

21. 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
Mortgage loans	26,827,615	25,968,814
Loans	17,113,707	14,783,169
Finance leases	3,921,747	4,144,376
Factoring operations	2,566,220	2,566,627
Current account credits	1,255,304	1,734,948
Overdrafts	885,449	1,215,941
Discounted bills	189,259	265,385
	52,759,301	50,679,260
Overdue loans - less than 90 days	118,767	115,707
Overdue loans - Over 90 days	1,279,269	1,469,884
	54,157,337	52,264,851
Impairment for credit risk	(2,036,522)	(2,417,022)
	52,120,815	49,847,829

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 61.

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	532,580	1	532,581	(1,939)	530,642
Asset-backed loans	30,389,932	607,836	30,997,768	(969,019)	30,028,749
Other guaranteed loans	5,527,794	149,256	5,677,050	(250,277)	5,426,773
Unsecured loans	7,317,673	405,931	7,723,604	(487,609)	7,235,995
Foreign loans	2,503,355	125,743	2,629,098	(127,900)	2,501,198
Factoring operations	2,566,220	22,587	2,588,807	(53,145)	2,535,662
Finance leases	3,921,747	86,682	4,008,429	(146,633)	3,861,796
	52,759,301	1,398,036	54,157,337	(2,036,522)	52,120,815

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);
- Credit with other guarantees: 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	588,970	10	588,980	(1,493)	587,487
Asset-backed loans	29,895,043	838,734	30,733,777	(1,412,285)	29,321,492
Other guaranteed loans	3,672,218	166,487	3,838,705	(252,711)	3,585,994
Unsecured loans	7,700,118	338,697	8,038,815	(400,468)	7,638,347
Foreign loans	2,111,908	125,073	2,236,981	(193,148)	2,043,833
Factoring operations	2,566,627	25,150	2,591,777	(42,805)	2,548,972
Finance leases	4,144,376	91,440	4,235,816	(114,112)	4,121,704
	50,679,260	1,585,591	52,264,851	(2,417,022)	49,847,829

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	78,126	46,137	408,317	532,580	1	532,581
Asset-backed loans	1,568,727	3,714,927	25,106,278	30,389,932	607,836	30,997,768
Other guaranteed loans	925,200	1,974,560	2,628,034	5,527,794	149,256	5,677,050
Unsecured loans	2,174,203	3,258,860	1,884,610	7,317,673	405,931	7,723,604
Foreign loans	588,707	363,724	1,550,924	2,503,355	125,743	2,629,098
Factoring operations	1,991,345	574,372	503	2,566,220	22,587	2,588,807
Finance leases	539,435	1,352,680	2,029,632	3,921,747	86,682	4,008,429
	7,865,743	11,285,260	33,608,298	52,759,301	1,398,036	54,157,337

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	89,406	60,123	439,441	588,970	10	588,980
Asset-backed loans	1,788,179	3,249,925	24,856,939	29,895,043	838,734	30,733,777
Other guaranteed loans	1,252,124	1,521,117	898,977	3,672,218	166,487	3,838,705
Unsecured loans	2,569,023	3,216,089	1,915,006	7,700,118	338,697	8,038,815
Foreign loans	504,863	380,293	1,226,752	2,111,908	125,073	2,236,981
Factoring operations	2,069,801	496,826	—	2,566,627	25,150	2,591,777
Finance leases	681,020	1,470,884	1,992,472	4,144,376	91,440	4,235,816
	8,954,416	10,395,257	31,329,587	50,679,260	1,585,591	52,264,851

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.

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

As referred in note 51, the Group 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 40.

As at 31 December 2020, the Group granted credit to qualifying shareholders and entities controlled by them, in the amount of Euros 79,993,000 (31 December 2019: Euros 105,542,000), as referred in note 51 a). The amount of impairment recognised for these contracts amounts to Euros 526,000 (31 December 2019: Euros 288,000).

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.

As at 31 December 2020, the item Finance leases includes the amount of Euros 8,087,000 (31 December 2019: Euros 9,278,000) relative to sublease operations, as referred in accounting policy 1 H and in note 59.

The Outstanding loans related to finance leases contracts are analysed as follows:

	(Thousands of euros)	
	2020	2019
Amount of future minimum payments		
Up to 1 year	897,064	1,069,860
1 to 5 years	1,911,517	1,978,977
Over 5 years	1,632,350	1,600,732
	4,440,931	4,649,569
Interest not yet due	(519,184)	(505,193)
Present value	3,921,747	4,144,376

Regarding operational leasing, the Group does not present relevant contracts as lessee.

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

	(Thousands of euros)	
	2020	2019
Individuals		
Home	51,474	56,371
Consumer	31,597	33,290
Others	89,029	92,316
	172,100	181,977
Companies		
Equipment	1,760,496	1,915,011
Real estate	1,989,151	2,047,388
	3,749,647	3,962,399
	3,921,747	4,144,376

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	400,801	10,745	411,546	(10,026)	401,520	0.76%
Fisheries	32,684	37	32,721	(471)	32,250	0.06%
Mining	67,358	3,183	70,541	(2,347)	68,194	0.13%
Food, beverage and tobacco	802,531	11,533	814,064	(25,204)	788,860	1.50%
Textiles	464,250	11,553	475,803	(25,476)	450,327	0.88%
Wood and cork	254,338	7,064	261,402	(10,152)	251,250	0.48%
Paper, printing and publishing	188,993	1,290	190,283	(14,802)	175,481	0.35%
Chemicals	757,863	26,590	784,453	(36,147)	748,306	1.45%
Machinery, equipment and basic metallurgical	1,353,637	37,250	1,390,887	(52,218)	1,338,669	2.57%
Electricity and gas	315,464	218	315,682	(1,899)	313,783	0.58%
Water	229,535	590	230,125	(17,167)	212,958	0.43%
Construction	1,688,915	89,560	1,778,475	(139,292)	1,639,183	3.28%
Retail business	1,698,861	35,419	1,734,280	(50,156)	1,684,124	3.20%
Wholesale business	2,123,122	52,981	2,176,103	(99,976)	2,076,127	4.02%
Restaurants and hotels	1,367,548	41,264	1,408,812	(72,474)	1,336,338	2.60%
Transports	1,188,061	29,432	1,217,493	(46,022)	1,171,471	2.25%
Post offices	20,311	338	20,649	(490)	20,159	0.04%
Telecommunications	485,910	4,710	490,620	(20,206)	470,414	0.91%
Services						
Financial intermediation	1,643,196	86,865	1,730,061	(192,376)	1,537,685	3.20%
Real estate activities	1,829,513	18,684	1,848,197	(85,187)	1,763,010	3.41%
Consulting, scientific and technical activities	937,548	36,415	973,963	(81,482)	892,481	1.80%
Administrative and support services activities	599,543	13,112	612,655	(72,693)	539,962	1.13%
Public sector	994,296	1	994,297	(3,643)	990,654	1.84%
Education	142,028	1,718	143,746	(7,016)	136,730	0.27%
Health and collective service activities	365,092	1,215	366,307	(9,643)	356,664	0.68%
Artistic, sports and recreational activities	365,929	11,030	376,959	(102,056)	274,903	0.70%
Other services	226,772	243,426	470,198	(180,430)	289,768	0.87%
Consumer loans	5,075,357	336,475	5,411,832	(368,720)	5,043,112	9.99%
Mortgage credit	26,287,616	173,835	26,461,451	(188,524)	26,272,927	48.86%
Other domestic activities	1,020	620	1,640	(21,211)	(19,571)	0.00%
Other international activities	851,209	110,883	962,092	(99,016)	863,076	1.78%
	52,759,301	1,398,036	54,157,337	(2,036,522)	52,120,815	100%

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	328,520	7,599	336,119	(7,419)	328,700	0.64%
Fisheries	35,528	29	35,557	(679)	34,878	0.07%
Mining	54,611	1,397	56,008	(4,561)	51,447	0.11%
Food, beverage and tobacco	712,184	15,386	727,570	(24,840)	702,730	1.39%
Textiles	375,226	9,020	384,246	(18,807)	365,439	0.74%
Wood and cork	231,876	3,501	235,377	(5,075)	230,302	0.45%
Paper, printing and publishing	167,395	1,194	168,589	(14,416)	154,173	0.32%
Chemicals	718,269	23,210	741,479	(26,820)	714,659	1.42%
Machinery, equipment and basic metallurgical	1,224,725	31,448	1,256,173	(37,769)	1,218,404	2.40%
Electricity and gas	313,776	223	313,999	(2,550)	311,449	0.60%
Water	189,455	618	190,073	(9,504)	180,569	0.36%
Construction	1,525,891	163,138	1,689,029	(252,391)	1,436,638	3.23%
Retail business	1,197,223	37,489	1,234,712	(54,633)	1,180,079	2.36%
Wholesale business	2,057,044	50,408	2,107,452	(99,968)	2,007,484	4.03%
Restaurants and hotels	1,144,155	40,227	1,184,382	(87,325)	1,097,057	2.27%
Transports	1,250,810	25,826	1,276,636	(39,739)	1,236,897	2.44%
Post offices	10,583	254	10,837	(346)	10,491	0.02%
Telecommunications	354,129	3,959	358,088	(6,853)	351,235	0.69%
Services						
Financial intermediation	1,658,167	134,789	1,792,956	(494,251)	1,298,705	3.43%
Real estate activities	1,584,251	98,840	1,683,091	(110,495)	1,572,596	3.22%
Consulting, scientific and technical activities	1,096,394	24,594	1,120,988	(177,341)	943,647	2.15%
Administrative and support services activities	539,047	14,236	553,283	(75,801)	477,482	1.06%
Public sector	1,042,143	10	1,042,153	(3,729)	1,038,424	1.99%
Education	125,432	1,338	126,770	(6,389)	120,381	0.24%
Health and collective service activities	296,830	1,281	298,111	(4,256)	293,855	0.57%
Artistic, sports and recreational activities	272,838	1,230	274,068	(66,816)	207,252	0.52%
Other services	207,012	271,206	478,218	(207,350)	270,868	0.92%
Consumer loans	5,354,681	294,117	5,648,798	(316,423)	5,332,375	10.81%
Mortgage credit	25,686,880	206,666	25,893,546	(168,039)	25,725,507	49.54%
Other domestic activities	1,155	374	1,529	(82)	1,447	0.00%
Other international activities	923,030	121,984	1,045,014	(92,355)	952,659	2.00%
	50,679,260	1,585,591	52,264,851	(2,417,022)	49,847,829	100%

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					
	Outstanding loans			Total Outstanding	Overdue loans	Total
	Due within 1 year	1 year to 5 years	Over 5 years			
Agriculture and forestry	102,280	102,792	195,729	400,801	10,745	411,546
Fisheries	3,750	5,678	23,256	32,684	37	32,721
Mining	24,192	23,571	19,595	67,358	3,183	70,541
Food, beverage and tobacco	383,195	221,961	197,375	802,531	11,533	814,064
Textiles	129,444	162,194	172,612	464,250	11,553	475,803
Wood and cork	101,500	89,136	63,702	254,338	7,064	261,402
Paper, printing and publishing	69,584	56,740	62,669	188,993	1,290	190,283
Chemicals	236,584	300,728	220,551	757,863	26,590	784,453
Machinery, equipment and basic metallurgical	466,527	458,216	428,894	1,353,637	37,250	1,390,887
Electricity and gas	56,373	142,510	116,581	315,464	218	315,682
Water	35,318	29,729	164,488	229,535	590	230,125
Construction	478,578	553,152	657,185	1,688,915	89,560	1,778,475
Retail business	658,271	466,276	574,314	1,698,861	35,419	1,734,280
Wholesale business	848,179	710,687	564,256	2,123,122	52,981	2,176,103
Restaurants and hotels	92,367	333,227	941,954	1,367,548	41,264	1,408,812
Transports	282,494	473,937	431,630	1,188,061	29,432	1,217,493
Post offices	13,600	3,939	2,772	20,311	338	20,649
Telecommunications	92,905	287,971	105,034	485,910	4,710	490,620
Services						
Financial intermediation	222,365	419,815	1,001,016	1,643,196	86,865	1,730,061
Real estate activities	296,627	689,530	843,356	1,829,513	18,684	1,848,197
Consulting, scientific and technical activities	174,517	254,820	508,211	937,548	36,415	973,963
Administrative and support services activities	165,749	240,197	193,597	599,543	13,112	612,655
Public sector	126,479	466,052	401,765	994,296	1	994,297
Education	27,503	30,729	83,796	142,028	1,718	143,746
Health and collective service activities	110,963	97,641	156,488	365,092	1,215	366,307
Artistic, sports and recreational activities	36,481	49,020	280,428	365,929	11,030	376,959
Other services	89,985	58,903	77,884	226,772	243,426	470,198
Consumer loans	1,421,642	2,510,015	1,143,700	5,075,357	336,475	5,411,832
Mortgage credit	507,696	1,896,305	23,883,615	26,287,616	173,835	26,461,451
Other domestic activities	147	397	476	1,020	620	1,640
Other international activities	610,448	149,392	91,369	851,209	110,883	962,092
	7,865,743	11,285,260	33,608,298	52,759,301	1,398,036	54,157,337

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			Total Outstanding	Overdue loans	Total
	Due within 1 year	1 year to 5 years	Over 5 years			
Agriculture and forestry	118,266	84,416	125,838	328,520	7,599	336,119
Fisheries	15,424	5,365	14,739	35,528	29	35,557
Mining	28,140	21,648	4,823	54,611	1,397	56,008
Food, beverage and tobacco	435,514	202,863	73,807	712,184	15,386	727,570
Textiles	191,682	101,232	82,312	375,226	9,020	384,246
Wood and cork	103,852	92,225	35,799	231,876	3,501	235,377
Paper, printing and publishing	74,088	49,998	43,309	167,395	1,194	168,589
Chemicals	288,778	293,438	136,053	718,269	23,210	741,479
Machinery, equipment and basic metallurgical	595,222	430,211	199,292	1,224,725	31,448	1,256,173
Electricity and gas	47,249	123,300	143,227	313,776	223	313,999
Water	36,549	30,201	122,705	189,455	618	190,073
Construction	504,209	459,834	561,848	1,525,891	163,138	1,689,029
Retail business	612,802	341,565	242,856	1,197,223	37,489	1,234,712
Wholesale business	1,110,421	693,813	252,810	2,057,044	50,408	2,107,452
Restaurants and hotels	155,015	222,128	767,012	1,144,155	40,227	1,184,382
Transports	394,342	494,011	362,457	1,250,810	25,826	1,276,636
Post offices	4,446	5,613	524	10,583	254	10,837
Telecommunications	106,785	220,229	27,115	354,129	3,959	358,088
Services						
Financial intermediation	244,060	483,788	930,319	1,658,167	134,789	1,792,956
Real estate activities	320,846	488,537	774,868	1,584,251	98,840	1,683,091
Consulting, scientific and technical activities	399,063	214,439	482,892	1,096,394	24,594	1,120,988
Administrative and support services activities	210,420	216,054	112,573	539,047	14,236	553,283
Public sector	169,744	382,856	489,543	1,042,143	10	1,042,153
Education	40,277	21,566	63,589	125,432	1,338	126,770
Health and collective service activities	105,927	85,132	105,771	296,830	1,281	298,111
Artistic, sports and recreational activities	34,350	31,829	206,659	272,838	1,230	274,068
Other services	87,352	79,727	39,933	207,012	271,206	478,218
Consumer loans	1,494,022	2,605,265	1,255,394	5,354,681	294,117	5,648,798
Mortgage credit	457,280	1,760,404	23,469,196	25,686,880	206,666	25,893,546
Other domestic activities	179	391	585	1,155	374	1,529
Other international activities	568,112	153,179	201,739	923,030	121,984	1,045,014
	8,954,416	10,395,257	31,329,587	50,679,260	1,585,591	52,264,851

The item total credit portfolio, which includes further than loans and advances to customers, the guarantees granted, split by stage according with IFRS 9, is analysed as follows:

	(Thousands of euros)	
	2020	2019
Total credit	58,561,359	56,991,658
Stage 1		
Gross amount	46,907,124	44,374,375
Impairment	(171,091)	(110,509)
	46,736,033	44,263,866
Stage 2		
Gross amount	8,016,640	8,149,861
Impairment	(240,207)	(191,810)
	7,776,433	7,958,051
Stage 3		
Gross amount	3,637,595	4,467,422
Impairment	(1,704,124)	(2,212,693)
	1,933,471	2,254,729
	56,445,937	54,476,646

The total credit portfolio includes, as at 31 December 2020, loans and advances to customers in the amount of Euros 54,157,337,000 (31 December 2019: Euros 52,264,851,000) and guarantees granted and commitments to third parties (note 45) in the amount of Euros 4,404,022,000 (31 December 2019: Euros 4,726,807,000).

The items of Impairment were determined in accordance with the accounting policy described in note 1 C1.5, including the provision for Guarantees and other commitments to third parties (note 38), associated with guarantees granted, in the amount of Euros 78,900,000 (31 December 2019: Euros 97,990,000).

The analysis of the exposure covered by collaterals associated with loans and advances to customers' portfolio, by stage according with IFRS 9, considering the collaterals' fair value, is as follows:

	(Thousands of euros)	
	2020	2019
Stage 1		
Securities and other financial assets	1,433,956	1,904,675
Residential real estate	21,495,826	21,165,962
Other real estate	3,374,091	2,943,688
Other guarantees	6,235,972	4,571,961
	32,539,845	30,586,286
Stage 2		
Securities and other financial assets	243,411	293,565
Residential real estate	2,484,267	2,759,766
Other real estate	1,207,376	1,237,569
Other guarantees	1,464,912	868,877
	5,399,966	5,159,777
Stage 3		
Securities and other financial assets	117,829	301,745
Residential real estate	667,030	800,650
Other real estate	566,166	610,792
Other guarantees	405,359	579,905
	1,756,384	2,293,092
	39,696,195	38,039,155

The balance Other guarantees include first-demand guarantees issued by the Bank and other entities, with an internal risk rating of 7 or better; personal guarantees, when the guarantors are classified with internal risk grade 7 or better. This item also includes pledges, assets subject to financial leasing operations and personal guarantees, among others. As detailed in note 61, 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 a guarantee from the Portuguese State.

Considering the policy of risk management of the Group (note 54), 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.

The Group 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. 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 Group 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 outstanding 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	20,927	(4,045)	16,882	14,391	(3,012)	11,379
Fisheries	123	(41)	82	6,134	(454)	5,680
Mining	2,149	(337)	1,812	5,558	(3,317)	2,241
Food, beverage and tobacco	26,403	(8,238)	18,165	25,290	(7,448)	17,842
Textiles	16,297	(6,333)	9,964	14,010	(4,287)	9,723
Wood and cork	6,732	(1,412)	5,320	7,978	(1,694)	6,284
Paper, printing and publishing	16,006	(12,296)	3,710	16,449	(12,222)	4,227
Chemicals	21,960	(8,843)	13,117	23,386	(5,095)	18,291
Machinery, equipment and basic metallurgical	60,584	(12,710)	47,874	54,949	(11,038)	43,911
Electricity and gas	396	(31)	365	454	(32)	422
Water	49,711	(13,689)	36,022	51,694	(7,116)	44,578
Construction	237,988	(83,589)	154,399	245,348	(148,041)	97,307
Retail business	46,592	(16,983)	29,609	61,569	(23,761)	37,808
Wholesale business	91,949	(18,459)	73,490	105,965	(13,463)	92,502
Restaurants and hotels	76,538	(13,968)	62,570	101,525	(20,402)	81,123
Transports	13,327	(3,109)	10,218	13,118	(2,691)	10,427
Post offices	198	(97)	101	236	(61)	175
Telecommunications	15,406	(11,071)	4,335	18,059	(1,219)	16,840
Services						
Financial intermediation	156,677	(85,960)	70,717	533,238	(340,993)	192,245
Real estate activities	125,807	(44,921)	80,886	157,808	(43,027)	114,781
Consulting, scientific and technical activities	264,177	(63,332)	200,845	166,498	(93,427)	73,071
Administrative and support services activities	86,532	(59,016)	27,516	83,319	(61,457)	21,862
Public sector	50,120	(1,113)	49,007	67,157	(1,309)	65,848
Education	19,825	(4,775)	15,050	20,057	(4,724)	15,333
Health and collective service activities	25,388	(4,970)	20,418	10,537	(1,156)	9,381
Artistic, sports and recreational activities	152,110	(73,126)	78,984	90,159	(40,616)	49,543
Other services	255,108	(176,808)	78,300	245,150	(177,061)	68,089
Consumer loans	274,548	(82,768)	191,780	301,820	(76,808)	225,012
Mortgage credit	518,666	(54,732)	463,934	604,597	(45,234)	559,363
Other domestic activities	23	(1)	22	22	(1)	6
Other international activities	32,677	(26,061)	6,616	36,531	(24,491)	12,040
	2,664,944	(892,834)	1,772,110	3,083,006	(1,175,657)	1,907,334

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	42,480	516,649	84,849	601,498	(132,947)	468,551
Introduction of the grace period for capital and / or interest	5,896	523,953	361,783	885,736	(432,888)	452,848
Interest rate reduction	5,442	289,493	16,990	306,483	(121,153)	185,330
Payment plan change	7,030	153,126	16,064	169,190	(26,245)	142,945
Debt relief	312	3,016	6,821	9,837	(5,657)	4,180
Debt-asset swaps	15	26,032	26,242	52,274	(18,963)	33,311
Other restructured loans	14,778	512,373	127,553	639,926	(154,981)	484,945
	75,953	2,024,642	640,302	2,664,944	(892,834)	1,772,110

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	43,411	287,816	122,218	410,034	(110,040)	299,994
Introduction of the grace period for capital and / or interest	5,998	321,248	32,086	353,334	(99,408)	253,926
Interest rate reduction	6,244	86,336	9,320	95,656	(10,168)	85,488
Payment plan change	7,830	117,950	15,301	133,251	(17,971)	115,280
Debt relief	155	3,475	1,968	5,443	(1,498)	3,945
Debt-asset swaps	14	88,356	7,848	96,204	(68,177)	28,027
Other restructured loans	18,901	1,453,491	535,593	1,989,084	(868,395)	1,120,689
	82,553	2,358,672	724,334	3,083,006	(1,175,657)	1,907,349

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 Group 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 Group'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 restructurings 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 Non Performing Exposure (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 1,766,328,000 (31 December 2019: Euros 2,259,598,000).

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 3,939,109,000 (31 December 2019: Euros 4,206,158,000).

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

	(Thousands of euros)	
	2020	2019
Balance on 1 January	2,417,022	2,851,906
Charge for the year in net income interest (note 2)	34,335	51,504
Other transfers	7,097	72,421
Impairment charge for the year (note 10)	1,102,843	924,248
Reversals for the year (note 10)	(576,588)	(510,585)
Loans charged-off	(899,133)	(979,451)
Exchange rate differences	(49,054)	6,979
Balance at the end of the year	2,036,522	2,417,022

As at 31 December 2020, the balance 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 from credit 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	443	4,360
Fisheries	359	4
Mining	111	4,414
Food, beverage and tobacco	9,097	14,190
Textiles	10,937	7,418
Wood and cork	146	3,304
Paper, printing and publishing	229	6,823
Chemicals	1,665	30,947
Machinery, equipment and basic metallurgical	3,718	25,843
Electricity and gas	23	506
Water	605	619
Construction	144,292	282,889
Retail business	15,287	75,990
Wholesale business	33,585	37,281
Restaurants and hotels	53,213	13,128
Transports	4,706	11,546
Post offices	94	243
Telecommunications	564	17,956
Services		
Financial intermediation	315,038	21,154
Real estate activities	43,068	62,175
Consulting, scientific and technical activities	120,673	178,745
Administrative and support services activities	9,771	6,353
Education	122	603
Health and collective service activities	466	1,215
Artistic, sports and recreational activities	(3,159)	3,651
Other services	63,213	4,833
Consumer loans	55,934	149,500
Mortgage credit	4,576	9,059
Other domestic activities	5,740	2,561
Other international activities	4,617	2,141
	899,133	979,451

According with the accounting policy described in note 1 C1.3, 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
Asset-backed loans	6,011	14,896
Other guaranteed loans	71,337	37,499
Unsecured loans	782,430	894,640
Factoring operations	726	10,312
Finance leases	38,629	22,104
	899,133	979,451

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

	(Thousands of euros)	
	2020	2019
Agriculture and forestry	274	73
Mining	26	–
Food, beverage and tobacco	51	211
Textiles	36	1,340
Wood and cork	6	41
Paper, printing and publishing	–	292
Chemicals	435	535
Machinery, equipment and basic metallurgical	50	139
Electricity and gas	–	8
Water	1	3
Construction	2,322	1,617
Retail business	647	1,486
Wholesale business	529	827
Restaurants and hotels	175	599
Transports	451	2,905
Post offices	13	11
Telecommunications	4	10
Services		
Financial intermediation	1,096	754
Real estate activities	63	1,227
Consulting, scientific and technical activities	1,372	13
Administrative and support services activities	23	176
Education	35	–
Health and collective service activities	1	2
Artistic, sports and recreational activities	12	257
Other services	212	563
Consumer loans	14,519	10,818
Mortgage credit	278	139
Other domestic activities	14	199
Other international activities	35	23
	22,680	24,268

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

	(Thousands of euros)	
	2020	2019
Asset-backed loans	322	154
Other guaranteed loans	4,020	6,236
Unsecured loans	16,781	17,319
Foreign loans	919	9
Factoring operations	44	–
Finance leases	594	550
	22,680	24,268

The balance Loans and advances to customers includes the effect of traditional securitization transactions made through Special Purpose Entities (SPEs) consolidated following the application of IFRS 10, in accordance with accounting policy 1 B and synthetic securitization. The characterization of these operations is described in note 1 D.

Traditional securitizations

Securitization transactions engaged by the Group and still ongoing, refer to mortgage loans portfolios and are set through securitization funds and special purpose entities (SPEs). As at 31 December 2020, the loans and advances referred to these operations amounts to Euros 242,670,000 (31 December 2019: Euros 269,668,000). As referred in accounting policy 1 B, when the substance of the relationships with the referred SPEs indicates that the Group holds control of its activities, those are consolidated by the full method.

Magellan Mortgages No. 2

The traditional securitization Magellan Mortgages No. 2 was reimbursed on 18 October 2019, through a Clean-Up Call exercise.

Magellan Mortgages No. 3

On 24 June 2005, the Bank transferred, through securitization funds, an owned mortgage loans portfolio to the SPE "Magellan Mortgages No. 3 PLC". Considering that, by having acquired part of the subordinated tranche of the bonds issued by that SPE, the Bank holds the control of the referred assets, the SPE is consolidated in the Group's Financial Statements, as established in the accounting policy 1 B. As at 31 December 2020, the SPE's credit portfolio associated with this operation amounts to Euros 242,670,000, and bonds issued with different subordination levels amount to Euros 180,841,000 (this amount excludes bonds hold by the Group in the amount of Euros 81,390,000) and the most subordinated tranche amounts to Euros 44,000 (this amount excludes bonds already acquired by the Group in the amount Euros 206,000).

Synthetic securitizations

The Group 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 Bank, 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 total of 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%). In both structures, the correspondent 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 Bank 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 1 C1.3.