

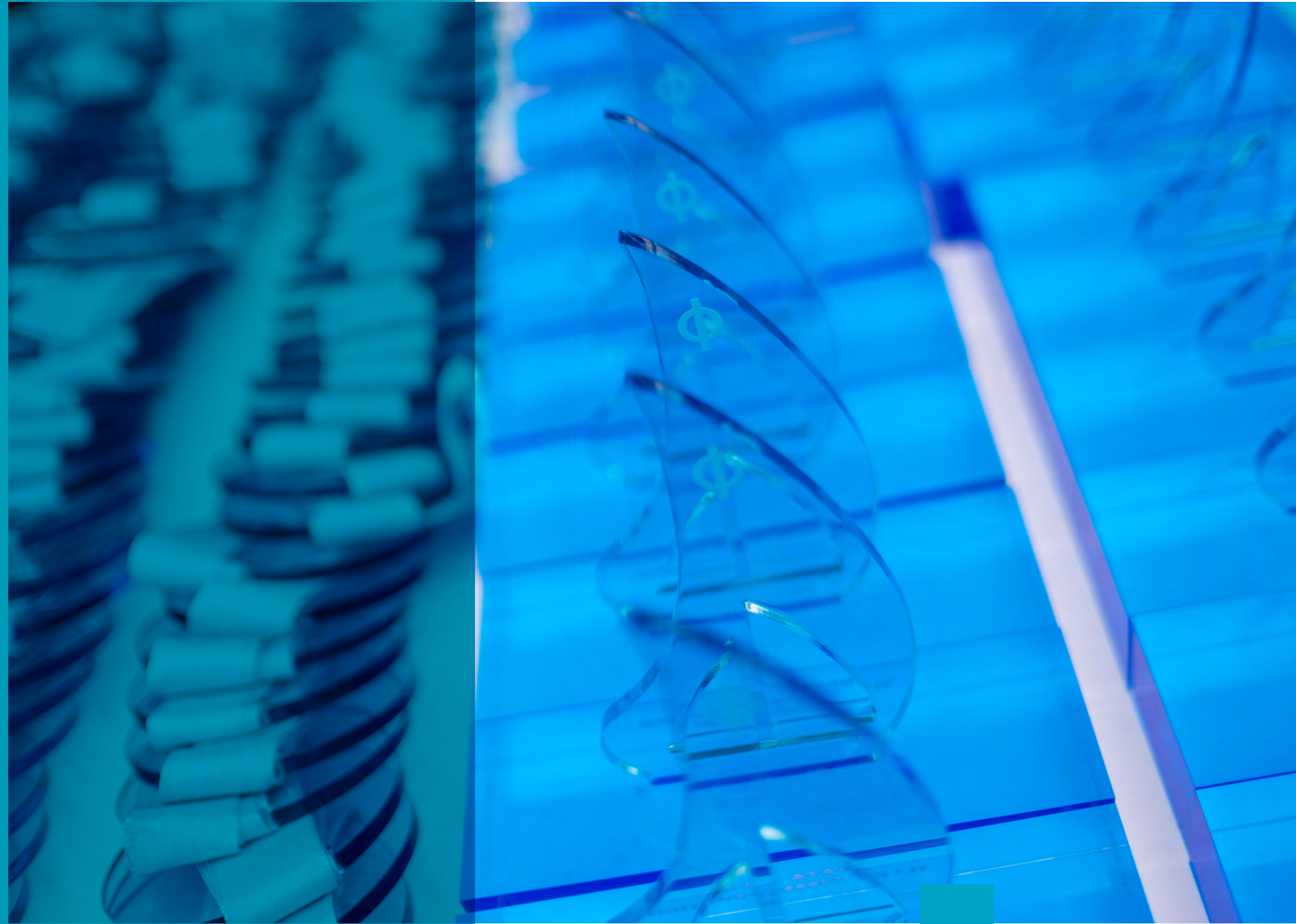


# Certificates

**7.0**

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## Report of the Fiscal Board

**(This report is a free translation to English from the original Portuguese version)**

To the Shareholders,

1. The Fiscal Board hereby submits its report and advice on the management report and financial statements in both individual and consolidated basis of Banco Millennium Atlântico, S.A. prepared by the Board of Directors relating to the fiscal year of 2019, in fulfilment of the legal provisions contained in articles nr. 441.1. g), nr. 442 and nr. 443 of the Companies Act (*“Lei das Sociedades Comerciais”*), and in article nr. 30.1 of the company’s bylaws.
2. The Fiscal Board held meetings with the members of the Board of Directors and the Executive Committee responsible for the financial area as it considered necessary, and was promptly and fully informed on the resolutions of the Executive Committee, Board of Directors and decisions and recommendations from the Shareholders.
3. In the performance of its duties, this Board had the opportunity to witness the professionalism, commitment and transparency of the procedures adopted by the Executive Committee as well as by the Board of Directors and other officers of the Bank.
4. The Fiscal Board carried out all checks it deemed useful and necessary. It monitored the preparation of the financial statements, obtained all clarifications it requested in relation thereto from the Bank, and watched over the compliance of legal and regularity provisions, bylaws and rules issued by the supervisory authorities and also with the general policies, rules and practices established internally.
5. Moreover, this Fiscal Board did not identify any situation that did not comply with the bylaws and legal provisions, or with the applicable accounting policies, criteria, rules and practices.
6. All things considered, including the contents of the financial statements and the report from the external auditor, which we have reviewed and agree with, we are of the opinion that the Annual General Meeting should:
  - Approve the report prepared by the Board of Directors and the financial statements in both individual and consolidated basis of Banco Millennium Atlântico, S.A. relating to the fiscal year ended on the 31<sup>st</sup> of December 2019;
  - Approve the allocation of results of the fiscal year of 2019 proposed by the Board of Directors, as follows:
    - a) Legal reserve (10%), in the amount of AKZ 3,046,486,086.91; and



b) Retained earnings (90%), in the amount of AKZ 27,418,374,782.21.

- Propose a motion of praise and recognition for the performance of the Board of Directors.

Luanda, the 17<sup>th</sup> of April 2020

The Fiscal Board,

SIGNED ON THE ORIGINAL

António Guilherme Rodrigues Frutuoso de Melo – Chairman of the Fiscal Board

SIGNED ON THE ORIGINAL

Luís Costa Prazeres – Member of the Fiscal Board

SIGNED ON THE ORIGINAL

José Pedro Porto Pais Dordio – Member of the Fiscal Board

SIGNED ON THE ORIGINAL

Nélson Luís Vieira Teixeira – Member of the Fiscal Board

SIGNED ON THE ORIGINAL

Maria Cristina Santos Ferreira – Accounting Expert – Fiscal Board



## INDEPENDENT AUDITORS REPORT

### To the Shareholders of Banco Millennium Atlântico, S.A.

#### Introduction

1. We have audited the accompanying financial statements of **Banco Millennium Atlântico, S.A.**, which comprise the Balance Sheet as of 31 December 2019, which shows total assets of 1,601,479,073 thousands of Kwanzas and total equity of 163,317,589 thousands of Kwanzas, including a profit for the year of 30,464,862 thousands of Kwanzas, the income statement, the comprehensive income statement, the statement of changes in equity and the cash flow statement for the year then ended, as well as the corresponding Notes.

#### Board of Directors' responsibility for the financial statements

2. The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

3. Our responsibility is to express an independent opinion on these financial statements based on our audit, which was conducted in accordance with the Technical Standards of the Angolan Institute of Accountants and Statutory Auditors ("Ordem dos Contabilistas e Peritos Contabilistas de Angola"). Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence regarding the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the propose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### Basis for Qualified Opinion

6. As described in Note 2.1 of the Notes to the financial statements, Banco Nacional de Angola ("BNA") and Associação Angolana de Bancos ("ABANC") have expressed an interpretation that not all the requirements of IAS 29 – Financial Reporting in Hyperinflationary Economies ("IAS 29") have been fulfilled, in order to consider the Angolan economy as hyperinflationary regarding the periods ended at 31 December 2017 and 2018, and, accordingly, the Bank's Board of Directors decided to maintain the non-application of the provisions of that Standard to its financial statements during the period considered in hyperinflation. As at 31 December 2018, the inflation rate accumulated over the last three years is close to or above 100%, which is an objective quantitative condition which leads us to consider, in addition to the existence of other conditions considered in IAS 29, that the functional currency of the Bank's financial statements at 31 December 2018 corresponds to the currency of a hyperinflationary economy.

As of 31 December 2019, considering that the accumulated inflation indicator for the years 2017, 2018 and 2019 is less than 100%, and given that there were no other significant adverse effects, it is possible to consider that Angola is no longer considered a hyperinflationary economy in 2019. Accordingly, IAS 29 is no longer applied prospectively for the periods beginning on 1 January 2019.

The Bank did not recognise the adjustments that would be necessary, given that premise and in accordance with the provisions set out in that Standard, namely its application with reference to the years 2017 and 2018, the period covered by hyperinflation, with the respective impact on the opening balances, for the current period.

However, we have not obtained sufficient information which enable us to quantify the effects of this situation on the Bank's financial statements as at 31 December 2019, which we consider to be material.

#### Qualified opinion

7. In our opinion, except for the effects of the subject described in paragraph 6 of "Basis for Qualified Opinion" section, the financial statements mentioned in paragraph 1 above Present fairly, in all material respects, the financial position of **Banco Millennium Atlântico, S.A.** as at 31 December 2019 and of its financial performance and cash flows relative to the financial year ended, in compliance with the International Financial Reporting Standards.

#### Emphasis of matter

8. Without qualifying our opinion expressed mentioned in the previous paragraph, we draw attention to note 37 to the financial statements, which describes that, following the declaration of the outbreak of the novel coronavirus, called COVID-19, as a pandemic, which occurred after the balance sheet date and, as such, an non-adjustable event, although it is not yet possible to determine



the possible impacts, the Bank's Board of Directors has been monitoring the developments at national and international level, in order to take timely measures to mitigate any impact that may arise from it. Therefore, the Bank has defined a Contingency Plan aimed at preventing and mitigating the risks associated with the spread of the virus, which determines the adoption of measures to ensure the life and health of employees and their safety conditions, maintaining essential services in operation, guarantee the operability and functioning of the infrastructures and evaluate the patrimonial impacts in the value of the assets.

Although Governments and Central Banks and Multilateral Agencies are designing packages with measures aimed at stimulating economies, such as the flexibility of terms for the fulfillment of credit obligations determined in Instruction No. 04/2020 of the National Bank of Angola, the Board of Directors understands that the data currently available do not allow a safe measurement of financial impacts, and the Bank is gathering a set of measures to reduce these impacts on its solvency and liquidity.

#### Other matters

9. The attached individual financial statements refer to the Bank's activity at an individual basis. The Bank prepared for the first time consolidated financial statements for the year ended 31 December 2019.

Luanda, 22 April 2020

#### Signed on the Original

**KPMG Angola – Audit, Tax, Advisory, S.A.**

Represented by

Vitor Manuel da Cunha Ribeirinho

Expert Accountant (“Perito Contabilista”) (License No. 20120089)

## 2019 ANNUAL REPORT

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