

<b>Reference</b>	PL-ATL-22-00X	<b>Publication Date</b>	XX/04/2022	<b>Version</b>	01
<b>Owner</b>	Internal Control Team (ECI)				

## Internal Control Policy

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## **1. INTRODUCTION**

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- 1.1. This Policy establishes the minimum rules and procedures to be observed by Banco Millennium Atlântico, SA "ATLANTICO" or "Bank" in issues related to Internal Control.
- 1.2. ATLANTICO's Internal Control System is based on solid a foundation and high internal control standards in terms of authorization, execution, registration, accounting and operations control, specifically by observing high ethical and integrity principles, acting in a segregated manner where the functions of Risk Management, Compliance and Internal Audit are included and these carry out their activity through a functional broad control model consisting of:
- a) Codes of Conduct;
  - b) Policies that identify and mitigate conflict of interest situations;
  - c) Definition and implementation of processes and procedures in line with the principles and practices of internal control;
  - d) Proper segregation between authorization, execution, registration, accounting and control functions.

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## **2. LEGAL FRAMEWORK AND SCOPE OF APPLICATION**

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- 2.1. This Policy was prepared in accordance with laws applicable to the internal control system, namely:
- Act nr. 14/2021 of 19 May – Law on the General Regime for Financial Institutions;
  - Notice nr. 01/2022 of 28 January – Corporate Governance and Internal Control Code.
- 2.2. The procedures and rules set forth herein shall be adhered to in the exercise of each and every one of the activities that, at any time, are effectively carried out by ATLANTICO, including the services provided by third parties acting on their behalf and/or on behalf of the Bank.

- 2.3. This Policy and the duties herefrom are applicable to all ATLANTICO employees, as well as, wherever possible, to third parties who, at any time, act on behalf of and/or on behalf of ATLANTICO, namely subcontracted entities.
- 2.4. ATLANTICO provides information and training to all employees to ensure that they are fully aware of the principles and rules to which they are subject, as contained herein, at all times, to enable them to take all necessary measures for proper assessment, prevention, detection , monitoring and response of risk situations in their field of work.
- 2.5. The Internal Control Team shall be responsible for the drafting and subsequent updates of this Policy, and it shall be validated by the Audit and Internal Control Committee and approved by the Board of Directors.

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### **3. DEFINITION OF INTERNAL CONTROL**

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Internal Control is a permanent institution-wide integrated set of policies and processes carried out by the Management Bodies and other employees in order to achieve the objectives of efficiency in the execution of operations, risk control, reliability of accounting information, management support and compliance with legal regulations and internal guidelines.

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### **4. GENERAL PRINCIPLES**

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- 4.1. ATLANTICO adopts internal control mechanisms in accordance with the Bank's size, nature, complexity, structure, business model, risk profile, risk tolerance, risk appetite and delegation of powers.
- 4.2. ATLANTICO's Internal Control System is formalized in in-depth specific documents and takes the control environment, risk appetite, risk and information and communication systems and monitoring processes into account.
- 4.3. The documents set out in the foregoing paragraph are known and mandatory for all employees and are archived in such a way as that they can be identified according to their dates of amendment and to enable their previous versions to be accesible.

- 4.4. ATLANTICO's Internal Control system is periodically reviewed and updated, at least on an annual basis, or whenever deemed fit, in order that measures related to previously unidentified risks are easily and timeously incorporated into the ongoing process.
- 4.5. Internal Audit, Compliance and Risk activities are part of ATLANTICO's Internal Control System and report directly to the Board of Directors.

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## **5. INTERNAL CONTROL OBJECTIVES**

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5.1. This Policy aims to ensure:

- a. The existence of control rules and procedures to be observed as guidelines for the operation of the Internal Control System, risk management and Compliance that are put in place in the continuous quest for achieving the highest ethical standards, transparency and efficiency of the control system;
- b. Business continuity and the survival of the Bank through efficient resource allocation and running of operations, risk control, prudent and continuous assessment of assets, definition and division of responsibility, security and access control in the information and communication systems and mitigation of conflicts of interest;
- c. The complete, reliable and timeous existence of financial and non-financial accounting and management information that supports decision-making and control processes;
- d. Compliance with legal provisions, internal guidelines and rules of ethics and conduct, in relations with customers, operation counterparts, shareholders and supervisors; and,
- e. The existence of policies, processes or other preventive measures for each risk, as well as systematic control and monitoring to ensure their application and operation as established, aimed at the immediate correction of all deviations.

5.2. ATLANTICO's Internal Control System also ensures the integrity, occurrence and effectiveness of the process by providing reasonable assurance that financial and administrative information is reliable, timeous and complete and that ATLANTICO is compliant with internal and external policies and guidelines, as well as with internal and external laws and regulations applicable to its operation.

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## **6. RESPONSIBILITY OF THE BOARD OF DIRECTORS**

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6.1. Within the scope of Internal Control, it is the duty of the Board of Directors of ATLANTICO to:

- a) Define, implement and periodically review the Internal Control System, aimed at ensuring that the objectives set out for its purpose are continually achieved;
- b) Implement the business strategy and financial soundness, duly formalized, focused on long-term solvency, risk exposure and efficient risk management capacity, as well as the supervision of the corporate governance structure and its periodic review;
- c) Define key decisions about ATLANTICO talent, internal organization, structure, governance practices, risk management and compliance obligation;
- d) Define ATLANTICO's risk appetite taking into account the competitive and regulatory landscape and the Bank's long-term interests;
- e) Ensure the existence of high ethical and professional values;
- f) Align the remuneration policy with ATLANTICO's strategy and risk profile, with the main objective of mitigating excessive risk-taking;
- g) Ensure the independence and effectiveness of the functions of the Internal Control Bodies, providing the human resources and materials to carry out their activities smoothly, in accordance with the Code of Conduct and Ethics;
- h) Implement mechanisms for the identification, assessment, monitoring, control and provision of information on the different categories of risks, with a view to obtaining proper understanding of the Bank;
- i) Ensure the existence of processes for the identification and evaluation of transactions with related parties, with the objective of guaranteeing that these are carried out under the same conditions as those practiced with unrelated parties;
- j) Ensure the existence of sufficient human, material and technical resources to achieve the ATLANTICO's objectives, as well as consistent policies for the recruitment, assessment, promotion, remuneration and training of Talents;
- k) Define, formalize, implement and periodically review policies and processes related to Risk Management, Compliance and Internal Audit

employee remuneration, training, conduct, ethics, integrity and professionalism, transactions with related parties, whistleblower channel, conflict of interest and prevention and detection of suspicious criminal activity operations or fraud situations;

- l) Ensure that competent bodies are informed about the existence of suspicious criminal activity operations or situations of material fraud against the security, sound and prudent conduct and reputation of ATLANTICO;
- m) Ensure the existence of processes that detect and mitigate the occurrence of conflicts of interest.

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## **7. COMPETENCES OF THE AUDIT AND INTERNAL CONTROL COMMITTEE AND THE SUPERVISORY COUNCIL**

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- 7.1. The Internal Control System is monitored by two independent Bodies, namely the Audit Committee, composed of non-executive Directors, appointed by the Board of Directors and shall include managers with relevant management functions with technical knowledge that can add value and the Supervisory Board, composed of independent members, which shall include a Chartered Accountant.
- 7.2. As part of the exercise of their responsibilities, these bodies shall take into cognizance the size, nature, complexity of the Bank's operations and economic situation, and shall:
  - a) Ensure the formalization and operationalization of an effective, duly documented information provision system, including the process of preparing and disclosing the financial statements;
  - b) Supervise the formalization and operation of the Bank's accounting policies and practices;
  - c) Monitor and inspect the process of preparing and disclosing financial information and make recommendations or present proposals to ensure its reliability and verify the accuracy of the accounting documents;
  - d) Supervise the independence and effectiveness of internal audit, approve and review the scope and frequency of its actions and supervise the implementation of proposed corrective measures; and
  - e) Supervise the performance of the Compliance and Risk function.

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## **8. INTERNAL CONTROL STRUCTURE**

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- 8.1. ATLANTICO's Internal Control and Corporate Governance System is based on the separation of duties, activities and responsibilities, in order to meet the business and support structures.
- 8.2. ATLANTICO's Internal Control and Corporate Governance structure is robust enough for business and support processes to have the requisite security to be executed, in order to deliver the best products and services to customers, provide adequate management and control mechanisms to the established management levels, taking into account the risk associated with the operations, as well as the size, nature, complexity, structure, risk profile and business model.
- 8.3. ATLANTICO's Internal Control System is supported by a three (3) lines of defense model, which supports the Bank in the implementation of an Internal Control System and, for this purpose, shall continuously identify, manage and mitigate the risks inherent to its operations. These are:
- 1<sup>st</sup> Line – Business and Operational Support Units;
  - 2<sup>nd</sup> Line – Risk Management and Compliance that act independently;
  - 3<sup>rd</sup> Line – Internal Audit mainly aimed at assessing the effectiveness and efficiency of instituted processes and procedures.

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## **9. RISK OFFICE**

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- 9.1. Within the scope of the internal control structure, the risk management function of the ATLANTIC shall:
- a) Be provided material and human resources for to perform its duties;
  - b) Have access to all activities, documents, information and controls that are relevant to the performance of their duties;
  - c) Ensure the effective application of the risk management system, through the continuous monitoring of its adequacy and effectiveness, including the measures taken to correct any deficiencies in the system;
  - d) Advise the Risk Management Committee, the Executive Committee and the Risk Committee on risk appetite and risk strategy; and,

- e) Prepare and submit periodic risk management reports to the Risk Management Committee, the Executive Committee and the Risk Committee and advise them Bodies on risk management policies and practices and on the appropriate measures to correct possible deficiencies.

9.2. The risk management function shall:

- a) Monitor the suitability and effectiveness of the risk management system for the institution's operations and put in place necessary measures to correct the deficiencies detected;
- b) Identify, assess and monitor all relevant risks and control their placement within the boundaries set by the Executive Committee and approved by the Board of Directors, including regulatory and prudential limits;
- c) Periodically validate the risk assessment models and methodologies used in the institution, as well as the basic external data and information set out in these models; and,
- d) Properly document the processes associated with its field of work.

9.3. The risk management function shall prepare a report on operation, annually in the minimum, for the Board of Directors and with due information of the Supervisory Board, particularly containing:

- a) The identification and assessment of the most relevant risk categories;
- b) The results of its analysis on the adequacy and effectiveness of the risk management system in terms of the processes in place; and,
- c) Recommendations for improving the risk management system.

9.4. The person responsible for risk management shall:

- a) Supervise risk management in all activities and operations, reporting directly to the Executive Committee;
- b) Be totally independent from any and all business units in order to ensure the existence of absolute separation of duties;



- c) Have sufficient authority, status and resources to effectively carry out their responsibilities;
- d) Have full access to any activities or operations that may impact ATLANTICO's risk profile;
- e) Ensure the adequacy of the data used by ATLANTICO in terms of quality, quantity, breadth and variety to assess potential risks;
- f) Ensure the adequacy of the risk information provided to the Executive Committee and the Board of Directors.

9.5. The remuneration and sanctioning process of a person responsible for the risk management function shall be approved by the Board of Directors.

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## **10. COMPLIANCE OFFICE**

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10.1. Within the scope of the internal control structure, the Compliance function shall:

- a) Be carried out independently from the activities and functions subject to control;
- b) Be provided with sufficient material and human resources to perform its duties; and,
- c) Have full access to all activities, documents, information and controls relevant to the performance of its duties.

10.2. The Compliance function is responsible for:

- a) Putting in place processes to detect and assess the risk arising from non-compliance with the Institution's legal obligations and duties, as well as correcting detected deficiencies;
- b) Putting in place a work program that outlines the activities to be carried out and setting out different types of approaches depending on the risk involved, to be approved by the Director in charge and by the Audit and Internal Control Committee;
- c) Establishing and maintaining a permanent and up-to-date record of internal and external regulations to which the institution is subject, duly identifying those responsible for their compliance and for non-compliance detected;
- d) Monitoring and assessing internal control procedures in terms of preventing money laundering, financing of terrorism

and the proliferation of weapons of mass destruction, as well as for centralizing information and communicating such to the competent authorities;

- e) Monitoring compliance with the institution's corporate governance policies, namely, conflict of interest and code of conduct;
- f) Evaluating the processes for the prevention and detection of criminal activities, including the prevention of money laundering, terror financing and the proliferation of weapons of mass destruction, as well as ensuring the legally due communication, in this respect, with the competent authorities, namely the Financial Information Unit;
- g) Prepare periodic reports for the Executive Committee, the Audit and Internal Control Committee and the Supervisory Board on Compliance matters, namely, indications or concrete situations of non-compliance with the rules of conduct in relationship with customers and in situations in which the institution or its employees may be subject to infringement proceedings;
- h) Properly document the processes associated with its area of operations; and,
- i) Participate in work groups with other functions of the institution to develop approaches to achieve compliance with internal and external regulations.

10.3. In addition to the reports set out in paragraph g), the Compliance function shall prepare a global report on its function, at least on an annual basis, for the Executive Committee and the Audit and Internal Control Committee and duly informing the Supervisory Board, particularly containing:

- A summary description of the function's activities;
- The conclusions of the analyses carried out, identifying non-compliance situations observed and the actions taken to correct them; and,
- Recommendations for improving the performance of the function.

10.4. The process of compensation and sanctioning of a person responsible for the Compliance function shall be approved by the Board of Directors

10.5. The nomination, appointment and dismissal of the person responsible for the Compliance function shall be approved by the Board of Directors.

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## **11. INTERNAL AUDIT**

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11.1. Within the scope of the internal control structure, as a third line of defense, ATLANTICO's Internal Audit function shall:

- a) Perform its duties in accordance with internationally recognized and accepted principles of internal audit, which particularly stipulate that they should be performed independently from audited areas;
- b) Have the necessary conditions for an independent, autonomous and impartial assessment of the quality and effectiveness of the institution's internal control, risk management and corporate governance processes;
- c) Be provided with sufficient material and human resources for the performance of its duties;
- d) Have full access to all activities, documents, information relevant to the performance of its duties;
- e) Monitor IT systems ensuring their alignment with the business strategy and effectively promote organizational objectives.

11.2. As part of its responsibilities, the internal audit function shall:

- a) Prepare the draft strategic plan for the function, within the framework of the institution's overall strategy and submit it for approval of the Director in charge of the department and the Audit and Internal Control Committee;
- b) Draw up a global plan of actions to be carried out, at least annually, and submit it for approval by the Director in charge of the department and the Audit and Internal Control Committee;
- c) Formalize the criteria underlying its assessment of the policies and processes used;
- d) Develop a plan for each specific action, considering a comprehensive examination of all aspects related to internal control;
- e) Document support for the conclusions of audit actions and accordingly update the set of permanent information associated with the audited processes;
- f) Record, document and report the provision of information in an appropriate manner for all deficiencies detected;

- g) Issue recommendations following its actions with subsequent follow-up of the implemented corrective measures; and,
- h) Include in its performance the assessment of the functions of risk management, Compliance and the quality of the provision of information to the Executive Committee and the Board of Directors.

11.3. In addition to the reports set forth in the foregoing paragraph, the Institutions shall prepare a global report on the adequacy and effectiveness of the Internal Control System for the Board of Directors, with due knowledge and appreciation of the Audit and Internal Control Committee and the opinion of the Supervisory Board, at least annually, particularly containing:

- The conclusions of the tests carried out;
- The identification of deficiencies and the actions taken to correct them; and,
- The opinion of those in charge of the audited areas on the deficiencies detected and not yet rectified.

11.4. Whereby Internal Audit services are outsourced, they shall be carried out by entities or persons duly qualified for such services in order to ensure compliance with the provisions set out in the foregoing paragraphs.

11.5. In the event that the Internal Audit activity is carried out in accordance with the option set out in the above paragraph, the person responsible for monitoring it shall directly inform the Director in charge of the department and the Audit and Internal Control Committee.

11.6. The Internal Audit activity shall be independent from the audited activities, continuous, effective and have:

- a) Sufficient resources for the performance of audit work;
- b) Defined and effective communication channels to report findings and assessments resulting from audit work; and,
- c) Sufficient human resources, adequately trained and with the necessary experience to perform their duties, namely: i. have professional competence, including the knowledge and experience of each internal auditor and the internal auditors collectively, so that the internal audit team is enabled to collect, understand, examine, evaluate information and assess the results; and, ii. report and give account to the Executive Committee and the Audit and Internal Control Committee, when established, on all matters related to the performance of its activities.

11.7. The nomination, appointment, dismissal of the person in charge of the Internal Audit activity shall be approved by the Board of Directors and communicated to the National Bank of Angola.

11.8. ATLANTICO shall guarantee the following to employees with Audit duties, in the performance of their activities:

- Communication channel with the various Management Bodies, which allows them to act in a corrective, appropriate and timeous manner, in response to the recommendations from the internal audit;
- Competencies to assess the institution's own functions and outsourced functions; and,
- Free access to any information of the institution.

11.9. Employees of the internal audit team are barred from participating in the definition and implementation of specific measures relating to internal controls.

11.10. The remuneration policy of the Internal Audit team's employees shall be suitable to attract qualified and experienced professionals and be established, regardless of the performance of the business areas, so as not to generate conflicts of interest.

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## **12. MONITORING THE INTERNAL CONTROL SYSTEM**

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12.1. The monitoring of ATLANTICO's Internal Control System mainly aims to evaluate and/or review a series of actions carried out by the Bank so that its effectiveness can be continuously guaranteed, namely through the timely detection of deficiencies arising from its design or use, which focuses on strategies, policies, processes and all categories of risk, as well as ethical and professional values.

12.2. ATLANTICO complies with the articles and hierarchy in determining the Internal Control System, and shall act as follows:

- a) The monitoring of ATLANTICO's Internal Control System is done at the level of the Board of Directors, in terms of the definition of strategy, overall objectives and the oversight of the various units of its structure;
- b) Employees with a leadership role over the analysis of deviations from established objectives and the coordination of the respective areas;
- c) The majority of the employees who perform the duty of control and daily review of its tasks.

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### **13. IDENTIFICATION AND TREATMENT OF INTERNAL CONTROL DEFICIENCIES**

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13.1. Internal control deficiencies consist of errors in the design and implementation, policies or processes of the internal control system, with a negative impact on its objectives.

13.2. Deficiencies detected by any organizational structure of ATLANTICO are immediately reported to the Internal Control Team with the knowledge of the Audit Department.

13.3. Deficiencies detected with a material, individual, aggregate impact or through their foreseeable continued occurrence, which are detected within the scope of Internal Control actions, are recorded, documented and reported to the internal control, in order to enable the timeous implementation of corrective measures.

13.4. The duration of the implementation of the corrective measures of the detected deficiencies shall be done according to an action plan designed by the Audit and Internal Control Committee and aims, namely, to optimize and/or improve:

- a) The risk and target control;
- b) The process and/or procedure in which it is located;
- c) Implementation objective(s);
- d) Required human or technological resources;
- e) Implementation deadline definition;
- f) Procedure and/or process in case of failure or failure to perform the task.

13.5. ATLANTICO's internal control system monitoring process is documented with the identification of changes introduced over time.

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### **14. PROVISION OF INFORMATION**

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Pursuant to notice 01/22 of 28 January, ATLANTICO prepares and sends, yearly report on Corporate Governance and Internal Control, on an individual basis, annually, to Banco Nacional de Angola (BNA), by 31 January of the subsequent year, reflecting the Bank's situation as at 31 December of the previous year, duly dated and signed, with the opinion of the Supervisory Board and the external auditor, with the approval of the referred bodies as to the veracity and adequacy of such report and the sufficiency of the policies and processes in force on matters of Corporate Governance.

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## **15. RECORDS**

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15.1. All information obtained by ATLANTICO within the scope of the implementation and monitoring of the Bank's Internal Control System regarding its operation is kept confidential, and access to it is given to the barest extent necessary.

15.2. The Audit and Internal Control Committee keeps a record of identified deficiencies and the action plan implemented during the course of its work for a period of 10 (ten) years. The records shall be sorted by date.

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## **16. REVIEW**

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This Policy shall be reviewed annually by the Internal Control Team and/or whenever deemed necessary, and shall be subsequently reviewed by the Executive Committee, Audit and Internal Control Committee and approved by the Board of Directors.

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## **17. ENTRY INTO FORCE**

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This Policy enters into force on the date of its publication and shall be communicated to all employees, ensuring that they are fully aware of the rules set forth herein and the impacts of non-compliance.

**Banco Millennium Atlântico**