

The book value of these assets resulted from the last communication by the respective management company of the NAV of the Fund which, as at 31 December 2019, corresponds to the NAV at that date. In addition, the valuation of these funds includes, among others, the following aspects: (i) these are funds whose latest Audit Reports available (with reference to 31 December 2018 for 2 funds and Limited Revision Report with reference to 30 June 2019 for 5 funds), do not present any reservations except for Fundo de Reestruturação Empresarial whose Limited Review Report of 30 June 2019 includes a reserve by scope limitation whose potential negative impact was considered in the valuation reflected in the consolidated accounts as at 31 December 2019; (ii) the funds are subject to supervision by the competent authorities.

The detail of the commitments of subscribed and unpaid capital for each of the corporate restructuring funds is analysed as follows:

Corporate restructuring funds	(Thousands of euros)					
	2020			2019		
	Subscribed capital	Capital realized	Subscribed and unpaid capital	Subscribed capital	Capital realized	Subscribed and unpaid capital
Fundo Recuperação Turismo FCR	292,000	277,351	14,649	292,000	276,246	15,754
Fundo Reestruturação Empresarial FCR	55,115	50,028	5,087	74,263	67,409	6,854
FLIT-PTREL	242,889	242,889	—	241,358	241,358	—
Fundo Recuperação FCR	206,805	188,262	18,543	206,805	187,742	19,063
Fundo Aquarius FCR	142,627	127,138	15,489	156,100	139,148	16,952
Discovery Real Estate Fund	158,214	158,214	—	156,121	156,121	—
Fundo Vega FCR	49,616	46,601	3,015	49,616	46,601	3,015
	1,147,266	1,090,483	56,783	1,176,263	1,114,625	61,638

In 31 December 2020, there are also additional subscription commitments for the funds FLIT-PTREL and Discovery, in the amount of Euros 16,696,000 and Euros 1,884,000, respectively (31 December 2019: Euros 18.227.000 and Euros 3.977.000, respectively).

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

Items	(Thousands of euros)	
	2020	2019
Loans and advances to customers	146,252	232,892
Guarantees granted and irrevocable credit lines	40,792	49,327
Gross exposure	187,044	282,219
Impairment	(55,227)	(88,337)
Net exposure	131,817	193,882

43. Relevant events occurred during 2020

COVID-19

The year of 2020 was marked by the spread of the COVID-19 disease on a global scale after the first cases of SARS-CoV-2 (Coronavirus) infection were detected in China, still in late 2019, leading to the declaration of a pandemic by the World Health Organization on 11 March 2020. The immediate impacts of this pandemic have reached an unprecedented dimension in the alert situation created, in the exhaustion of health systems and in the severe containment and combat measures implemented in several countries.

In this context, the Bank adopted a set of pre-established initiatives designed to protect human lives and maintain business activity, which include those recommended by the health authorities, work from home, the segregation of primary and back-up staff for various tasks, in an effort to maximise organizational resilience.

The financial statements have been prepared on a going concern basis, since it is considered that the Bank has the adequate resources to continue operations and business in the foreseeable future. The evaluation was based on a wide range of information related to current and future conditions, but the COVID-19 pandemic introduced an increased level of uncertainty in these projections and the need to take into consideration the impact on the operations, on its profitability, capital and liquidity. The impact of the COVID-19 pandemic is presented in note 54.

Banco Comercial Português, S.A. informs about resolutions of the Annual General Meeting

Banco Comercial Português, S.A. concluded on 20 May 2020, exclusively through electronic means, with 61.31% of the share capital represented, the Annual General Meeting of Shareholders, with the following resolutions:

Item One - Approval of the management report, the individual and consolidated annual report, balance sheet and financial statements of 2019, including the Corporate Governance Report;

Item Two - Approval of the proposal for the appropriation of profit regarding the 2019 financial year;

Item Three - Approval of a vote of trust and praise addressed to the Board of Directors, including to the Executive Committee and to the Audit Committee and each one of their members, as well as to the Chartered Accountant and its representative;

Item Four - Approval of the remuneration policy of Members of Management and Supervisory Bodies;

Item Five - Approval of the acquisition and sale of own shares and bonds;

Item Six - Re-appointment of the elected members of the Board of the General Meeting of Shareholders of Banco Comercial Português, S.A., for the four-year term of office 2020/2023.

Appropriation of profits for the 2019 financial year

In accordance with the Companies Code, and with the Bank's articles of association, was deliberated in the Annual General Meeting of Shareholders of 20 May 2020, that the year-end results amounting to Euros 139,296,016.59, be applied as follows:

- a) For the reinforcement of legal reserve, Euros 13,929,601.66;
- b) to be distributed to employees Euros 5,281,000.00;
- c) Euros 120,085,414.93, that is, the remaining, to Retained Earnings.

Rating evaluation

Long-term issuer rating reaffirmed by Fitch Ratings at BB and its intrinsic rating at bb, the long-term outlook was reviewed from positive to negative, based on the uncertainty associated with the coronavirus.

It was attributed the BB- rating to the Bank's senior non-preferred debt and the B+ rating to Tier 2 debt, according to its new bank rating methodology.

It was assigned the BB+ / B rating to deposits, a level above the long-term IDR, reflecting its view of a higher level of protection for depositors.

Long-term issuer rating reaffirmed by Standard & Poor's at BB and its intrinsic rating at bb, the long-term outlook was revised from positive to stable, based on the uncertainty associated with the coronavirus.

Amend of the terms and conditions of the Covered Bonds

On 21 April, Banco Comercial Português, SA changed the conditions relating to the issue of Mortgage Bonds with ISIN PTBCQLOE0036, namely the amount of said issue from Euros 2,000,000,000 to Euros 4,000,000,000, with the objective of increasing the portfolio of assets eligible for discount with the ECB.

Decision of not to continue the legal proceeding before the General Court of the European Union regarding its approval of the Contingent Capitalisation Mechanism of Novo Banco.

Banco Comercial Português, S.A. (“BCP”) informs that it has decided not to continue the legal proceeding before the General Court of the European Union with a view to partially annul the European Commission’s decision regarding its approval of the Contingent Capitalisation Mechanism (“MCC”) of Novo Banco.

Two factors were particularly important in this decision:

- Firstly, the recognition that the goal of preserving the stability of the national financial system, especially relevant in the current pandemic, is of crucial importance, with the risk that such stability may be affected by a decision by European bodies that indirectly could challenge the sale process of Novo Banco, unlike the position held by BCP, which has always only challenged the MCC;

- Secondly, as there is now greater evidence and public awareness that the current model for compensating losses of Novo Banco, through the MCC supported by the National Resolution Fund, places Portuguese banks - those that support most the recovery of Portugal’s economy - in a disadvantage and in an unsustainable position vis-à-vis financial institutions not based but operating in Portugal, BCP maintains the legitimate expectation that a funding model for the National Resolution Fund will be found which, without penalising Portuguese taxpayers, ensures a fair competition and safeguards the competitiveness of the financial institutions operating in the Portuguese market.

Minimum prudential requirements

Banco Comercial Português, S.A. (BCP) hereby informs that, under the context of the Supervisory Review and Evaluation Process (SREP), it has been notified of the decision of the European Central Bank (ECB) regarding minimum prudential requirements to be fulfilled on a consolidated basis from 1 January 2021. In addition, BCP was informed by the Bank of Portugal on its capital buffer requirement as “other systemically important institution” (O-SII). All requirements were kept unchanged at the value of 2020.

The ECB’s decision prescribes the following minimum ratios as a percentage of total risk weighted assets (RWA) from 1 January 2021:

Minimum capital requirements									
BCP Solo	Phased-in	of which:			Fully implemented	of which:			
		Pilar 1	Pilar 2	Buffers		Pilar 1	Pilar 2	Buffers	
CET1	7.00%	4.50%	0%	2.50%	7.00%	4.50%	0%	2.50%	
T1	8.50%	6.00%	0%	2.50%	8.50%	6.00%	0%	2.50%	
Total	10.50%	8.00%	0%	2.50%	10.50%	8.00%	0%	2.50%	

Buffers include the conservation buffer (2.5%), the countercyclical buffer (0%) and the buffer for other systemically important institutions (O-SII: 0.563%). BCP was granted an additional year (1 January 2023) for the gradual fulfilment of the future O-SII reserve requirement of 1.00%, as communicated by Banco de Portugal on its website on 8 May 2020.