



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 2018 showing total assets of 1 703 728 thousand kwanzas and equity of 361 909 thousand kwanzas including a positive net profit of 174 259 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. At the end of 2018, the Angolan Association of Banks ('ABANC') and the National Bank of Angola ('BNA') expressed an interpretation that the full requirements under IAS 29 - Financial Reporting in Hyperinflationary Economies ('IAS 29') for the Angolan economy to be considered hyperinflationary in the year ended 31 December 2018 were not met. Consequently, the Bank's management decided to continue not to apply the provisions in IAS 29 to its financial statements as at 31 December 2018. At that date the accumulated inflation rate over the last three years exceeds 100%, regardless of the index used, 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 2018 corresponds to the currency of a hyperinflationary economy. Under these circumstances, the Bank should have presented its financial statements as at 31 December 2018 in accordance with the provisions set out in IAS 29. Although Angola is not considered a hyperinflationary economy with reference to 31 December 2019, the Bank should present the information comparative financial statements with reference to 31 December 2018 in accordance with the provisions of IAS 29. However, we have not obtained sufficient information to allow us to quantify with rigor the effects of this situation as at 31 December 2018, which we understand to be material under the headings of Other reserves and retained earnings and Net profit for the year. The accumulated impacts of the IAS 29 in the financial statements for the year ended 31 December 2019 were considered immaterial as the largest impact at 31 December 2018 relates to monetary items, which represent the vast majority of the Bank's balance sheet items.

7. As at 31 December 2018, as described in Note 18 to the financial statements, the heading "Provisions" includes a provision amounting to 16 592 400 thousand Kwanzas, which had been set up in the financial year 2017 for macroeconomic and financial stability risks, based on the principles of prudence defined by the Bank's Board of Directors. However, as we consider that the requirements set out in IAS 37 - "Provisions, contingent liabilities and contingent assets" for their recognition were not met, our opinion on the financial statements for the year ended 31 December 2017 was qualified in that respect. Our opinion on the financial statements for the year ended 31 December 2018 is also qualified in that respect, insofar as the heading "Provisions" continues to be overstated by 16 592 400 thousand kwanzas and the heading "Other reserves and retained earnings" 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 Qualified 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 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) in force.

1 April 2019

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

Ricardo Luís Ferreira Dinis dos Santos

Signed, Ricardo Luís Ferreira Dinis dos Santos
Ricardo Santos, Chartered Accountant No. 20120086