysis of loans and advances to customers, by type of credit and by maturity, as at 31 December 2019, is as follows:

(Thousands of euros)

	2019					
	Outstanding loans			Total Outstanding	Overdue loans	Total
	Due within 1 year	1 year to 5 years	Over 5 years			
Public sector	74,517	47,688	431,842	554,047	2	554,049
Asset-backed loans	746,596	1,301,489	17,989,880	20,037,965	692,956	20,730,921
Other guaranteed loans	1,174,234	1,268,319	843,470	3,286,023	108,088	3,394,111
Unsecured loans	1,091,972	756,879	1,439,176	3,288,027	142,659	3,430,686
Foreign loans	126,868	338,567	1,226,528	1,691,963	125,073	1,817,036
Factoring operations	1,614,674	331,058	—	1,945,732	14,806	1,960,538
Finance leases	125,631	541,187	1,669,681	2,336,499	24,405	2,360,904
	4,954,492	4,585,187	23,600,577	33,140,256	1,107,989	34,248,245

The balance Total credit portfolio, which includes further than loans and advances to customers, the guarantees granted, is analysed as follows:

(Thousands of euros)

	2020	2019
Total credit	40,283,837	38,252,575
Stage 1		
Gross amount	30,887,770	27,748,411
Impairment	(85,715)	(24,036)
	30,802,055	27,724,375
Stage 2		
Gross amount	6,685,877	6,869,096
Impairment	(179,488)	(139,432)
	6,506,389	6,729,664
Stage 3		
Gross amount	2,710,190	3,635,068
Impairment	(1,282,423)	(1,792,847)
	1,427,767	1,842,221
	38,736,211	36,296,260

The total credit portfolio includes, as at 31 December 2020, loans and advances to customers in the amount of Euros 36,501,662,000 (31 December 2019: Euros: 34,248,245,000) and guarantees granted and commitments to third parties balance (note 40), in the amount of Euros 3,782,175,000 (31 December 2019: Euros 4,004,330,000).

The balances of Impairment were determined in accordance with the accounting policy described in note 1 B1.5, including the provision for guarantees and other commitments to third parties (note 35), in the amount of Euros 89,678,000 (31 December 2019: Euros 102,068,000).

The analysis of the exposure covered by collateral associated with loans and advances to customers' portfolio, by stage, considering the fair value of collaterals, is as follows:

	(Thousands of euros)	
	2020	2019
Stage 1		
Securities and other financial assets	1,104,093	1,448,903
Residential real estate	14,791,847	14,164,780
Other real estate	2,862,274	2,357,206
Other guarantees	6,042,950	4,496,322
	24,801,164	22,467,211
Stage 2		
Securities and other financial assets	240,604	289,904
Residential real estate	2,280,043	2,582,831
Other real estate	1,148,280	1,195,427
Other guarantees	1,415,008	864,638
	5,083,935	4,932,800
Stage 3		
Securities and other financial assets	117,281	301,578
Residential real estate	503,612	634,662
Other real estate	542,552	607,618
Other guarantees	403,068	578,057
	1,566,513	2,121,915
	31,451,612	29,521,926

The balance Other guarantees refers to first-demand guarantees issued by banks or other entities with an internal risk level of "7" or better; personal guarantees, when the guarantors are classified as having an internal risk level of "7" or better.

The balance Other guarantees include debtors, assets subject to leasing transactions and personal guarantees, among others. Considering the policy of risk management of the Bank (note 48), the amounts presented do not include the fair value of the personal guarantees provided by clients with lower risk rating. When considered, the fair value of the personal guarantees corresponds to the guaranteed amount.

As detailed in note 54, the increase in this balance in 2020 is largely due to the weight of the financing granted under the COVID-19 lines, which benefit from the guarantee from of the Portuguese State.

The Bank is applying physical collaterals and financial guarantees as instruments to mitigate the credit risk. The physical collaterals are mainly mortgages on residential buildings for the mortgage portfolio and other mortgages on other types of buildings related to other types of loans. In order to reflect the market value, these collaterals are regularly reviewed based on independent and certified valuation entities or through the application of revaluation coefficients that reflect the market trends for each specific type of building and geographical area. The financial guarantees are reviewed based on the market value of the respective assets, when available, with the subsequent application of haircuts that reflect the volatility of their prices. Considering the current real estate and financial markets conditions, the Bank continued to negotiate additional physical and financial collaterals with its customers.

The loan to customers' portfolio includes contracts that resulted in a formal restructuring with the customers and the consequent establishment of a new funding to replace the previous. The restructuring may include in a reinforce of guarantees, liquidation of part of the credit as well as changes in the payment plan and / or in interest rate.

The analysis of the restructured loans, by sector of activity, is as follows:

(Thousands of euros)

	2020			2019		
	Restructured loans	Impairment	Net amount	Restructured loans	Impairment	Net amount
Agriculture and forestry	16,449	(1,784)	14,665	10,706	(548)	10,158
Fisheries	123	(41)	82	6,134	(454)	5,680
Mining	2,130	(314)	1,816	5,485	(3,275)	2,210
Food, beverage and tobacco	17,395	(5,061)	12,334	13,361	(3,706)	9,655
Textiles	15,814	(6,040)	9,774	13,898	(4,225)	9,673
Wood and cork	4,343	(384)	3,959	5,207	(324)	4,883
Paper, printing and publishing	15,893	(12,279)	3,614	16,218	(12,185)	4,033
Chemicals	18,907	(8,434)	10,473	19,007	(4,577)	14,430
Machinery, equipment and basic metallurgical	30,672	(10,453)	20,219	26,109	(8,325)	17,784
Electricity and gas	373	(8)	365	379	(5)	374
Water	49,677	(13,663)	36,014	51,469	(7,046)	44,423
Construction	225,858	(77,125)	148,733	224,953	(134,169)	90,784
Retail business	36,071	(12,866)	23,205	47,711	(17,150)	30,561
Wholesale business	42,168	(14,200)	27,968	36,213	(7,903)	28,310
Restaurants and hotels	64,362	(6,741)	57,621	87,261	(14,527)	72,734
Transports	6,343	(2,177)	4,166	4,015	(1,490)	2,525
Post offices	132	(58)	74	126	(9)	117
Telecommunications	15,388	(11,060)	4,328	17,971	(1,184)	16,787
Services						
Financial intermediation	156,447	(85,829)	70,618	532,983	(340,890)	192,093
Real estate activities	124,685	(44,871)	79,814	157,517	(42,968)	114,549
Consulting, scientific and technical activities	263,449	(62,847)	200,602	162,833	(92,367)	70,466
Administrative and support services activities	80,479	(55,775)	24,704	77,634	(56,618)	21,016
Public sector	3,020	(657)	2,363	5,811	(746)	5,065
Education	19,680	(4,667)	15,013	19,739	(4,605)	15,134
Health and collective service activities	24,998	(4,931)	20,067	10,021	(948)	9,073
Artistic, sports and recreational activities	152,032	(73,058)	78,974	89,969	(40,498)	49,471
Other services	242,723	(176,060)	66,663	243,589	(176,395)	67,194
Consumer credit	112,586	(30,123)	82,463	115,214	(19,554)	95,660
Mortgage credit	402,812	(12,161)	390,651	485,933	(10,455)	475,478
Other domestic activities	23	(1)	22	22	(1)	21
Other international activities	26,113	(21,699)	4,414	28,005	(22,546)	5,459
	2,171,145	(755,367)	1,415,778	2,515,493	(1,029,693)	1,485,800

The breakdown of the restructured loans as at 31 December 2020, by restructuring measure, is as follows:

(Thousands of euros)

	2020					
	Number of operations	Outstanding loans	Overdue loans	Gross amount	Impairment	Net amount
Extension of the repayment term	1,890	376,970	10,636	387,606	(65,443)	322,163
Introduction of the grace period for capital and / or interest	1,860	386,499	341,058	727,557	(386,947)	340,610
Interest rate reduction	3,925	266,266	13,864	280,130	(117,215)	162,915
Payment plan change	1,173	110,661	729	111,390	(10,820)	100,570
Debt relief	307	2,998	6,808	9,806	(5,647)	4,159
Debt-asset swaps	15	26,032	26,242	52,274	(18,963)	33,311
Other restructured loans	13,222	477,891	124,491	602,382	(150,332)	452,050
	22,392	1,647,317	523,828	2,171,145	(755,367)	1,415,778

The breakdown of the restructured loans as at 31 December 2019, by restructuring measure, is as follows:

(Thousands of euros)

	2019					
	Number of operations	Outstanding loans	Overdue loans	Gross amount	Impairment	Net amount
Extension of the repayment term	1,688	129,604	40,985	170,589	(34,005)	136,584
Introduction of the grace period for capital and / or interest	1,536	173,761	6,443	180,204	(57,465)	122,739
Interest rate reduction	3,587	51,227	7,247	58,474	(6,150)	52,324
Payment plan change	893	61,781	273	62,054	(295)	61,759
Debt relief	151	3,457	1,965	5,422	(1,495)	3,927
Debt-asset swaps	14	88,356	7,848	96,204	(68,177)	28,027
Other restructured loans	16,483	1,409,475	533,071	1,942,546	(862,106)	1,080,440
	24,352	1,917,661	597,832	2,515,493	(1,029,693)	1,485,800

The restructured loans are subject to an impairment analysis resulting from the revaluation of expectation to meet new cash flows inherent to the new contract terms and considering new collaterals.

The Bank has implemented a process for marking operations restructured due to clients' financial difficulties. This marking is part of the credit analysis process, being in charge of the respective decision-making bodies, according to the corresponding competencies, established in the regulations in force.

The information on operations restructured due to financial difficulties is available in the Bank's information systems, having a relevant role in the processes of credit analysis, in the marking of customers in default and in the process of determining impairment. In particular:

- there are several default triggers related to restructuring due to financial difficulties (restructuring with loss of value, recidivism of restructuring, default on customers with restructured operations);
- in the process of individual impairment analysis, in addition to the existence of operations restructured due to financial difficulties, is a reason for customer selection, the loss inherent to the change in the conditions resulting from the restructuring is determined;

The demarcation of an operation can only take place at least 2 years after the date of marking, provided that a set of conditions exist that allow to conclude by the improvement of the financial condition of the client. In the case of credits marked as NPE, this 2-year period will only start on the date of classification of the credit as performing.

The definition of Non Performing Loans for more than 90 days (NPL > 90) incorporates total credit (past due + outstanding) associated with past due operations for more than 90 days. As at 31 December 2020, the amount calculated is Euros 1,244,361,000 (31 December 2019: Euros 1,678,232,000).

All customers who check at least one of the following conditions are marked in default and therefore in Non Performing Exposure (NPE):

- Material payment delay of more than 90 days in the amounts of principal, interest or unpaid commissions on the due date that, cumulatively, represent:

a) More than 100 euros (retail) or more than 500 euros (non-retail); and

b) More than 1% of the total debt (direct liabilities).

- Indications of low probability of payment:

a) Credit restructuring due to financial difficulties with loss of value; b) Delay after restructuring due to financial difficulties; c) Recurrence of restructuring due to financial difficulties; d) Credit with signs of impairment (or Stage 3 of IFRS 9); e) Insolvency or equivalent process; f) Litigation; g) Guarantees of operations in default; h) Loss of credit sales; i) Credit fraud; j) Unpaid credit status; k) Breach of covenants in a credit agreement; l) Contagion of default in an economic group; m) Cross default in the BCP Group.

As at 31 December 2020, the NPE amounts to Euros 2,349,918,000 (31 December 2019: Euros 3,234,081,000).

The changes occurred in impairment for credit risks are analysed as follows:

	(Thousands of euros)	
	2020	2019
Balance on 1 January	1,861,894	2,293,486
Transfer resulting from the merger of BII on BCP	—	49,179
Charge for the year in net income interest (note 2)	18,273	29,308
Other transfers	5,782	67,579
Impairment charge for the year (note 10)	437,075	454,520
Reversals for the year (note 10)	(85,308)	(169,181)
Loans charged-off	(764,939)	(863,099)
Exchange rate differences	(186)	102
Balance at the end of the year	1,472,591	1,861,894

As at 31 December 2020, the balance Other transfers includes the amount of Euros 14,885,000 (31 December 2019: Euros 64,588,000 related to provisions for guarantees and other commitments, which were transferred to impairment for credit risks due to the fact that the guarantees granted were converted into loans and advances to customers.

This balance also includes the transfer of impairments for credit risks to other assets, in the amount of Euros 16,858,000.

The analysis of loans charged-off, by sector of activity, is as follows:

	(Thousands of euros)	
	2020	2019
Agriculture and forestry	271	3,751
Fisheries	359	4
Mining	17	3,844
Food, beverage and tobacco	2,313	6,013
Textiles	10,893	7,172
Wood and cork	2	2,710
Paper, printing and publishing	24	6,160
Chemicals	1,418	28,607
Machinery, equipment and basic metallurgical	2,194	23,343
Water	398	230
Construction	136,461	265,909
Retail business	13,449	74,013
Wholesale business	27,968	29,068
Restaurants and hotels	52,838	11,939
Transports	1,197	5,916
Post offices	5	6
Telecommunications	401	17,402
Services		
Financial intermediation	314,797	20,608
Real estate activities	42,924	61,841
Consulting, scientific and technical activities	119,316	167,111
Administrative and support services activities	9,222	5,781
Education	16	373
Health and collective service activities	383	551
Artistic, sports and recreational activities	(3,289)	3,448
Other services	303	1,496
Consumer credit	23,033	109,207
Mortgage credit	1,400	4,035
Other domestic activities	5,740	2,561
Other international activities	886	—
	764,939	863,099

In compliance with the accounting policy described in note 1 B1.3, loans and advances to customers are charged-off when there are no feasible expectations, of recovering the loan amount and for collateralised loans, the charge-off occurs when the funds arising from the execution of the respective collaterals are effectively received. This charge-off is carried out by the utilization of impairment losses when they refer to 100% of the loans that are considered unrecoverable.

The analysis of loans charged-off, by type of credit, is as follows:

	(Thousands of euros)	
	2020	2019
Unsecured loans	743,182	853,957
Factoring operations	48	2,926
Finance leases	21,709	6,216
	764,939	863,099

The analysis of recovered loans and interest occurred during the 2020 and 2019 by sector of activity, is as follows:

	(Thousands of euros)	
	2020	2019
Agriculture and forestry	258	61
Mining	25	–
Food, beverage and tobacco	23	198
Textiles	36	384
Wood and cork	5	41
Paper, printing and publishing	–	292
Chemicals	435	484
Machinery, equipment and basic metallurgical	26	127
Construction	2,064	1,514
Retail business	630	1,322
Wholesale business	464	628
Restaurants and hotels	50	19
Transports	304	60
Post offices	11	–
Telecommunications	–	5
Services		
Financial intermediation	1,089	749
Real estate activities	61	1,217
Consulting, scientific and technical activities	13	2
Administrative and support services activities	7	169
Education	22	–
Health and collective service activities	1	2
Artistic, sports and recreational activities	–	257
Other services	8	6
Consumer credit	1,143	953
Mortgage credit	2	1
Other domestic activities	14	200
	6,691	8,691

The analysis of recovered loans and interest occurred during 2020 and 2019, by type of credit, is as follows:

	(Thousands of euros)	
	2020	2019
Unsecured loans	5,769	8,521
Foreign loans	919	9
Finance leases	3	161
	6,691	8,691

The caption Loans and advances to customers includes the effect of synthetic securitization. The characterization of these operations is described in note 1 C).

Traditional securitizations

The traditional securitization operations carried out by the Group concern mortgage loan portfolios and were carried out through credit securitization funds (FTCs) and special purpose entities (SPEs).

Magellan Mortgages No.2

The Magellan 2 securitization operation was repaid on 18 October 18 2019, through a Clean-Up Call exercise, following the repurchase of loans to Magellan 2, with an increase in gross credit and POCI's of approximately Euros 90 million and Euros 3 million respectively.

Synthetic securitizations

The Bank has two operations in progress which form structures of synthetic securitization.

Caravela SME No. 3

Caravela SME No.3, supports an operation started on 28 June 2013, based on a medium and long term loans portfolio of current accounts and authorized overdrafts granted by BCP, mainly to small and medium companies. The legal maturity date of the operation is 25 March of 2036 and the operation amounts to Euros 547,549,000 as at 31 December 2020. The fair value of the relative Credit Default Swap (CDS) is recorded as a positive amount of Euros 198,005,000 and the registered cost in 2020 amounts to Euros 4,051,000.

Caravela SME No. 4

Caravela SME No.4 is a similar operation, initiated on 5 June 2014, which portfolio contains car, real estate and equipment leasing granted between the Bank and a group of clients that belong to the same segment (small and medium companies). The legal maturity date is 21 September of 2043 and as at 31 December 2020, the operation amounts to Euros 731,733,000. The fair value of the relative CDS is recorded as a positive amount of Euros 63,659,000 and their registered cost in 2020 amounts to Euros 370,000.

In both operations, the Bank hired a CDS with a Special Purpose Vehicle (SPV), buying by this way the protection for part of the credit risk inherent to the referenced portfolio. Both cases, the synthetic securitizations, the same CDS, the risk of the respective portfolios were divided in 3 classes: senior, mezzanine and equity. The mezzanine and part of the equity (20%) were placed in the market through an SPE, and the subscription by investors, the Credit Linked Notes (CLN). The Bank retained the senior risk and part of the equity remaining (80%). The product of the CLN issue was invested by the referred SPE the constitution of a deposit that collateralizes, in full, their responsibilities towards its creditors under the operation, including the Group under the CDS context.

These operations involve the Bank's to reduce the risk-weighted assets associated with the credit portfolios supporting the operations, but it did not transfer to third parties most of the rights and obligations arising from the credits included in them, thus not meeting the derecognition criteria in the accounting policy presented in note 1B.1.3.