

Note 1. Introduction

Banco Millennium Atlântico, S.A., which also uses the brand ATLANTICO (hereinafter referred to as "Banco" or "ATLANTICO"), was incorporated by Public Deed on 31 August 2006. Through communication of Banco Nacional de Angola (hereinafter also referred to as "BNA") dated 6 November 2006, ATLANTICO was authorized and definitively registered as ATLANTICO, and started its business activity on 17 November 2006. ATLANTICO operates and has its head office in Angola, at Rua do Centro de Convenções de Talatona, Via S8, GUOSB, Edifício ATLANTICO, Bloco 7/8, Bairro Talatona, Distrito Urbano da Samba, Luanda.

The Bank is dedicated to obtaining resources from third parties in the form of deposits or other, which applies, together with its own resources, in the granting of loans, in deposits at BNA, in investments in credit institutions, in the acquisition of securities and other assets, for which it is duly authorized. The Bank also provides other bank services and performs various types of transactions in foreign currency through a network, as at 31 December 2019, of 130 service points (31 December 2018: 136 service points).

Regarding the shareholder structure, as detailed in note 20, the Bank is owned mainly by private Angolan Shareholders.

In May 2016, the former Banco Privado Atlântico entered into a merger by incorporation with Banco Millennium Angola, creating Banco Millennium Atlântico. For accounting purposes, the merger produces effects on 1 January 2016.

Note 2. Accounting policies

2.1. Basis of presentation

In accordance with the provisions of Notice No. 6/2016 of 22 June, from Banco Nacional de Angola, the financial statements of Banco Millennium Atlântico, S.A., (Bank or ATLANTICO) are prepared in accordance with the International Financial Reporting Standards ("IFRS").

IFRS include accounting standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and their predecessor bodies.

The individual financial statements of Banco Millennium Atlântico, S.A, now presented relate to the period ended as at 31 December 2019.

For the period ended 2017 and 2018, Banco Nacional de Angola ("BNA") expressed an interpretation referring that not all the requirements of IAS 29 - Financial Reporting in Hyperinflationary Economies ("IAS 29") have been fulfilled in order for the Angolan economy to be considered hyperinflationary and, thus, the Board of Directors of the Bank decided not to apply the provisions of that Standard to its financial statements as of that date. The effect resulting from the application of this standard in those financial years is not also reflected in the financial statements of 31 December 2019.

The accounting policies presented in this note were applied consistently with those used in the financial statements as of 31 December 2018, except for the changes resulting from the adoption of IFRS 16 - Leases which replaces IAS 17 - Leases. The most relevant changes are described in note 2.11 - Leases.

The financial statements are expressed in thousands of kwanzas, rounded to the nearest thousand. These were prepared in

accordance with the historical cost principle, with the exception of assets and liabilities recorded at fair value, namely financial assets at fair value through other comprehensive income and financial assets at fair value through profit and loss.

The preparation of financial statements in accordance with IFRS requires the Bank to make judgments and estimates and to use assumptions that affect the application of accounting policies and the amounts of income, expenses, assets and liabilities. Changes in such assumptions or differences between them and reality may have an impact on current estimates and judgments. Areas that involve a higher level of judgment or complexity, or where assumptions and significant estimates are used in the preparation of the financial statements are analysed in Note 3.

The Bank's financial statements for the period ended on 31 December 2019 were approved by the Board of Directors on 15 April 2020.

2.2. Comparability of the information

The Bank adopted the standards whose application is mandatory for periods beginning on or after 01 January 2019. The accounting policies were applied consistently and are consistent with those used in the prior year financial statements, except for the changes resulting from the adoption of IFRS 16, whose impact is presented in note 2.11.

The requirements presented by IAS/IFRS are generally applied retrospectively, by adjusting the opening balance sheet to the date of initial application (1 January 2018).

2.3. Transactions in foreign currency

Transactions in foreign currency are translated into the functional currency (kwanza) at the exchange rate published on the date of the transaction. Monetary assets and liabilities expressed in foreign currency are converted into the functional currency at the exchange rate published at the balance sheet date. Foreign exchange differences

resulting from the conversion are recognised in the income statement. Non-monetary assets and liabilities expressed in foreign currency and recorded at historical cost are converted to the functional currency at the exchange rate published on the date of the transaction. Non-monetary assets and liabilities recorded at fair value are translated into the functional currency at the exchange rate published on the date when the fair value is determined and recognised in the income statement, except for those recognised in available-for-sale financial assets, whose difference is recorded in equity.

The reference exchange rates of kwanza towards US dollar (USD) and euro (EUR) were the following:

Currency	31.12.2019	31.12.2018
AOA/USD	482.227	308.607
AOA/EUR	540.817	353.015

2.4. Loans granted and accounts receivable

Loans granted and accounts receivable are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market and are not intended to be sold in the short term. These categories include loans granted to Customers, cash and cash equivalents, other loans and advances to credit institutions and other receivables that are not traded in an active market. These are recorded by the contracted amounts, when originated by the Bank, or by amounts paid, when purchased from other entities.

Loans granted and accounts receivable are initially accounted at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest rate method and are presented in the balance sheet net of impairment losses. Interest calculated at the effective interest rate is recognised in Net interest income on a straight-line basis.

Loans granted and accounts receivable are derecognised from the balance sheet (write-offs) when (i) the contractual rights

