

SUPERVISORY BOARD ADVISORY REPORT

Dear Shareholders of

Banco de Fomento Angola, S.A.

1. As required by law and the mandate conferred on us, in compliance with Article 22(1) of the Articles of Association, we hereby present the Report on the fiscalising activity carried out by us as well as the Advice on the financial statements presented by the Board of Directors of Banco de Fomento Angola, S.A. (Bank) for the financial year ending on 31 December 2018.
2. Throughout the year we monitored, with the frequency and to the extent we deemed appropriate, the evolution of the Bank's activity, the regularity of the accounting records and the compliance with the applicable legal and statutory rules. We also obtained from the Board of Directors and the various Bank services the information and explanations requested.
3. We have reviewed the content of the External Auditors' Report issued by PricewaterhouseCoopers (Angola), Limitada, which is herewith fully reproduced and consists of advice with the following reservations:

Point 6:

"As described in Note 3. 5 of the financial statements, the Angolan Association of Banks ("ASANC") and Banco Nacional de Angola ("BNA") have expressed an interpretation that the full 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 2018 have not been met and, Consequently, the Bank's Board of Directors decided to continue not to apply the provisions of that Standard to its financial statements as at 31 December 2018, in line with what had been its position with reference to 31 December 2017. At 31 December 2018 the cumulative 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 on that date under that assumption and in accordance with the provisions of IAS 19. However, we have not obtained sufficient information to enable us to quantify precisely the effects of this situation on the Bank's financial statements as at 31 December 2018, which we believe are material."

Point 7:


"As at 31 December 2018, as described in Note 18 to the financial statements, the heading "Provisions" includes a provision in the amount of 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, because 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 item "Provisions" continues to be overstated by 16 592 400 thousand kwanzas and the item "Other reserves and retained earnings" is understated by the same amount."




4. With regard to the external auditors' reservation included in point 6 of the report, we inform the Shareholders that the Bank acted in accordance with the Interpretation of Banco Nacional de Angola, the financial sector regulator, and the ABANC, which considers that the Angolan economy is not in hyperinflation. The Instructions issued by the National Bank of Angola, as supervisor and regulator of the financial sector, are of mandatory application under the terms of the Law and Regulations in force in the country.
5. In the course of our duties, we have examined the balance sheet as at 31 December 2018, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and the related notes, including the accounting policies and valuation criteria adopted.
6. In addition, we have analysed the Management Report for the 2018 financial year prepared by the Board of Directors and the proposal for the appropriation of profits included therein.
7. In view of the above, and taking into consideration the work carried out, we believe that the General Meeting is to:
 - a. Approve the Management Report for the financial year ended on 31 December 2018,
 - b. Approve the Accounts for that financial year, and
 - c. Approve the Accounts for that financial year
8. We wish to end by expressing our gratitude to the Board of Directors and the Bank's departments for their cooperation.

Luanda, 1 April 2019

The Supervisory Board


Amílcar Safeca
President


Rodrigo Aguiar Quintas
Member


Henrique Manuel Camões Serra
Member