

# BODIVA

— SGM R, SA —



# 2019

QUARTERLY MARKET REPORT

II QUARTER

## ÍNDICE

<b>EXECUTIVE SUMMARY</b> .....	2
<b>TRADING</b> .....	3
TRADING EVOLUTION .....	3
PRICE ANALYSIS .....	7
BROKERS PERFORMANCE .....	8
COMPARATIVE ANALYSIS: PRIMARY VS SECONDARY MARKET .....	9
<b>FINAL COMMITTEES ANALYSIS</b> .....	10
MAIN PLAYERS .....	10
<b>CLEARING &amp; SETTLEMENT</b> .....	13
ACCOUNTS .....	13
SECURITIES UNDER CUSTODY .....	13
SETTLEMENT .....	16
EVENTS .....	18
<b>RELEVANT FACTS</b> .....	19

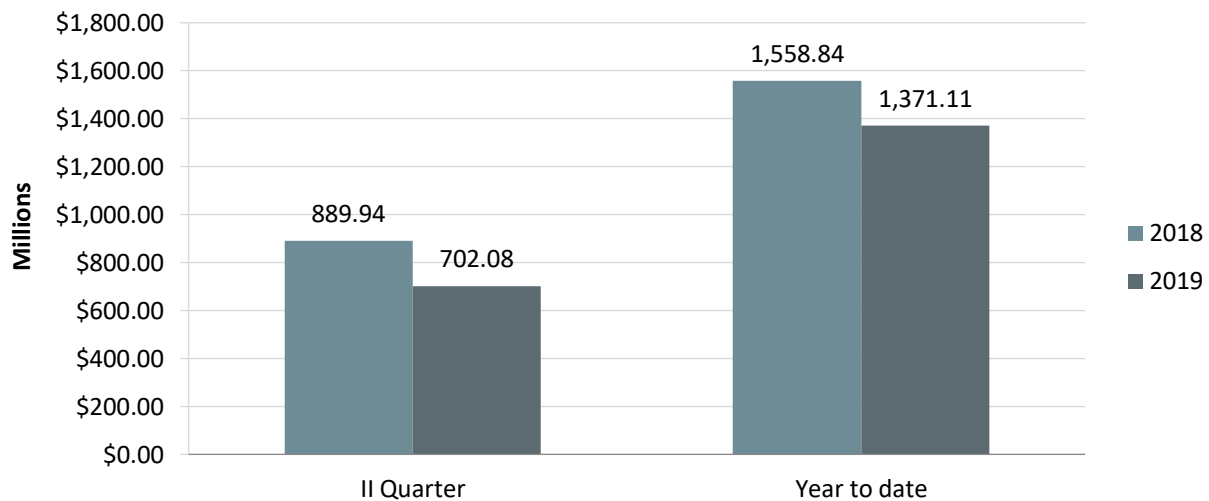
## EXECUTIVE SUMMARY

- Compared to the same period, the traded amount decreased by 21.11%, from \$ 889,9 to \$ 702 million. In local currency terms the traded amount increased by 1,58%;
- 1,043 trades were carried out, a decrease of 21.9% over the same period in which there were only 1,336 trades;
- Of the total trades, only 155 were interbank, with June having 67 deals, and May and April with 59 and 29, respectively;
- Of the traded amount, about 86.77% refers to securities that have a residual maturity of less than 3 years;
- Treasury bonds indexed to the US dollar (OTX) represented approximately 62.30% of the amount traded, a decrease of about 14.17% over the previous quarter;
- The non-adjusting treasury bonds (OTNR) represented around 32.42%, and treasury bills (BT's) accounted for 5.22%. Collective Investment Schemes represented only 0.002%;
- BAI, BFA and BMA account for approximately 70.43% of the amount traded, of which 31.10%, 26.79% and 12.53% respectively;
- Securities traded on the secondary market represented, on average, about 0.86% of the public debt stock entitled;
- The main players in the secondary market are brokers, with 48.2% of the amount traded, followed by companies with 35% and private customers, with only 16.8% of the total traded;
- In the period under review, 506 individualized accounts were opened, totaling 8,065 accounts in the CSD;
- The amount under custody at CEVAMA was \$ 2.3 billion;
- 1043 trades were settled, corresponding to \$ 223 million.

## TRADING

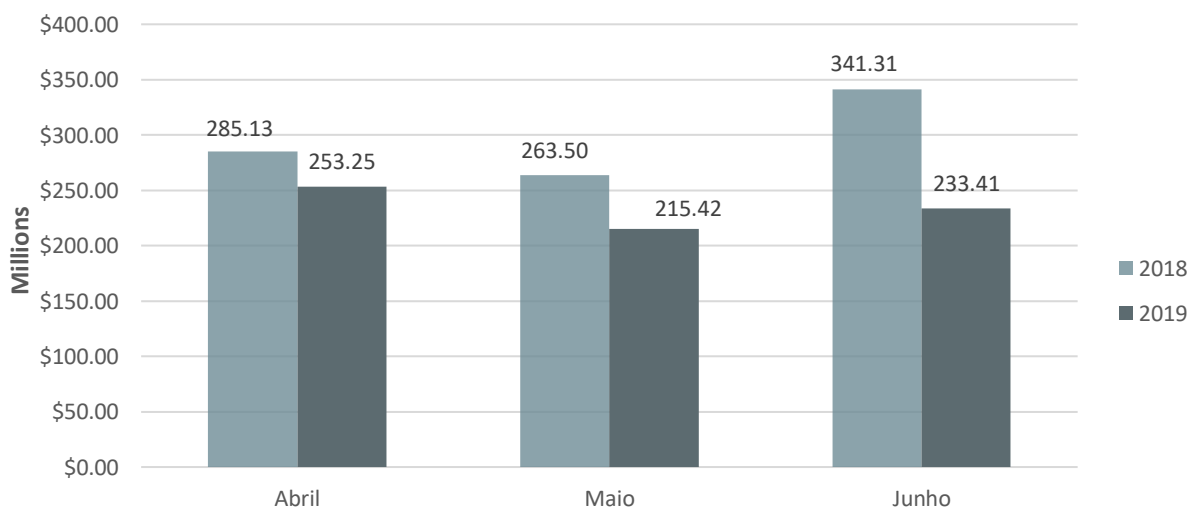
### TRADING EVOLUTION

During the second quarter of 2019, 1,043 trades were carried out on the regulated markets under management of BODIVA, totaling \$ 702,082,569.17 a decrease of 21.11% over the same period of the previous year. In local currency terms the traded amount increased by 1,58%.



Graph 1 – Traded Amount

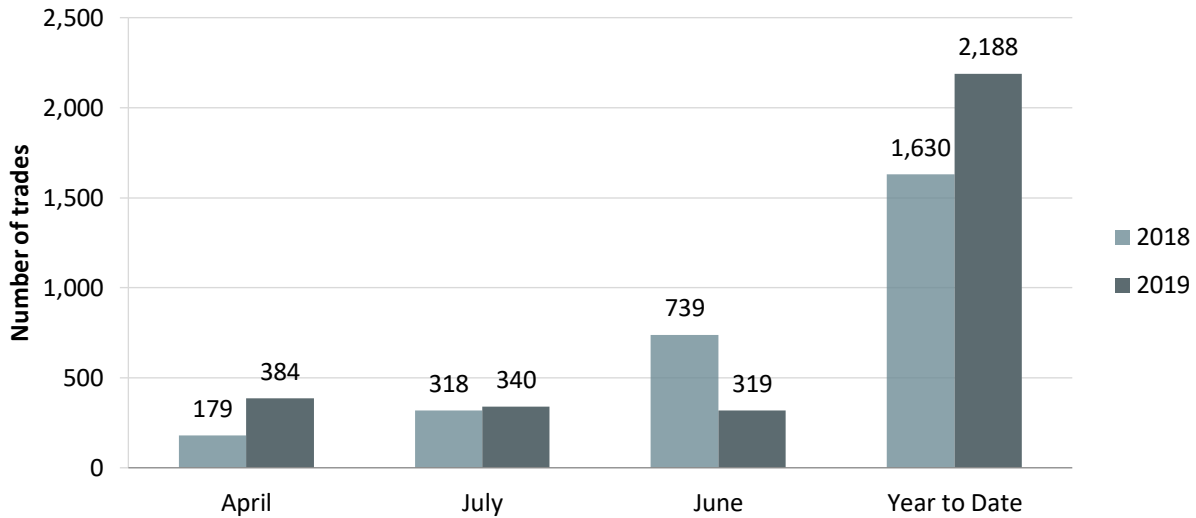
The average monthly traded amount was \$ 224,02 million, with April being the month with the highest trading, with \$ 253,2. Below the, the monthly evolution:



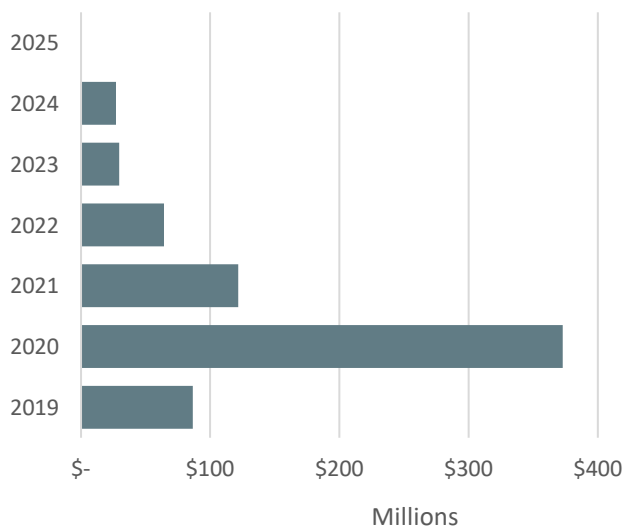
Graph 2 – Monthly Traded Amount

The number of executed trades in relation to the same period decreased by 15.61%, with 1,043 trades. The monthly average was 348.

2018	2019	Var(%)	Monthly Average 2019
1,236	1,043	-15.61%	348



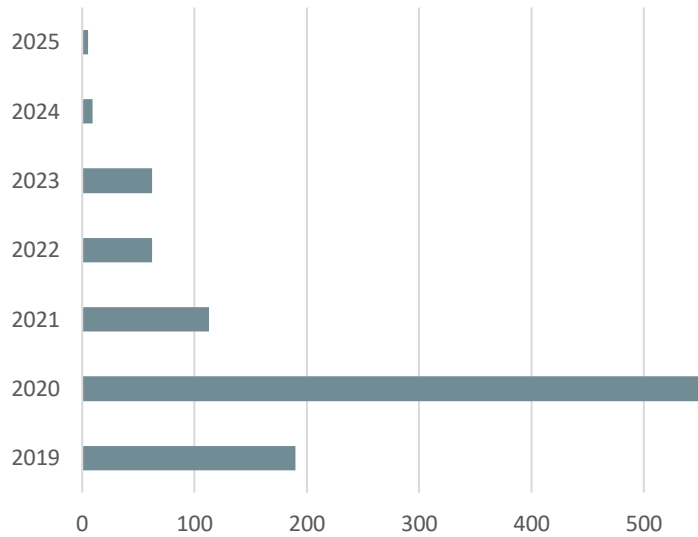
Graph 3 – Monthly Trades



Graph 4 – Traded Amount by maturity year

In relation to the trades carried out, by year of maturity, and in comparison, with previous periods, **there is a tendency to increase trades in securities with residual maturities up to 3 years.**

**Securities with maturity up to 2021 represent 82.77% of the amount traded.**



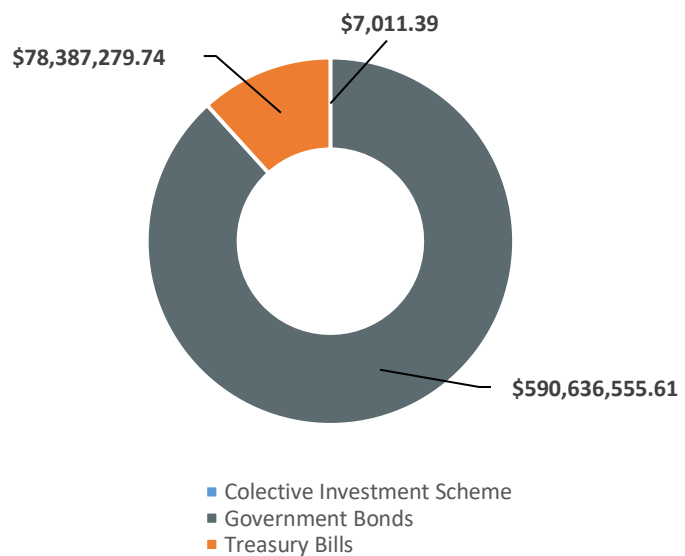
Graph 5 – Number of Trades per maturity year

The number of trades is also concentrated in the shorter maturities, with special emphasis for the year 2020.

As a result, the trades carried out in 2019 and 2020 maturities accounted for 18.82%, 57.72%, totaling approximately 75.93% of the executed trades.

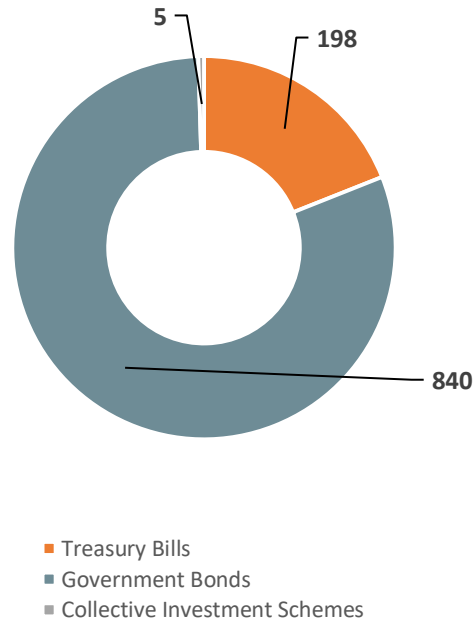
Regarding to the amount traded by type of security, the predominance of government bonds (94.71%) is confirmed, to the detriment of treasury bills (5.28%).

On the other hand, collective investment schemes trading represents only (0.002%) of the total traded as evidenced by the chart below.

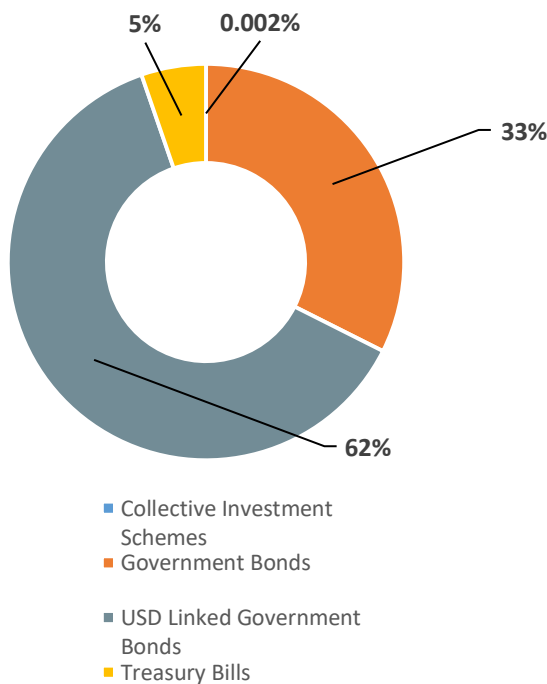


Graph 6 – Traded Amount per Instrument Category

**Treasury Bonds represent approximately 80.54% of the executed trades.** Although Treasury bills represent only 5.28% of the amount traded, they accounted for 18.98% of the trades executed. Collective Investment Schemes, with only five (5) trades accounted for only 0.48%, as evidenced by Graph 7.



Graph 7 – Trades per Instrument Category



Regarding the characteristics of the most traded securities, **Treasury Bonds indexed to the US dollar accounted for 62.30% of the amount traded.**

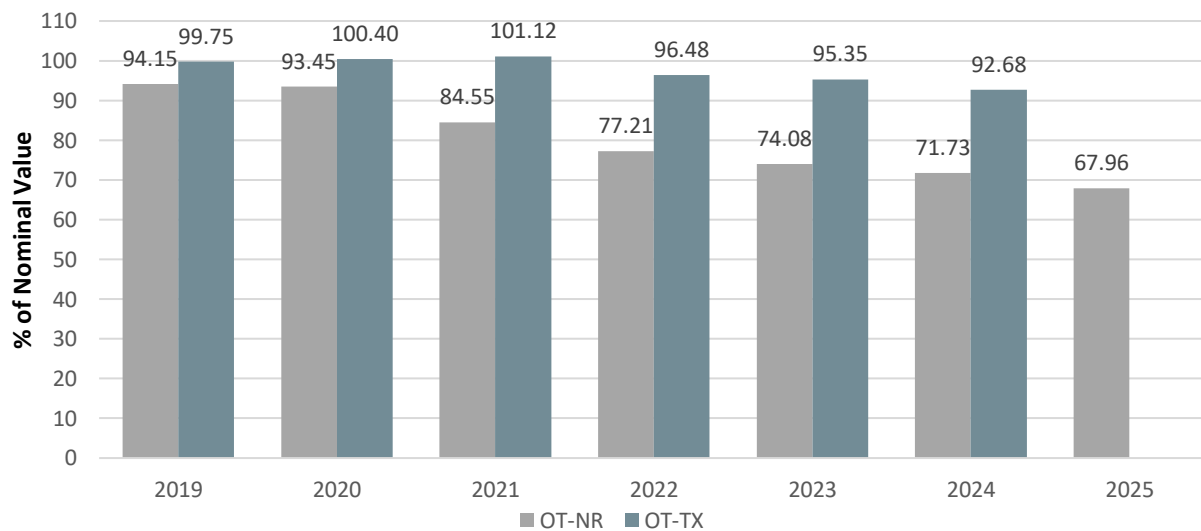
Thus, despite the greater predictability of the exchange rate, **investors continue to favor trading of instruments that hedge against the devaluation of the national currency (kwanza).**

Graph 8 – Traded per Instrument Category

PRICE ANALYSIS

In terms of the pricing practiced for each year of maturity, the negative relationship between maturity and discount rates was maintained, with the spread between short-term and OT-NR long-term securities being approximately 38.5%. This may indicate that the market perceives long-term securities as being riskier, with liquidity risk being the most obvious. Below the average price of the business according to the maturity year.

Tipology	2019	2020	2021	2022	2023	2024	2025
USD Linked Government Bonds (OTX)	99.75	100.40	101.12	96.48	95.35		
Government Bonds (OTNR)	94.15	93.45	84.55	77.21	74.08	71.73	67.96



Graph 9 – Average Price per Maturity Year

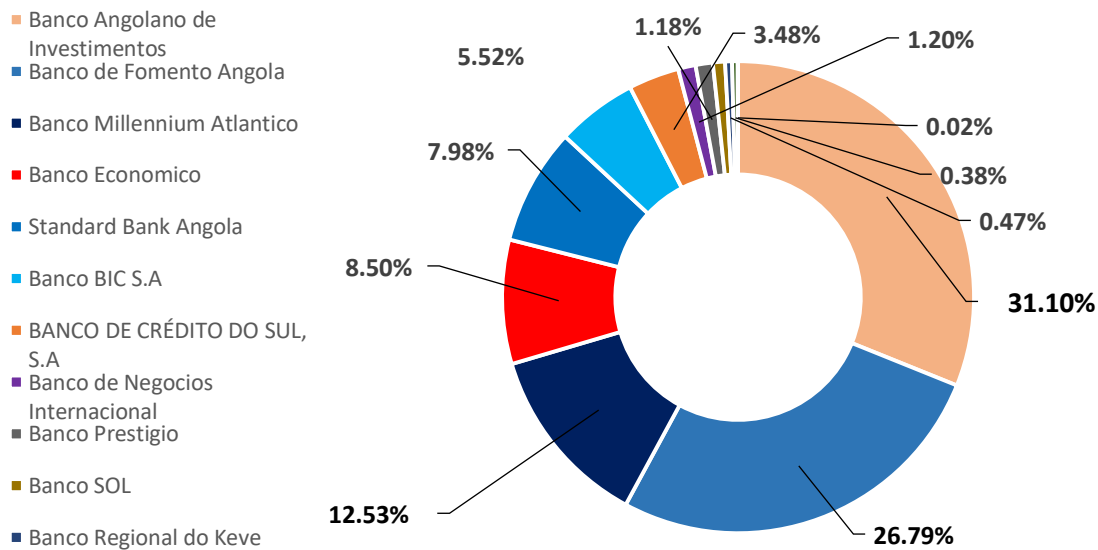


## BROKERS PERFORMANCE

As far as trading members performance is concerned, of the 18 BODIVA members, only 10 contributed to the traded amount. Particular emphasis is placed on Banco Fomento Angola (BFA), Standard Bank Angola (SBA) and Banco Angolano de Investimentos (BAI), which occupy the top three places and whose transactions accounted for about 82.5% of the market.

Ranking	Broker	II Quarter 2018		II Quarter 2019	
		Traded Amount	Market Share	Traded Amount	Market Share
1	Banco Angolano de Investimentos	\$ 263,418,503.74	14.80%	\$ 436,758,547.63	31.10%
2	Banco de Fomento Angola	\$ 889,354,962.98	49.97%	\$ 376,197,616.27	26.79%
3	Banco Millennium Atlantico	\$ 35,329,671.88	1.98%	\$ 175,974,575.06	12.53%
4	Banco Economico	\$ 26,766,254.80	1.50%	\$ 119,399,201.37	8.50%
5	Standard Bank Angola	\$ 423,127,795.63	23.77%	\$ 112,076,330.42	7.98%
6	Banco BIC S.A	\$ 109,379,384.57	6.15%	\$ 77,530,136.21	5.52%
7	BANCO DE CRÉDITO DO SUL, S.A	\$ -	0.00%	\$ 48,884,751.11	3.48%
8	Banco de Negocios Internacional	\$ 27,883,054.52	1.57%	\$ 16,804,772.68	1.20%
9	Banco Prestigio	\$ -	0.00%	\$ 16,549,603.91	1.18%
10	Banco SOL	\$ 312,626.76	0.02%	\$ 11,666,892.94	0.83%
11	Banco Regional do Keve	\$ 4,309,270.17	0.24%	\$ 6,623,502.88	0.47%
12	Banco Caixa Geral Angola	\$ -	0.00%	\$ 5,385,703.44	0.38%
13	MADZGLOBAL	\$ -	0.00%	\$ 313,504.42	0.02%
<b>Total</b>		<b>\$ 1,779,881,525.04</b>	<b>100%</b>	<b>\$ 1,404,165,138.35</b>	<b>100%</b>

Notas: Traded amount double counted.

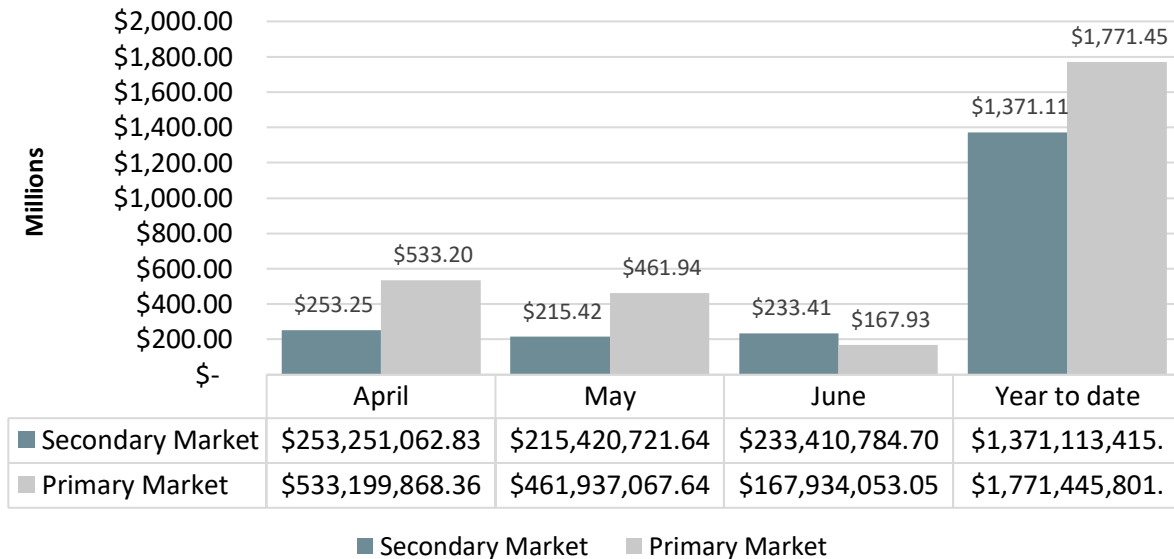


Graph 10 – Traded amount by brokers

BAI took the market leadership for the first time, with a traded amount of \$436,75 million, with market share of 31.10. BFA, the former leader saw its market share decrease to 26.79%, having traded \$ 376,19 million. Having increased exponentially the amount traded, BMA saw its market share increase to 12.53%.

COMPARATIVE ANALYSIS: PRIMARY VS SECONDARY MARKET

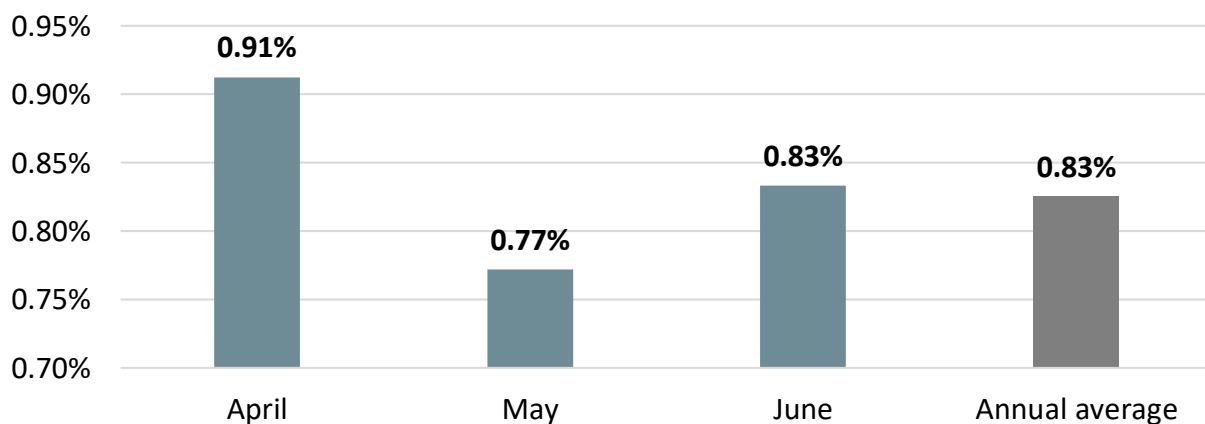
In the period under review, issues in the public debt primary market reached \$ 1.163 billion, while in the secondary market a total of \$ 702,08 million was traded.



Graph 11 – Traded amount in Secondary Market vs. Issued Amount in Public Debt Primary Market

The traded amount on the secondary market accounted for 60.36% of the total issuance in the primary market.

When comparing the traded amount in the secondary market with the public debt stock, which averaged \$ 26,5 billion, we can observe that, on average, the secondary market represented about 0.83% of the public debt stock. Below, the monthly evolution



Graph 12 – Weight of the amount traded in secondary market on internal public debt

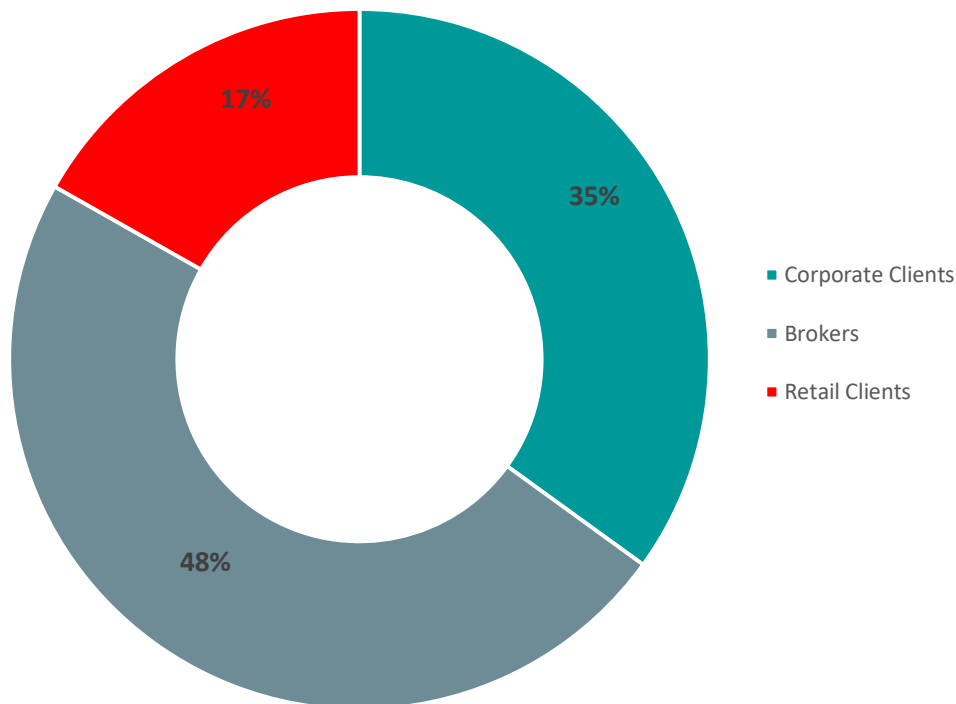
## FINAL COMMITTEES ANALYSIS

### MAIN PLAYERS

Regarding to the final beneficiaries of the executed trades during the second quarter of 2019, there is a prevalence of brokers and corporate clients, which account respectively for 48.2% and 35.0% of the traded amount. Retail clients represented only 16.8%.

Final Committee	Traded Amount	%
Corporate Clients	\$ 491,102,439.64	35.0%
Brokers	\$ 677,212,635.05	48.2%
Retail Clients	\$ 235,850,063.66	16.8%
<b>Total</b>	<b>\$ 1,404,165,138.35</b>	<b>100%</b>

Below, the Graph analysis:



Graph 13 – Weigth of final committees

When analyzing purchase transactions, it is verified that the brokers represent 56.3% of the total amount, and corporate and retail clients represent only 41.7% and 2.0%, respectively.

Final Committee	Traded Amount	%
Corporate Clients	\$ 292,735,715.11	41.7%
Brokers	\$ 395,172,336.00	56.3%
Retail Clients	\$ 14,174,518.06	2.0%
<b>Total</b>	<b>\$ 702,082,569.17</b>	<b>100%</b>

Regarding to sales transactions, brokers accounted for 40.2% of the total amount, followed by retail clients and corporate clients representing 31.6% and 28.3%, respectively:

Final Committee	Traded Amount	%
Corporate Clients	\$ 198,366,724.52	28.3%
Brokers	\$ 282,040,299.05	40.2%
Retail Clients	\$ 221,675,545.60	31.6%
<b>Total</b>	<b>\$ 702,082,569.17</b>	<b>100%</b>

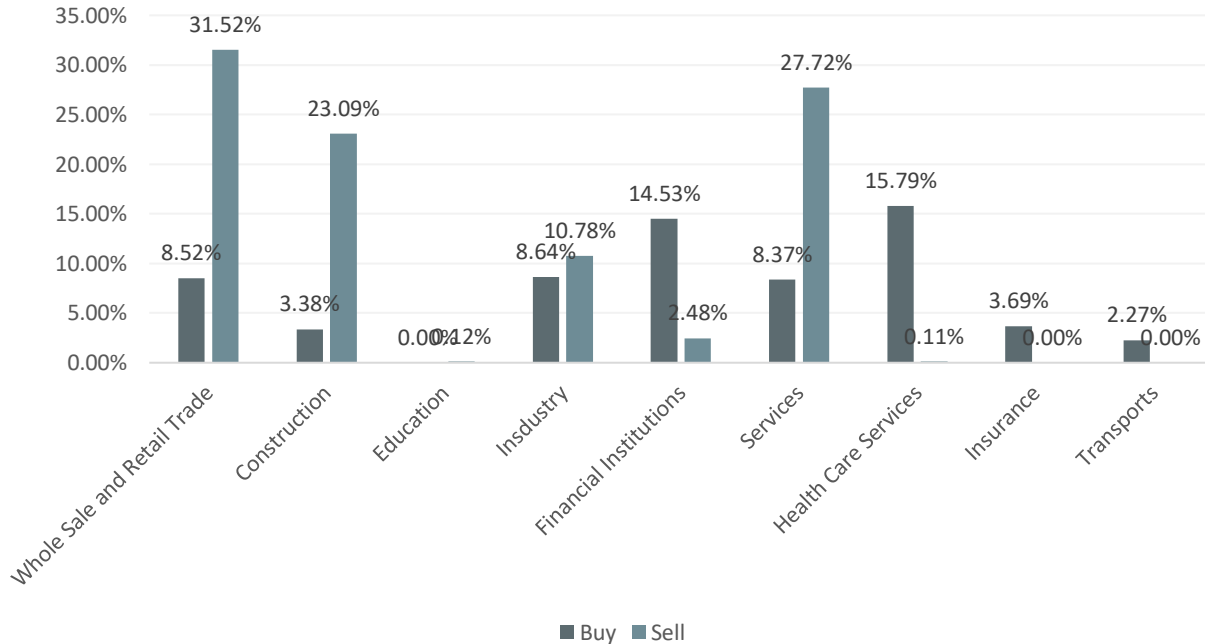
Regarding to the number of trades and the buying or selling position of the final beneficiaries, the brokers favor the buying position to the detriment of the selling position.

On the other hand, the corporate and retail clients present opposite behavior, privileging the selling position.

Final Committee	Buy	Sell
Corporate Clients	181	216
Brokers	749	298
Retail Clients	113	529
<b>Total</b>	<b>1043</b>	<b>1043</b>

When analyzing the data from a sectoral perspective, we find that Health care companies were the ones that traded the most in the purchasing position with 15.79% of the total.

**In terms of sales, the Wholesale and Retail clients trade held the lead with 31.52%, followed by the Services sector with 27,72% and the Construction sector with 23.09%.**

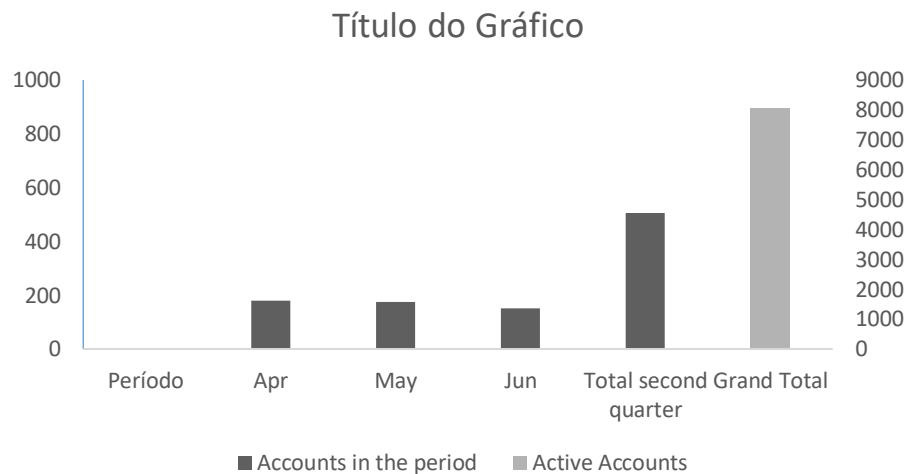


Graph 14 - Weight of companies by sector of activity

## CLEARING & SETTLEMENT

### ACCOUNTS

During the second quarter of 2019, 506 segregated accounts were opened. In that period, April had the largest number of new registrations. As result, the first quarter closed with a total of 8065 active accounts, which includes the members' own portfolio accounts, issuer accounts, settlement accounts and individual registration accounts.

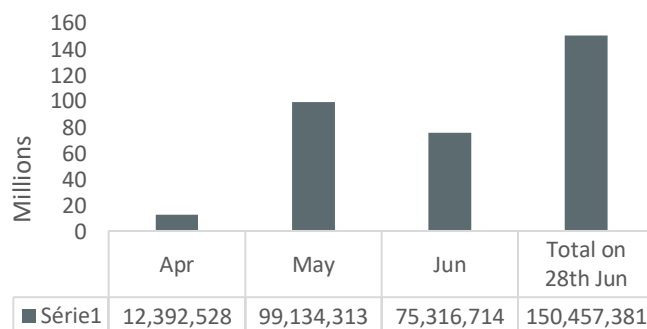


Graphic 15 – Evolution of open accounts

### SECURITIES UNDER CUSTODY

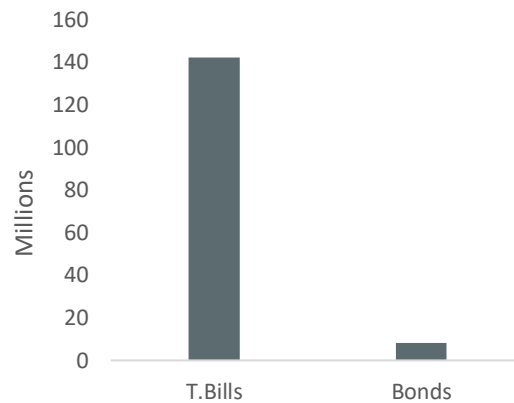
#### Public Debt

In the second quarter of 2019, 186.843.555 treasury securities were deposited, which represent a total amount of AOA 2,369,052,043,732.08 (USD 7,252,050,652.83).



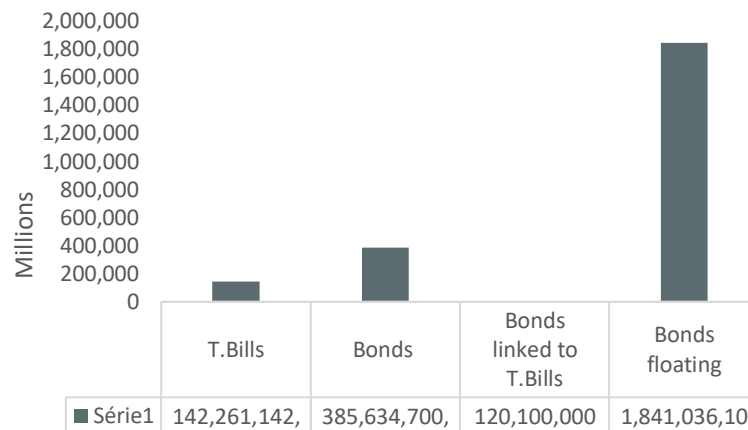
Graphic 16 – Custody

In terms of Public Debt, BODIVA has 150.454.989 securities under custody, of which 95% correspond to a Treasury Bills and 5% to Government Bonds. Compared to the same period in 2018, there was an decrease of 4%.



Graphic 17 – Typology and quantity

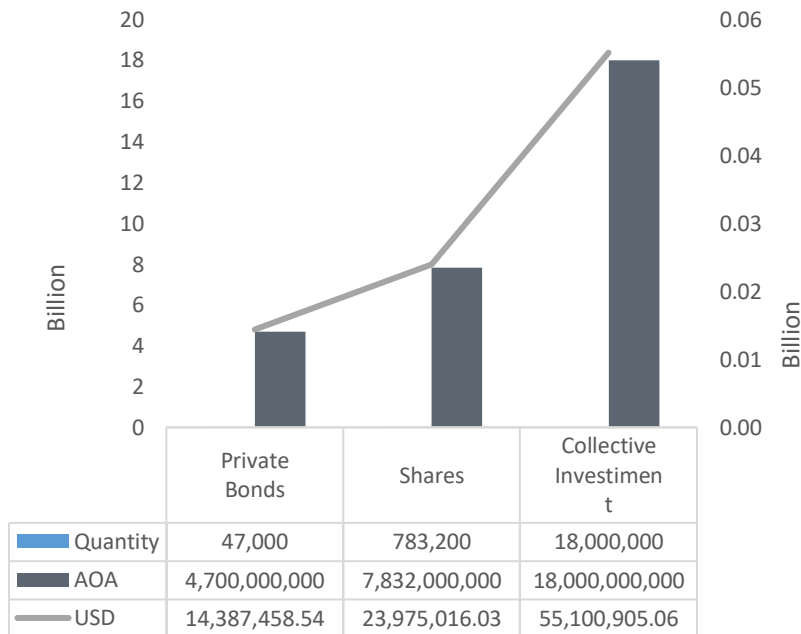
The securities under custody accounted for USD 7,252,050,652.83, from which 94% is represented by Government Bonds as suggested by the graphic.



Graphic 18 – Amount and typology

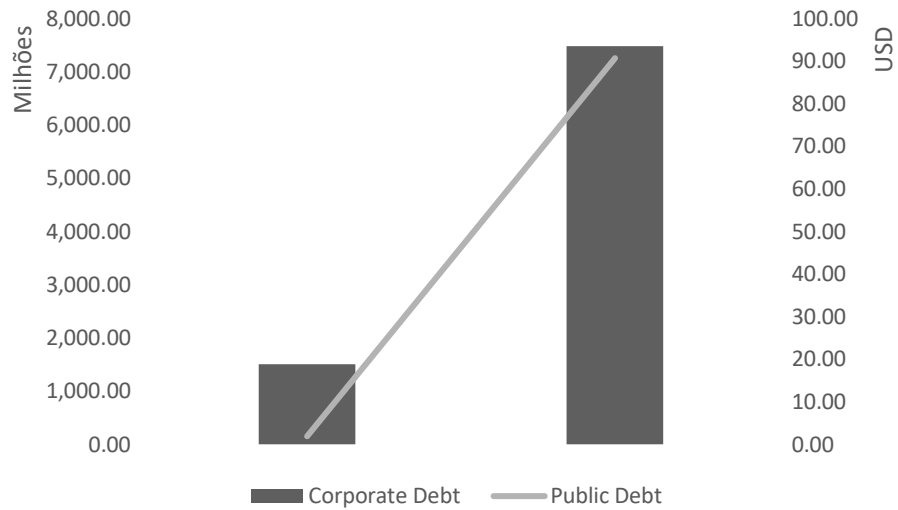
Corporate Issues

With Banco Prestígio's Shares which were integrated in June, Central Securities Depository (CEVAMA) registered an increase of USD 23.975.016,03 in the custody amount, representing 26% of the total. The shares of the Collective Investment Scheme promoted by Banco de Fomento Angola (BFA) amounted to USD 55.100.905,06 , representing 59% of USD 93,463,379.63 held in custody.



Graphic 20 – Market and typology of custody



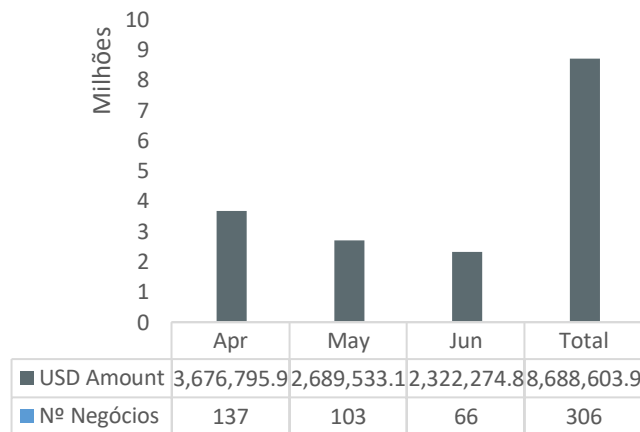


Graphic 20 – Market and typology of custody

## SETTLEMENT

### Primary Market – Investor’s Portal (Portal do Investidor<sup>1</sup>)

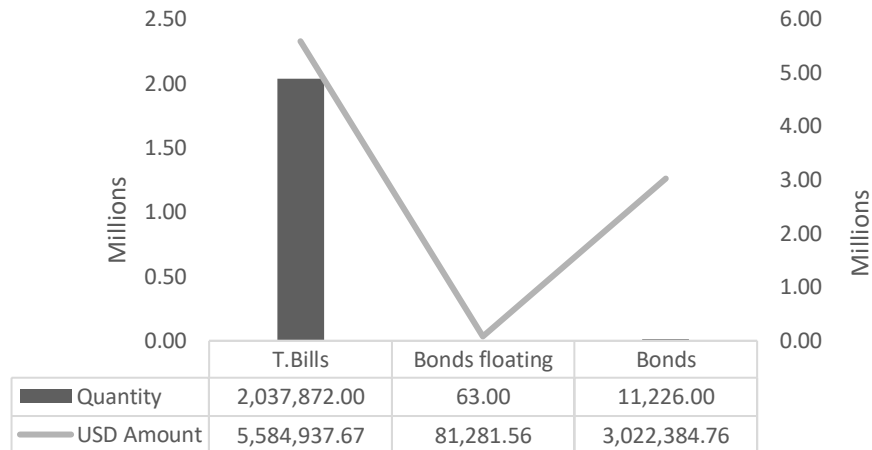
During the second quarter of the year, 306 deals were settled, totaling USD 8,688,603.98.



Graphic 21 – Number of deals and amount

<sup>1</sup> The Angolan Treasury places treasury bonds directly to the public through the “Investor’s Portal”, which allow retail investors to acquire treasury bonds online through a website.

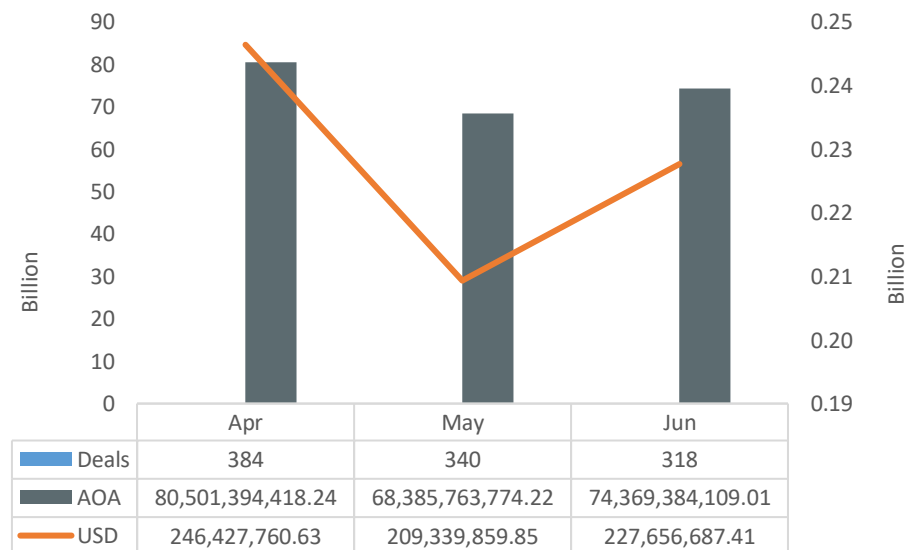
Regarding the type of Security, Treasury Bills had better adherence of investors, resulting in investment of USD 5,584,937.67, corresponding to 64% of the amount settled in the quarter.



Graphic 22 – Primary market negotiation per Type of security

### Secondary market.

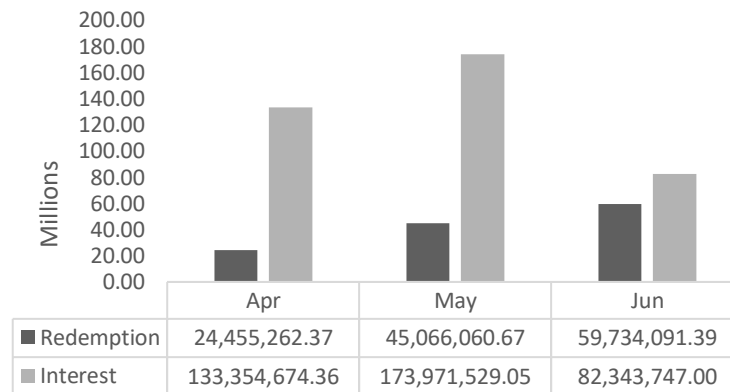
Throughout the second quarter, 1043 deals were settled, which corresponds to over AOA 223 billion.



Graphic 23 – Secondary market

## EVENTS

From April to June, 256 income distribution events were processed, including 215 coupon payments and 41 redemptions, totaling 82,547,967 securities and USD 518,925,364.83 as shown in the graph.



Graphic 24 – Events

## RELEVANT FACTS

### A. Market Laws and Regulation:

#### I. Decrees:

- i. **Presidential Legislative Decree No. 5/19 of 2 May** - establishes the Principles and Rules relating to the Constitution and Management of Guarantee Funds of Management Companies of Regulated Markets, Clearing House or Central Counterparty and Centralized Securities Systems;
- ii. **Presidential Legislative Decree No. 6/19, of 2 May** - establishes the Legal Regime applicable to Monetary Securities, namely Commercial Paper.

#### II. The following Instructions of the Capital Markets Commission were published:

- i. **Instruction N.º003/CMC/06-19** – Minimum Content for Non Institutional Investors Price List;
- ii. **Instruction N.º004/CMC/06-19** – Solvency Ratio of Regulated Markets and Financial Services Securities Management Companies;

#### III. The following Instructions of BODIVA were published:

- i. **Instruction N.º1/19** – Privatization Auctions.