The members of the Board of Directors and of the Supervisory Board, as at 31 December 2019, are as follows:

Board of Directors:
António João Assis de Almeida
Miguel Maya Dias Pinheiro
Atanas Stefanov Bostandjiev
Daniel Gustavo Carvalho dos Santos
Augusto Costa Ramiro Baptista
Paulo Fernando Cartaxo Tomás
Ana Patrícia Pereira Gabriel Tavares
Éder Nuno Vicente Samuel de Sousa
João da Conceição Ribeiro Mendonça
Odyle Vieira Dias Cardoso
Diogo Baptista Russo Pereira da Cunha
Elpídio Ferreira Lourenço Neto
Hermenegilda de Fátima Agostinho Lopes Benge
José Miguel B. S. da Silva Pessanha
José Miguel Nunes Anacoreta Correia

Supervisory Board:
António Guilherme Rodrigues Frutuoso de Melo
Luís Carlos Costa Prazeres
José Pedro Porto Dordio
Nelson Luís Vieira Teixeira
Maria Cristina Santos Ferreira

As at 31 December 2019 and 2018, the Bank does not have associates, joint ventures and jointly controlled entities.

All transactions with related parties are carried out at regular market prices, using the principle of fair value.

Note 34.
Fair value of financial assets and liabilities

Fair value is based on quoted market prices, whenever available. Otherwise, fair value is determined based on cash flow discounting techniques. Cash flows for the different instruments are calculated according with its financial characteristics and discount rates used include both the market interest rate curve and the current risk levels of the respective issuer.

Therefore, the fair value obtained is influenced by parameters used in the evaluation model that, necessarily have some degree of judgment and reflect exclusively the value attributed to different financial instruments.

As at 31 December 2019 and 2018, the Bank's fair value of financial assets and liabilities is analysed as follows:

(AOA thousand)

		Measured at Fair Value				
	Amortised Cost	Market prices	Valuation models with observable market parameters	Valuation models with parameters not observable in the market	Total book value	Fair value
		(Level 1)	(Level 2)	(Level 3)		
31 December 2019						
Assets						
Cash and deposits at central banks	190,988,448	-	-	-	190,988,448	190,988,448
Loans and advances to credit institutions repayable on demand	24,428,190	-	-	-	24,428,190	24,428,190
Financial assets at fair value through profit or loss	-	-	10,166,355	59,259,009	69,425,364	69,425,364
Financial assets at fair value through other comprehensive income	-	-	33,832,775	345,683	34,178,458	34,178,458
Financial assets at amortised cost						
Debt securities	529,302,406	-	-	-	529,302,406	532,604,339
Loans and advances to Customers	442,701,013	-	-	-	442,701,013	441,712,983
Other loans and advances to credit institutions	17,012,282	-	-	-	17,012,282	17,012,282
Financial assets	**1,204,432,339**	**-**	**43,999,130**	**59,604,692**	**1,308,036,161**	**1,310,350,064**
Deposits from central banks and other credit institutions	176,493,638	-	-	-	176,493,638	176,493,638
Financial liabilities at fair value through profit or loss	-	-	-	207,095	207,095	207,095
Deposits from Customers and other loans	1,234,985,588	-	-	-	1,234,985,588	1,234,985,588
Financial liabilities	**1,411,479,226**	**-**	**-**	**207,095**	**1,411,686,321**	**1,411,686,321**

(AOA thousand)

	Amortised Cost	Measured at Fair Value			Total book value	Fair value
		Market prices	Valuation models with observable market parameters	Valuation models with parameters not observable in the market		
		(Nível 1)	(Nível 2)	(Nível 3)		
31 December 2018						
Assets						
Cash and deposits at central banks	159,372,252	-	-	-	159,372,252	159,372,252
Loans and advances to credit institutions repayable on demand	26,739,729	-	-	-	26,739,729	26,739,729
Financial assets at fair value through profit or loss	-	-	6,903,601	19,716,843	26,620,444	26,620,444
Financial assets at fair value through other comprehensive income	-	-	197,781,944	337,782	198,119,726	198,119,726
Financial assets at amortised cost						
Debt securities	274,968,716	-	-	-	274,968,716	272,409,571
Loans and advances to Customers	420,264,577	-	-	-	420,264,577	418,456,722
Other loans and advances to credit institutions	13,312,565	-	-	-	13,312,565	13,312,565
Financial assets	**894,657,839**	**-**	**204,685,545**	**20,054,625**	**1,119,398,009**	**1,115,031,009**
Deposits from central banks and other credit institutions	160,054,580	-	-	-	160,054,580	160,054,580
Deposits from Customers	1,042,924,548	-	-	-	1,042,924,548	1,042,924,548
Financial liabilities	1,202,979,128	-	-	-	1,202,979,128	1,202,979,128

The Bank uses the following hierarchy for fair value with 3 levels in the evaluation of financial instruments (assets and liabilities), which reflects the level of judgment, the observability of the data used and the importance of the parameters used in determining the fair value measurement of the instrument, as referred in IFRS 13:

Level 1: Fair value is determined based on unadjusted quoted prices, captured in transactions in active markets involving identical instruments to the ones being valued. If there is more than one active market for the same financial instrument, the relevant price is what prevails in the main market of the instrument, or most advantageous market for which there is access;

Level 2: Fair value is determined based on evaluation techniques supported by observable inputs in active markets, being direct data (prices, rates, spreads, etc.) or indirect data (derivatives), and evaluation assumptions similar to what an unrelated party would use in estimating the fair value of that financial instrument. It also includes instruments whose valuation is obtained through quotations disclosed by independent entities but whose markets have the lowest liquidity; and

Level 3: Fair value is determined based on unobservable inputs in active markets, using techniques and assumptions that market participants would use do evaluate the same instruments, including assumptions about the inherent risks, the evaluation technique used and inputs used and review processes to test the accuracy of the values obtained.

The Bank considers an active market for a given financial instrument at the measurement date, depending on the turnover and liquidity of the transactions carried out, the relative volatility of quoted prices and the readiness and availability of the information, and the following conditions should apply:

- Existence of frequent daily prices trading in the last year;
- The above quotations are exchanged regularly;
- There are executable quotes from more than one entity.

A parameter used in a valuation technique is considered observable in the market, if the following conditions are met:

- If its value is determined in an active market;
- If there is an OTC market and it is reasonable to assume that the conditions of an active market are met, with the exception of the condition of trading volumes; and
- The parameter value can be obtained by the inverse calculation of prices of financial instruments or derivatives where the remaining parameters required for initial assessment are observable in a liquid market or an OTC market that comply with the preceding paragraphs.

The main methodologies and assumptions used in estimating the fair value of financial assets and liabilities recorded in the balance sheet at amortised cost are analysed as follows:

Cash and deposits at central banks, Loans and advances to credit institutions and Other loans and advances to central banks and credit institutions

Considering the short maturity of these financial instruments, the amount in the balance sheet is a reasonable estimate of its fair value.

Financial assets at fair value through profit and loss and Financial assets at fair value through other comprehensive income

These financial instruments are measured at fair value for the Angolan public debt securities. Fair value is based on market prices (BODIVA), whenever these are available. Otherwise, fair value is estimated through numerical models based on cash flow discounting techniques, using the interest rate curve adjusted for factors associated, predominantly the credit risk and liquidity risk, determined in accordance with the market conditions and time frame.

Interest rates are determined based on information disseminated by financial content providers and BNA. Interest rates for specific periods of the cash flows are determined by appropriate interpolation methods. The same interest rate curves are also used in the projection of the non-deterministic cash flows, such as indexes.

For investment funds, the best fair value estimate considered is the financial statements of these bodies at the Bank's balance sheet date and, where possible, with the Auditor's Report.

Financial assets at amortised cost

The fair value of these instruments is based on market prices, whenever these are available. Otherwise, fair value is estimated through the update of expected cash flows of future capital and interest for these instruments.

For disclosure purposes, Treasury Bills have short-term residual maturities and Treasury Bonds in foreign currency bear interest rates in line with the comparable market rates in force, and therefore their carrying amount represents substantially the fair value of these assets.

Loans and advances to Customers

The fair value of loans and advances to Customers is calculated based on the update of expected principal and interest future cash flows, considering that the payments of the instalments occur in the contractually defined dates. The expected future cash flows of homogeneous credit portfolios, such as mortgage loans, are estimated on a portfolio basis. The discount rates used are the current rates charged for loans with similar characteristics.

Deposits from central banks and other credit institutions

The fair value of loans and advances to Customers is calculated based on the update of expected principal and interest future cash flows, considering that the payments of the instalments occur in the contractually defined dates.

Deposits from Customers

The fair value of these financial instruments is calculated based on the expected principal and interest future cash flows. The discount rate used reflects the rates charged for deposits with similar characteristics at the balance sheet date. Considering that the applicable interest rates are renewed for periods of less than one year, there are no material differences in their fair value.

Exchange rates

Concerning the exchange rates, the Bank uses in its valuation models the spot rate observed in the market at the time of the valuation.

Note 35.
Risk Management

Main risk categories

Credit – Credit risk is the uncertainty of recovery of an investment and its return, due to the debtor's (or guardian, if applicable) inability to fulfil its financial commitments to the Bank, causing a financial loss to the creditor. Credit risk is reflected in debt securities or other receivables.

Market – Market risk reflects the potential loss that can be registered by a given portfolio as a result of changes in rates (interest and exchange rates) and/or the prices of the different financial instruments that comprise it, considering both the correlations between them and the respective volatilities. Therefore, Market Risk encompasses the risk of interest rate, exchange rate and other price risks.

Liquidity – Liquidity risk reflects the inability of the Bank to meet its liabilities associated with financial liabilities on each maturity date without incurring significant losses as a result of a deterioration in the conditions of access to financing (financing risk) and/or sale of its assets for amounts lower than the amounts usually practiced in the market (market liquidity risk).

Real Estate - Real estate risk is the probability of negative impacts on income and/or capital due to unfavourable changes in the market price.

Operating – Operating risk is the probability of failures or inappropriateness of internal procedures, information systems, human behaviour or external events.

Risk Assessment

Credit Risk

Credit risk models play a key role in the credit decision process. Therefore, the loan portfolio's decision-making process is based on a set of policies, through scoring models for Private and Business Customers' portfolios and rating for the corporate segment.

Credit decisions depend on risk classifications and compliance with several rules on the financial standing and behaviour of the proposers. There are relative scoring models for the main credit portfolios of private Customers, namely mortgage loans and individual loans, including the necessary segmentation between Customers and non-Customers (or recent Customers).

The main goals of credit risk management are:

- Define the provisioning rules/impairment calculations;
- Define the process of risk analysis;
- Analyse the sectorial and geographical risks;
- Analyse the non-diversification risks;
- Define and monitoring the internal boundaries for counter parties
- Monitoring the implementation of risks cutback plans, through a follow-up of the overdue credit portfolio.