

## Note 38 – 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 to its financial characteristics and discount rates used included both the market interest rate curve and the current risk levels of the respective issuers.

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

As at 31 December 2024 and 31 December 2023, the carrying amount of financial assets and liabilities measured at fair value is presented as follows:

AOA thousand

	31-12-2024			
	Measured at fair value			
	Level 1 Quoted prices in active market	Level 2 Observable market inputs	Level 3 Other valuation techniques	Total
<b>Assets</b>				
<b>Financial assets at fair value through profit or loss</b>				
Shares	-	-	327,743,818	327,743,818
Loans and advances to Customers	-	-	236,595	236,595
Debt securities	-	56,062,725	-	56,062,725
	-	<b>56,062,725</b>	<b>327,980,413</b>	<b>384,043,138</b>
<b>Financial assets at fair value through other comprehensive income</b>				
Debt securities	-	23,290,987	-	23,290,987
Shares	-	-	2,088,496	2,088,496
	-	<b>23,290,987</b>		<b>25,379,483</b>
<b>Assets at fair value</b>	-	<b>79,353,712</b>	<b>327,980,413</b>	<b>409,422,621</b>

AOA thousand

	31-12-2023			
	Measured at fair value			
	Level 1 Quoted prices in active market	Level 2 Observable market inputs	Level 3 Other valuation techniques	Total
<b>Assets</b>				
<b>Financial assets at fair value through profit or loss</b>				
Shares	-	-	298,890,931	298,890,931
Loans and advances to Customers	-	-	124,571	124,571
	-	-	<b>299,015,502</b>	<b>299,015,502</b>
<b>Financial assets at fair value through other comprehensive income</b>				
Debt securities	-	51,331,595	-	51,331,595
Shares	-	-	1,775,421	1,775,421
	-	<b>51,331,595</b>	<b>1,775,421</b>	<b>53,107,016</b>
<b>Assets at fair value</b>	-	<b>51,331,595</b>	<b>300,790,923</b>	<b>352,122,518</b>



The Bank uses the following hierarchy for fair value, with 3 levels in the valuation 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 of the instrument, in accordance with the provisions of 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 the one prevailing in the main market of the instrument, or the most advantageous market for which there is access;
- **Level 2:** Fair value is determined by using valuation techniques based on observable inputs in active markets, whether direct data (prices, rates, spreads, etc.) or indirect data (derivatives), and valuation assumptions similar to those that an unrelated party would use in estimating the fair value of the same 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 to value the same instruments, including assumptions about inherent risks, the valuation technique used, and the 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 change regularly; and
- 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, except for 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 complies with the preceding paragraphs.

As at 31 December 2024 and 31 December 2023, all financial assets recorded at fair value were classified in levels 2 and 3, despite the fact that, in some situations, these were prices verified on the Angolan capital market (BODIVA). Because this market started its activity at the end of 2016 and given the low liquidity and depth of the capital market and its early stage of development, it was considered that the prices observed on each date did not meet the necessary conditions to be used directly for Level 1 valuation.

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

For Angolan public debt securities, fair value is based on an internal model supported by observable market data.

For investment funds, the best estimate of fair value is considered to be the prices of the units of these entities on the Bank's balance sheet date and, where possible, with the Auditor's Report.

For shares, the best estimate of fair value is the book value of the entities in which the Bank holds shares, given by their equity and the percentage held by the Bank and, where possible, with the Auditor's Report.

As at 31 December 2024 and 31 December 2023, the fair value of financial assets and liabilities not measured at fair value is analysed as follows, having been estimated based on the main methodologies and assumptions described below:



AOA thousand

31-12-2024					
	Book value	Fair value			Total
		Level 1 - Quoted prices in active market	Level 2 - Observable market inputs	Level 3 - Other valuation techniques	
<b>Assets</b>					
Cash and deposits at central banks	325,319,262	-	325,319,262	-	325,319,262
Loans and advances to credit institutions repayable on demand	38,614,876	-	38,614,876	-	38,614,876
Financial assets at amortised cost					
Debt securities	361,187,099	-	392,306,786	-	392,306,786
Loans and advances to Customers	485,435,095	-	-	485,435,095	485,435,095
Other loans and advances to central banks and credit institutions	97,484,363	-	97,484,363	-	97,484,363
Other assets	165,610,447	-	-	165,610,447	165,610,447
	<b>1,473,651,142</b>	<b>-</b>	<b>853,725,287</b>	<b>651,045,542</b>	<b>1,504,770,829</b>
<b>Liabilities</b>					
Deposits from central banks and other credit institutions	41,995,949	-	41,995,949	-	41,995,949
Deposits from Customers and other loans	1,700,859,305	-	1,700,859,305	-	1,700,859,305
	<b>1,742,855,254</b>	<b>-</b>	<b>1,742,855,254</b>	<b>-</b>	<b>1,742,855,254</b>

AOA thousand

31-12-2023					
	Book value	Fair value			Total
		Level 1 - Quoted prices in active market	Level 2 - Observable market inputs	Level 3 - Other valuation techniques	
<b>Assets</b>					
Cash and deposits at central banks	356,926,890	-	356,926,890	-	356,926,890
Loans and advances to credit institutions repayable on demand	94,147,108	-	94,147,108	-	94,147,108
Financial assets at amortised cost					
Debt securities	467,315,333	-	482,798,892	-	482,798,892
Loans and advances to Customers	479,108,472	-	-	479,108,472	479,108,472
Other loans and advances to central banks and credit institutions	81,193,455	-	81,193,455	-	81,193,455
Other assets	147,016,525	-	-	147,016,525	147,016,525
	<b>1,625,707,783</b>	<b>-</b>	<b>1,015,066,345</b>	<b>626,124,997</b>	<b>1,641,191,342</b>
<b>Liabilities</b>					
Deposits from central banks and other credit institutions	1,323,068	-	1,323,068	-	1,323,068
Deposits from Customers and other loans	1,849,007,508	-	1,849,007,508	-	1,849,007,508
	<b>1,850,330,576</b>	<b>-</b>	<b>1,850,330,576</b>	<b>-</b>	<b>1,850,330,576</b>



The main methodologies and assumptions used in estimating the fair value of financial assets and liabilities not recorded at fair value are as follows:

### Cash and deposits at central banks, Loans and advances to credit institutions repayable on demand and Other loans and advances to central banks and credit institutions

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

### Financial assets at amortised cost – Debt securities

Fair value is based on quoted prices whenever an active market exists. Otherwise, fair value is estimated through numerical models based on discounted cash-flow techniques which, in order to calculate fair value, use market data such as market prices and interest rate curves adjusted for relevant factors, predominantly credit risk and liquidity risk, determined in accordance with market conditions and respective maturities.

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 Angolan public debt securities, fair value is based on an internal model supported by observable market data.

For disclosure purposes, it is presumed that Treasury Bills (where applicable) have short-term residual maturities and that Treasury Bonds in foreign currency bear interest rates in line with the comparable market rates in force, therefore their book value substantially represents the fair value of these assets.

### Financial assets at amortised cost – 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 on 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.

### Other assets

Other assets were valued in accordance with the assumptions defined in the internal fair value measurement model at level 3 of the hierarchy. The model estimates the fair value of these assets by the sum of the discounted cash flows at a valuation benchmark rate defined based on the assumptions made in the internal model. The fair value of other assets at amortised cost is presumed to be their carrying amount.

### Deposits from central banks and other credit institutions

The fair value of these liabilities is calculated based on the update of expected principal and interest future cash flows, considering that the payments of the instalments occur on the contractually defined dates.

### Deposits from Customers and other loans

The fair value of these financial instruments is calculated based on the expected principal and interest in 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.

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