



## ***Independent Auditor's Report***

To the Board of Directors of  
Banco de Fomento Angola, S.A.

### *Introduction*

1. We have audited the attached financial statements of Banco de Fomento Angola, S.A., which comprise the balance sheet as at 31 December 2019 showing total assets of 1.443.064 thousand kwanzas and equity of 217-422 thousand kwanzas including a positive net profit of 69.085 thousand kwanzas the income statement and other comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended and the corresponding Annex.

### *Responsibility of the Board of Directors 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 (IFRS) in force and for such internal control as it 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 Order of Accountants and Expert Accountants of Angola. Those standards require that we comply with 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 about 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 due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of 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.



### *Bases for the Opinion with Reservations*

6. As described in Note 3-4 to the financial statements, the Angolan Banking Association ("ABANC") and Banco Nacional de Angola ("BNA") expressed an interpretation that not all the requirements of IAS 29 - Financial reporting in hyperinflationary economies ("IAS 29") for the Angolan economy to be considered hyperinflationary in the year ended 31 December 2017 have been met and, consequently, the Bank's Board of Directors decided not to apply the provisions of that Standard to its financial statements on that date. As at 31 December 2017, the cumulative inflation rate over the last three years approaches or exceeds 100%, depending on the index used, and there is also the expectation that it will continue to cumulatively exceed 100% in 2018, which is an objective quantitative condition that leads us to consider, in addition to the existence of other conditions provided for in IAS 29, that the functional currency of the Bank's financial statements as at 31 December 2017 corresponds to the currency of a hyperinflationary economy. Under these circumstances, the Bank should have presented its financial statements on that date considering that premise and in accordance with the provisions foreseen in that Standard, which also establish the restatement of the financial statements of the previous year, presented for comparative purposes. However, we have not obtained sufficient information to allow us to quantify precisely the effects of this situation on the Bank's financial statements as at 31 December 2017, which we believe to be significant.

7. As described in Note 18 to the financial statements, in 2017 the Bank recorded a provision for macroeconomic and financial stability risks amounting to 16,592-400 thousand kwanzas, based on prudence principles. However, strictly in the light of the International Financial Reporting Standards, we consider that the technical conditions for its recognition are not met, and therefore, under these circumstances, the provisions item is overstated by 16,592-400 thousand kwanzas and the net profit for the year is understated by the same amount.

### *Opinion with reservations*

8. In our opinion, except for the effects of the matter described in the section "Bases for Opinion-", the financial statements referred to in paragraph 1 above present fairly, in all material respects, the financial position of Banco de Fomento Angola, S.A. as of 31 December 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) in force.

19 April 2018

PricewaterhouseCoopers (Angola), Limitada  
Registered with the Association of Accountants and Chartered Accountants of Angola  
under No.E20170010

*Ricardo Santos*

Signed, Ricardo Santos  
Ricardo Santos, Chartered Accountant No. 20120086