

## 46. Assets under management and custody

In accordance with the no. 4 of the 29th article of Decree-Law 252/2003 of 17 October, which regulates collective investment organisms, the funds managing companies together with the custodian Bank of the Funds, are jointly responsible to all the funds investors, for the compliance of all legal obligations arising from the applicable Portuguese legislation and in accordance with the regulations of the funds. The total value of the funds managed by the Group companies is analysed as follows:

	(Thousands of euros)	
	2020	2019
Banco Comercial Português, S.A. (*)	2,901,172	2,610,678
Banque Privée BCP (Suisse) S.A.	1,422,503	1,286,759
Interfundos Gestão de Fundos de Investimento Imobiliários, S.A.	809,501	782,602
Millennium TFI S.A.	1,001,679	1,065,256
	<b>6,134,855</b>	<b>5,745,295</b>

(\*) Corresponds to the assets portfolio that are currently monitored and controlled by the business area as being managed by the Bank.

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties, which involve the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. For certain services are set objectives and levels of return for assets under management and custody. There is no capital or profitability guaranteed by the Bank in these assets. Those assets held in a fiduciary capacity are not included in the financial statements.

The total assets under management and custody by the Group companies are analysed as follows:

	(Thousands of euros)	
	2020	2019
Assets under deposit	70,143,736	61,085,200
Wealth management	3,325,516	3,004,260
Investment funds	2,809,339	2,741,035
	<b>76,278,591</b>	<b>66,830,495</b>

## 47. Transfers of assets

The Group performed a set of transactions of sale of financial assets (namely loans and advances to customers) for Funds specialized in the recovery of loans. These funds take the responsibility for management of the borrower companies or assets received as collateral with the objective of ensuring a pro-active management through the implementation of plans to explore/increase the value of the companies/assets.

The specialized funds in credit recovery that acquired the financial assets are closed funds, in which the holders of the participation units have no possibility to request the reimbursement of its participation units throughout the useful life of the Fund. These participation units are held by several banks, which are the sellers of the loans, in percentages that vary through the useful life of the Funds, ensuring however that, separately, none of the banks hold more than 50% of the capital of the Fund.

The Funds have a specific management structure (General Partner), fully independent from the assignor banks and that is selected on the date of establishment of the Fund. The management structure of the Fund has as main responsibilities to: (i) determine the objective of the Fund and (ii) administrate and manage exclusively the Fund, determining the objectives and investment policy and the conduct in management and business of the Fund. The management structure is remunerated through management commissions charged to the Funds.

These funds (in which the Group holds minority positions) establish companies in order to acquire the loans to the banks, which are financed through the issuance of senior and junior securities. The value of the senior securities fully subscribed by the Funds that hold the share capital match the fair value of the asset sold, determined in accordance with a negotiation based on valuations performed by both parties.

The value of the junior securities is equivalent to the difference between the fair value that was based on the valuation of the senior security and the value of the transferred receivables. These junior securities, being subscribed by the Group, will entitle the Group to a contingent positive value if the value of the assets transferred exceeds the amount of the senior tranches plus the remuneration on them. Thus, considering these junior assets reflect a difference between the valuations of the assets sold based on the appraisals performed by independent entities and the negotiation between the parties, the Group performs the constitution of impairment losses for all of them.

Therefore, as a result of the transfer of assets occurred operations, the Group subscribed:

- Senior securities (participation units) of the funds, for which the cash-flows arise mainly from a set of assets transferred from the participant banks. These securities are booked in Financial assets not held for trading mandatorily at fair value through profit or loss portfolio and are accounted for at fair value based on the last available Net assets value (NAV), as disclosed by the Management companies and audited at year end, still being analysed by the Bank;
- Junior securities (with higher subordination degree) issued by the Portuguese law companies held by the funds and which are fully provided to reflect the best estimate of impairment of the financial assets transferred.

Within this context, not withholding control but maintaining an exposure to certain risks and rewards, the Group, in accordance with IFRS 9 3.2 performed an analysis of the exposure to the variability of risks and rewards in the assets transferred, before and after the transaction, having concluded that it does not hold substantially all the risks and rewards. Considering that it does not hold control and does not exercise significant influence on the funds or companies' management, the Group performed, under the scope of IAS IFRS 9 3.2, the derecognition of the assets transferred and the recognition of the assets received.

The results are calculated on the date of transfer of the assets. During 2020 and 2019, no credits were sold to specialized funds in credit recovery.

The amounts accumulated as at 31 December 2020 and 2019, related to these operations, are analysed as follows:

	(Thousands of euros)			
	Assets transferred	Net assets transferred	Received value	Net gains / (losses)
Fundo Recuperação Turismo FCR (a)	304,400	268,318	294,883	26,565
Fundo Reestruturação Empresarial FCR (b)	84,112	82,566	83,212	646
FLIT-PTREL (c)	577,803	399,900	383,821	(16,079)
Fundo Recuperação FCR (b)	343,266	243,062	232,267	(10,795)
Fundo Aquarius FCR (c)	132,635	124,723	132,635	7,912
Discovery Real Estate Fund (c)	211,388	152,155	138,187	(13,968)
Fundo Vega FCR (d)	113,665	113,653	109,599	(4,054)
	<b>1,767,269</b>	<b>1,384,377</b>	<b>1,374,604</b>	<b>(9,773)</b>

The activity segments are as follows: a) Tourism; b) Diversified; c) Real estate and tourism; and d) Property.

As at 31 December 2020, the assets received under the scope of these operations are comprised of:

	(Thousands of euros)			Total
	2020			
	Senior securities	Junior securities		
	Participation units (note 23)	Capital supplies (note 31)	Capital supplementary contributions (*)	
<b>Fundo Recuperação Turismo FCR</b>				
Gross value	277,351	33,134	–	310,485
Impairment and other fair value adjustments	(89,962)	(33,134)	–	(123,096)
	187,389	–	–	187,389
<b>Fundo Reestruturação Empresarial FCR</b>				
Gross value	65,609	–	33,280	98,889
Impairment and other fair value adjustments	(40,396)	–	(33,280)	(73,676)
	25,213	–	–	25,213
<b>FLIT-PTREL</b>				
Gross value	249,007	38,154	–	287,161
Impairment and other fair value adjustments	(24,898)	(38,154)	–	(63,052)
	224,109	–	–	224,109
<b>Fundo Recuperação FCR</b>				
Gross value	188,262	80,696	–	268,958
Impairment and other fair value adjustments	(106,978)	(80,696)	–	(187,674)
	81,284	–	–	81,284
<b>Fundo Aquarius FCR</b>				
Gross value	127,138	–	–	127,138
Impairment and other fair value adjustments	(11,012)	–	–	(11,012)
	116,126	–	–	116,126
<b>Discovery Real Estate Fund</b>				
Gross value	157,057	–	–	157,057
Impairment and other fair value adjustments	(4,193)	–	–	(4,193)
	152,864	–	–	152,864
<b>Fundo Vega FCR</b>				
Gross value	48,075	80,437	–	128,512
Impairment and other fair value adjustments	(7,084)	(80,437)	–	(87,521)
	40,991	–	–	40,991
<b>Total Gross value</b>	<b>1,112,499</b>	<b>232,421</b>	<b>33,280</b>	<b>1,378,200</b>
<b>Total impairment and other fair value adjustments</b>	<b>(284,523)</b>	<b>(232,421)</b>	<b>(33,280)</b>	<b>(550,224)</b>
	<b>827,976</b>	<b>–</b>	<b>–</b>	<b>827,976</b>

(\*) Corresponds to supplementary capital contributions initially recorded for the amount of Euros 33,280,000 and it was made a negative fair value adjustment of the same amount.

The book value of these assets resulted from the last communication by the respective Management Company relating the Global Net Asset Value (NAV) of the Fund which, as at 31 December 2020, corresponds to the estimated NAV with reference to that date. In addition, the valuation of these funds includes, among others, the following aspects: (i) these are funds whose latest Limited Audit Reports available (with reference to 30 June 2020 for 5 funds), includes a related emphasis such as the impacts and uncertainties of COVID-19 (for 4 funds), a limitation reserve whose potential negative impact was considered in the valuation reflected in the consolidated accounts as of 31 December 2020 and to 30 June 2020 and the latest Audit reports available with reference to 31 December 2019 for 2 funds, which include an emphasis related to COVID-19 impacts and uncertainties (for 1 fund) and without reservations; (ii) the funds are subject to supervision by the competent authorities. Additionally, the Group has no intention to sell these assets for a lower value than the respective NAV.

As a result of the consideration of the final NAVs as at 31 December 2020, the Group recognised a negative impact of Euros 72,370,000 under the balance Gains / (losses) in financial operations at fair value through profit or loss. It should be noted that as a result of consideration of the NAV estimates as at 30 June 2020, the Group had recognised, a negative impact of Euro 67,500,000 on this balance.

As at 31 December 2019, the assets received under the scope of these operations are comprised of:

(Thousands of euros)				
	2019			Total
	Senior securities	Junior securities		
	Participation units (note 23)	Capital supplies (note 31)	Capital supplementary contributions (*)	
<b>Fundo Recuperação Turismo FCR</b>				
Gross value	276,247	32,669	–	308,916
Impairment and other fair value adjustments	(51,360)	(32,669)	–	(84,029)
	224,887	–	–	224,887
<b>Fundo Reestruturação Empresarial FCR</b>				
Gross value	88,402	–	33,280	121,682
Impairment and other fair value adjustments	(44,698)	–	(33,280)	(77,978)
	43,704	–	–	43,704
<b>FLIT-PTREL</b>				
Gross value	247,354	38,154	–	285,508
Impairment and other fair value adjustments	(7,587)	(38,154)	–	(45,741)
	239,767	–	–	239,767
<b>Fundo Recuperação FCR</b>				
Gross value	187,741	82,947	–	270,688
Impairment and other fair value adjustments	(101,496)	(82,947)	–	(184,443)
	86,245	–	–	86,245
<b>Fundo Aquarius FCR</b>				
Gross value	139,147	–	–	139,147
Impairment and other fair value adjustments	(9,153)	–	–	(9,153)
	129,994	–	–	129,994
<b>Discovery Real Estate Fund</b>				
Gross value	155,328	–	–	155,328
Impairment and other fair value adjustments	2,149	–	–	2,149
	157,477	–	–	157,477
<b>Fundo Vega FCR</b>				
Gross value	48,076	77,366	–	125,442
Impairment and other fair value adjustments	(5,661)	(77,366)	–	(83,027)
	42,415	–	–	42,415
<b>Total Gross value</b>	<b>1,142,295</b>	<b>231,136</b>	<b>33,280</b>	<b>1,406,711</b>
<b>Total impairment and other fair value adjustments</b>	<b>(217,806)</b>	<b>(231,136)</b>	<b>(33,280)</b>	<b>(482,222)</b>
	<b>924,489</b>	<b>–</b>	<b>–</b>	<b>924,489</b>

(\*) Corresponds to supplementary capital contributions initially recorded for the amount of Euros 33,280,000 and it was made a negative fair value adjustment of the same amount.

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:

	(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