

BODIVA

— SGM R, SA —



2019

QUARTERLY MARKET REPORT

III QUARTER

ÍNDEX

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EXECUTIVE SUMMARY

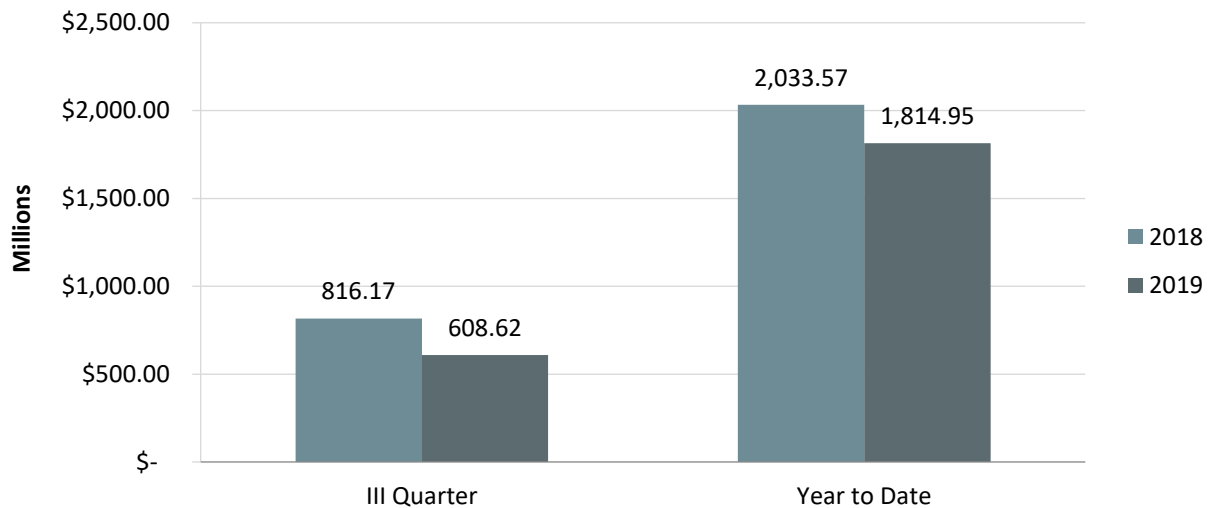
- Compared to the same period, **the traded amount decreased by 25.42%, from \$ 816,16 to \$ 608,61 million**. In local currency terms the traded amount decreased by 10,35%;
- 1,090 trades were carried out, **an increase of 7.28% over the same period** in which there were only 1,016 trades;
- **Of the total trades, only 171 were interbank (15.16%)**, with July having 68 deals, and August and September with 57 and 46, respectively;
- Of the traded amount, **about 70.83% refers to securities that have a residual maturity of less than 3 years**;
- **Treasury bonds indexed to the US dollar (OTX) represented approximately 73.30%** of the amount traded, a increase of about 11.00% over the previous quarter;
- **The non-adjusting treasury bonds (OTNR) represented around 24.05%**, and treasury bills (BT's) accounted for 2.68. Private Bonds and Collective Investment Schemes represented 0.022% and 0.015%, respectively;
- **BFA, BAI and BMA account for approximately 79.58% of the amount traded**, of which 49.24%, 15.32% and 15.02% respectively;
- Securities traded on the secondary market represented, **on average, about 0.78% of the public debt stock entitled**;
- **The main players in the secondary market are brokers, with 52.9% of the amount traded**, followed by companies with 38.2% and private customers, with only 9.0% of the total traded;
- In the period under review, **2.996 individualized accounts were opened**, totaling 11.060 accounts in the CSD;
- **The amount under custody at CEVAMA was AOA 3.1 billion**;
- **1090 trades were settled**, corresponding to AOA 223 million;
- **256 income distribution events were processed**, namely 215 coupon payments and 41 redemptions, totaling 82,547,967 securities and totaling AOA 169,519,113,276.08;

- With the integration of Banco Prestígio, S.A's shares, **the first process of integrating shares into CEVAMA was completed;**
- **In the Investor Portal, 306 trades were settled, totaling AOA 2,838,335,804.81.** The accumulated to date under analysis totals 1,057 trades and a traded amount of AOA 9,689,855,353.30 and USD 29,662,211.11. Compared to the last quarter, there was an increase of 25%.

TRADING

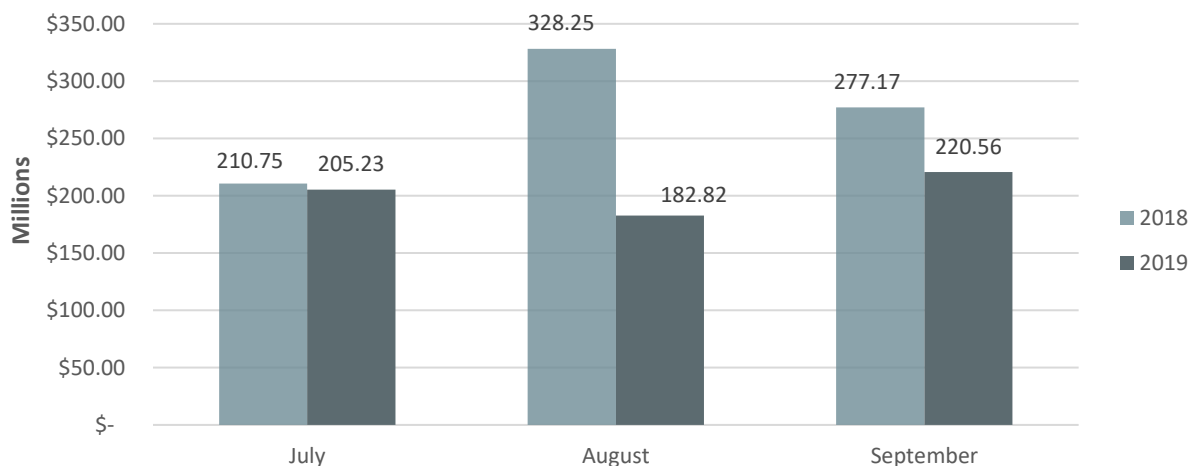
TRADING EVOLUTION

During the third quarter of 2019, 1,090 trades were carried out on the regulated markets under management of BODIVA, totaling \$ 608,616,951 a decrease of 25.42% over the same period of the previous year. In local currency terms the traded amount increased by 10,35%.



Graph 1 – Traded Amount

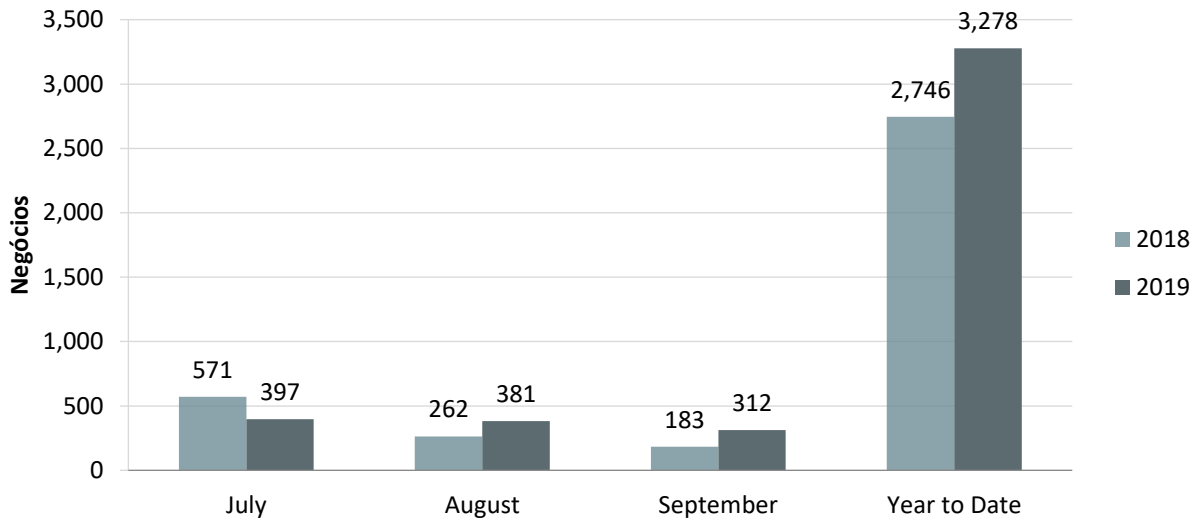
The average monthly traded amount was \$ 202,87 million, with September being the month with the highest trading, with \$ 220,56. Below the, the monthly evolution:



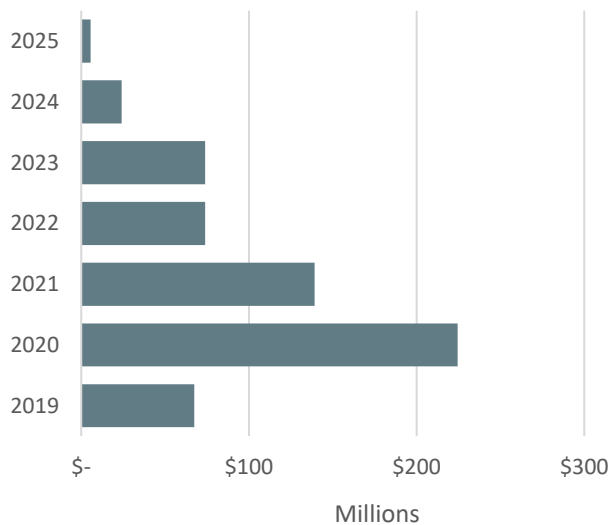
Graph 2 – Monthly Traded Amount

The number of executed trades in relation to the same period increased by 7.28%, with 1,090 trades. The monthly average was 363.

2018	2019	Var(%)	Monthly Average 2019
1,016	1,090	7.28%	363

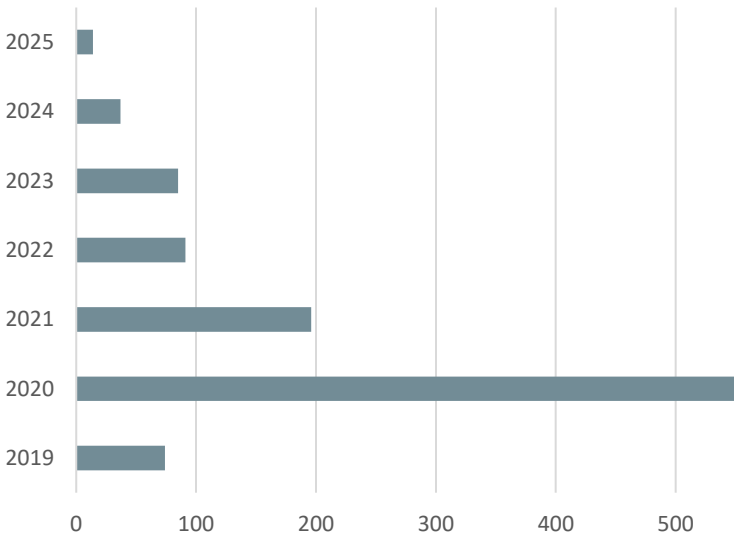


Graph 3 – Monthly Trades



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 70.83% of the amount traded.



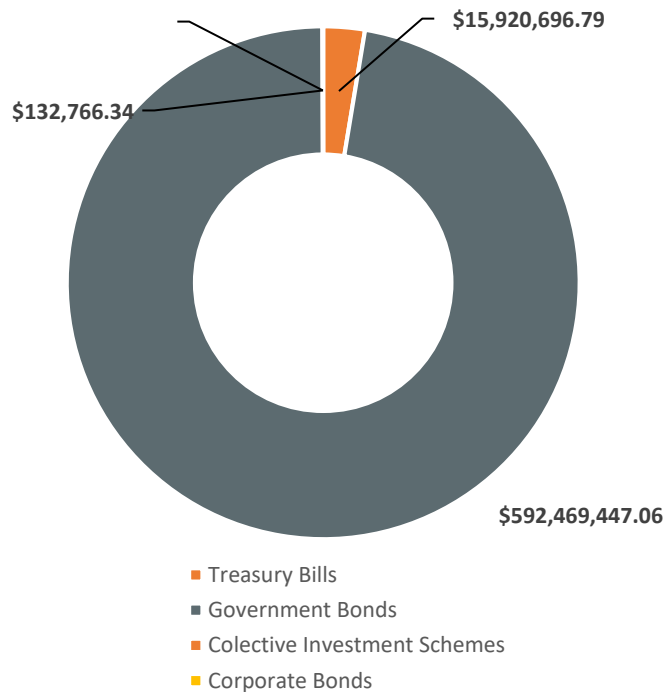
The number of trades is also concentrated in the shorter maturities, with special emphasis for the year 2020.

As a result, the trades carried out in 2019, 2020 and 2021 maturities accounted for 6.79%, 54.40% and 17.98%, totaling approximately 79.17% of the executed trades.

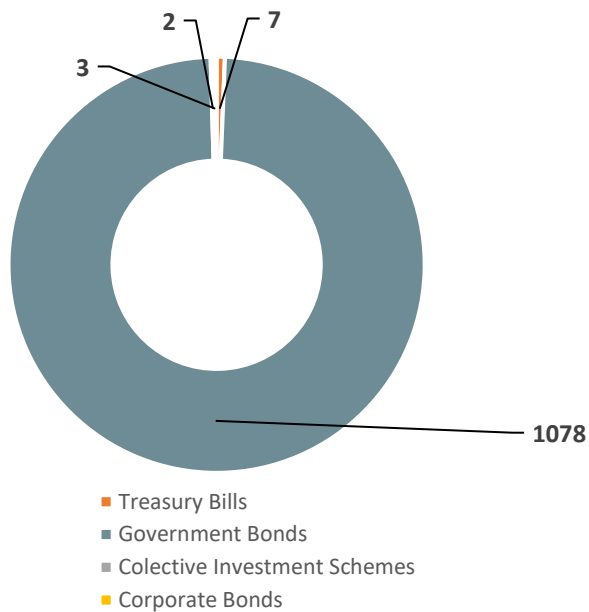
Graph 5 – Number of Trades per maturity year

Regarding to the amount traded by type of security, the predominance of government bonds (97.34%) is confirmed, to the detriment of treasury bills (2.61%).

On the other hand, corporate bonds and collective investment schemes represented only 0.022% and 0.015% of the total amount traded as evidenced by the chart below.



Graph 6 – Traded Amount per Instrument Category

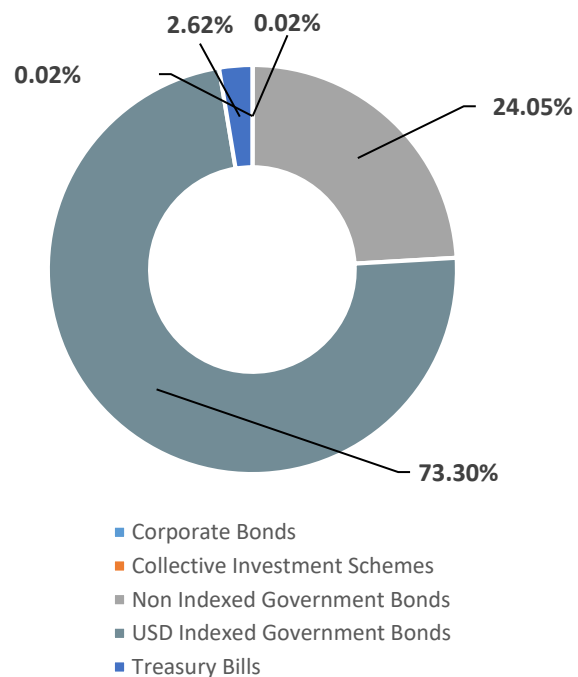


Government Bonds represent approximately 97.34% of the executed trades. Treasury bills represented only 0.64% of the trades executed. Corporate Bonds and Colective Investment Schemes, with three (3) and two (2) trades accounted for 0.28% and 0.18%, as evidenced by Graph 7.

Graph 7 – Trades per Instrument Category

Regarding the characteristics of the most traded securities, **Treasury Bonds indexed to the US dollar accounted for 73.30% 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).**

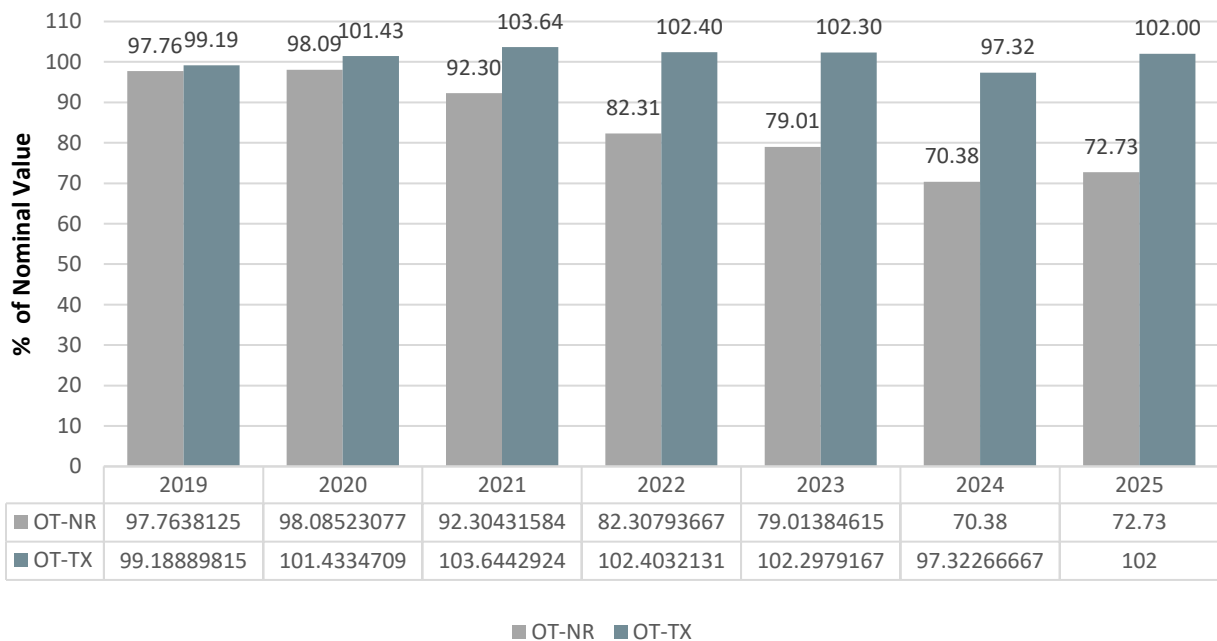


Graph 8 – Traded per Instrument Category

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 long-term Non-Indexed Government Bonds (OT-NR) securities being approximately 34.42%. 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.

Instrument Category	2019	2020	2021	2022	2023	2024	2025
USD Indexed Government Bonds (OT-TX)	99.19	101.43	103.64	102.40	102.30	97.32	102.00
Non Indexed Government Bonds (OT-NR)	97.76	98.09	92.30	82.31	79.01	70.38	72.73



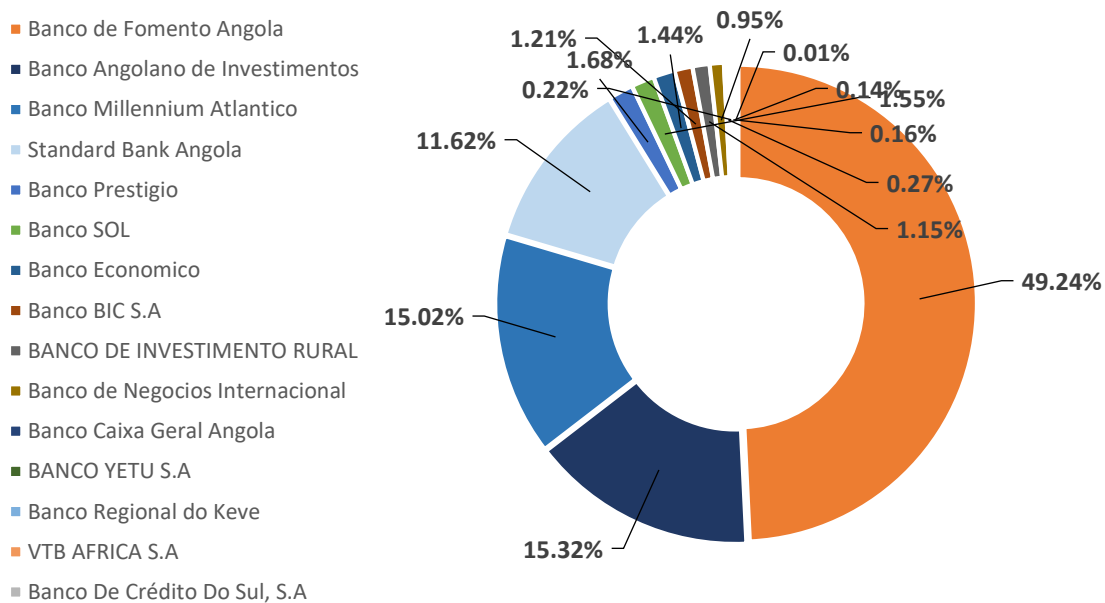
Graph 9 – Average Price per Maturity Year

Price Analysis	July		August		September		Average Quarter Price		Annual Average Price	
	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell
Mercado de Bolsa de Títulos do Tesouro (MBTT)										
Treasury Bills										
BT - 28 days							NA	NA	NA	NA
BT - 91 days							NA	NA	987.71	984.27
BT - 182 days							NA	NA	958.99	966.04
BT - 364 days		895.28	912.18	885.60		990.44	912.18	923.77	937.43	884.37
USD Indexed Government Bonds										
2018							NA	NA	NA	NA
2019	97.83	100.03	98.80	99.98	96.50	102.00	97.71	100.67	98.43	100.63
2020	97.45	101.50	98.81	102.50	100.27	103.71	98.84	102.57	97.37	102.04
2021	96.87	102.71	99.25	104.52	100.60	107.04	98.91	104.75	96.58	103.59
2022	94.04	102.32	95.54	103.67	97.05	110.86	95.55	105.62	90.35	102.84
2023	89.61	103.39	93.22	107.22	98.75	110.02	93.86	106.87	89.67	102.36
2024	90.00	94.00	93.08	96.83	100.67	110.60	94.58	100.48	95.05	97.45
2025		102.00		102.00	102.00	102.00	102.00	102.00	102.00	102.00
Non Indexed Government Bonds										
2018							NA	NA	NA	NA
2019	98.15	99.04	93.93	98.25	85.52	99.70	92.53	99.00	92.18	95.89
2020	84.69	99.05	90.09	100.32	94.21	98.83	89.66	99.40	85.82	95.08
2021	86.38	87.15	84.47	94.87	87.99	97.48	86.28	93.17	81.12	89.02
2022	79.76	83.09	77.67	83.61	77.29	86.81	78.24	84.50	73.15	80.26
2023	80.25		75.23	71.45	69.21	91.08	74.89	81.26	68.36	75.05
2024		75.31	61.98	75.54	53.67		57.83	75.42	58.06	68.95
2025		102.00		102.00	102.00	102.00	NA	102.00	102.00	102.00

BROKERS PERFORMANCE

As far as trading members performance is concerned, of the 21 BODIVA members, 15 contributed to the traded amount. Particular emphasis is placed on Banco Fomento Angola (BFA), Banco Angolano de Investimentos (BAI) and Banco Millennium Atlântico (BMA), which occupy the top three places and whose transactions accounted for about 79.58% of the market.

Traded Amount						
Ranking	Broker	III Quarter 2018	Market Share	III Quarter 2019	Market Share	
1	Banco de Fomento Angola	\$ 760,241,747.27	46.59%	\$ 599,360,491.30	49.24%	
2	Banco Angolano de Investimentos	\$ 255,166,233.66	15.64%	\$ 186,512,717.96	15.32%	
3	Banco Millennium Atlantico	\$ 191,500,631.38	11.73%	\$ 182,773,664.34	15.02%	
4	Standard Bank Angola	\$ 330,977,335.35	20.28%	\$ 141,479,980.99	11.62%	
5	Banco Prestigio	\$ -	0.00%	\$ 20,507,353.96	1.68%	
6	Banco SOL	\$ -	0.00%	\$ 18,913,753.61	1.55%	
7	Banco Economico	\$ 23,247,019.20	1.42%	\$ 17,550,385.38	1.44%	
8	Banco BIC S.A	\$ 26,531,093.35	1.63%	\$ 14,759,209.35	1.21%	
9	BANCO DE INVESTIMENTO RURAL	\$ -	0.00%	\$ 14,016,480.81	1.15%	
10	Banco de Negocios Internacional	\$ 26,087,725.12	1.60%	\$ 11,584,073.25	0.95%	
11	Banco Caixa Geral Angola	\$ 8,965,320.51	0.55%	\$ 3,289,957.63	0.27%	
12	BANCO YETU S.A	\$ -	0.00%	\$ 2,693,152.15	0.22%	
13	Banco Regional do Keve	\$ 9,171,159.58	0.56%	\$ 1,944,729.43	0.16%	
14	VTB AFRICA S.A	\$ -	0.00%	\$ 1,742,154.03	0.14%	
15	Banco De Crédito Do Sul, S.A	\$ -	0.00%	\$ 105,798.33	0.01%	
Totais		\$ 1,631,888,265.41	100%	\$ 1,217,233,902.51	100%	

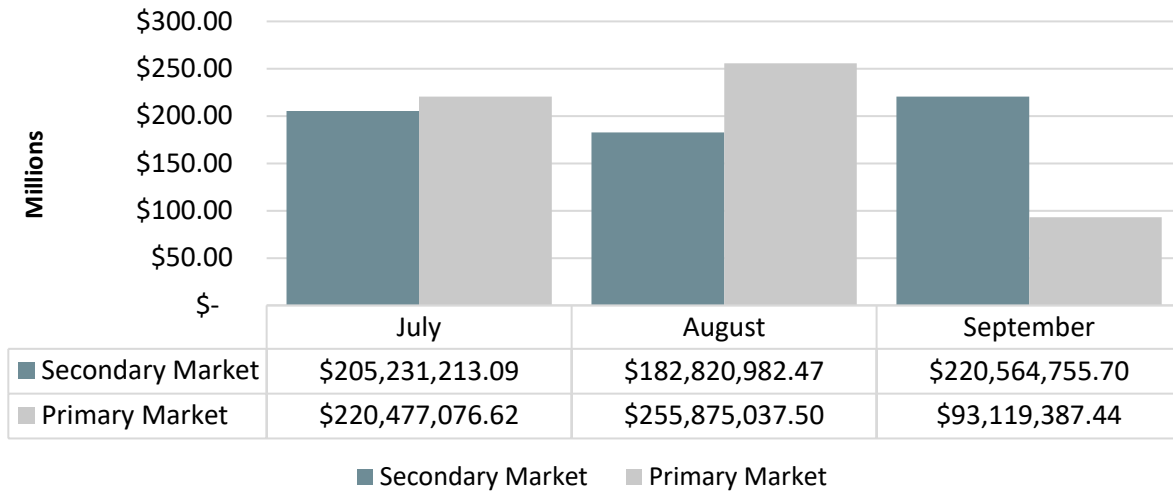


Graph 10 – Traded amount by brokers

BFA continues to lead the market, with a traded amount of \$599,3 million, however its market share increase from 46.59% to 49.24%. BAI saw its market share decrease from 15.64% to 15.32%, having traded \$ 186,5 million. BMA saw its market share increase from 11.73% to 15.02%.

COMPARATIVE ANALYSIS: PRIMARY VS SECONDARY MARKET

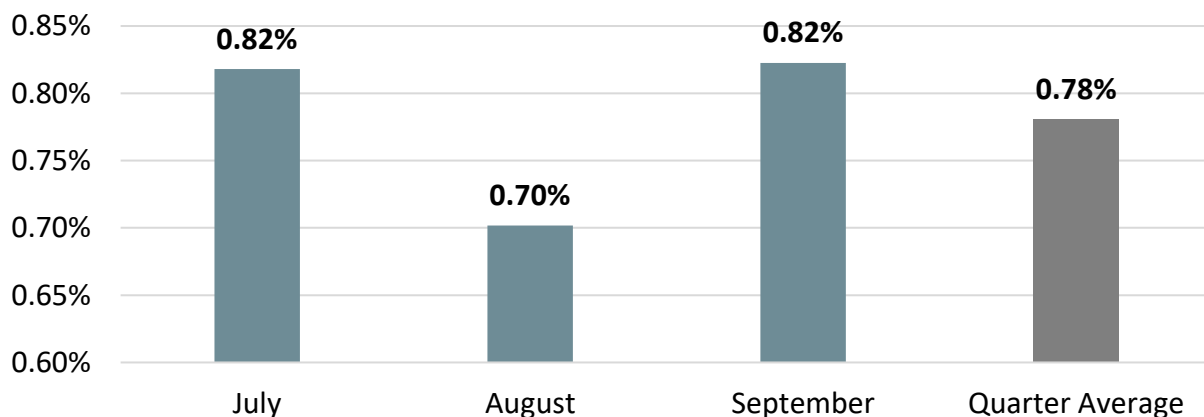
In the period under review, issues in the public debt primary market reached \$ 569,47 million, while in the secondary market a total of \$ 608,61 million was traded.



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

The traded amount on the secondary market accounted for 106.87% of the total issuance in the primary market.

When comparing the traded amount in the secondary market with the public debt stock, which averaged \$ 25,98 billion, we can observe that, on average, the secondary market represented about 0.78% of the public debt stock. Below, the monthly evolution



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

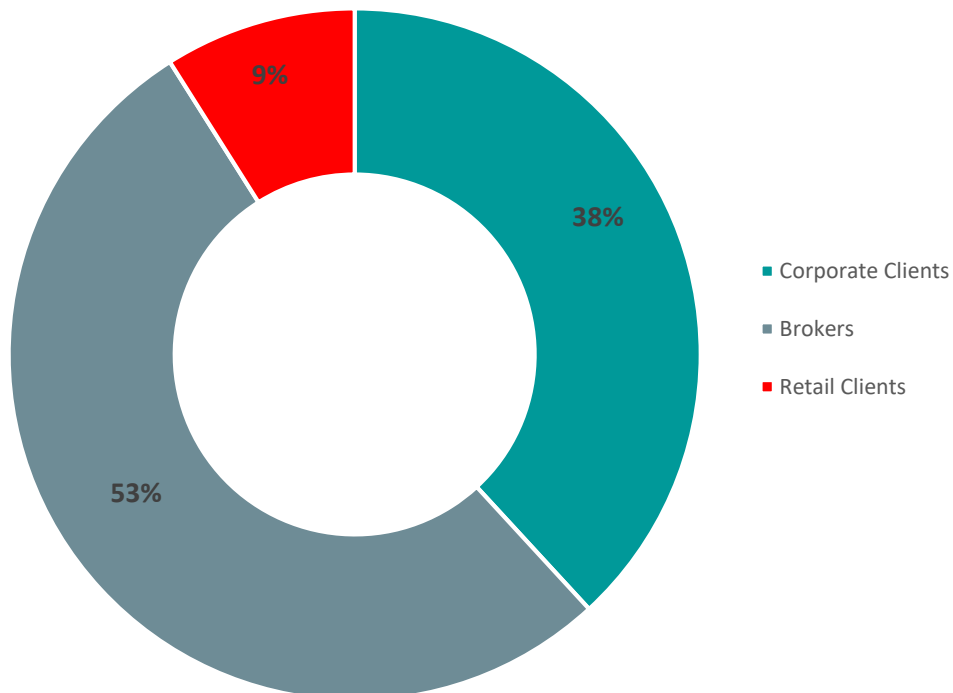
FINAL COMMITTEES ANALYSIS

MAIN PLAYERS

Regarding to the final beneficiaries of the executed trades during the third quarter of 2019, there is a prevalence of brokers and corporate clients, which account respectively for 52.9% and 38.2% of the traded amount. Retail clients represented only 9%.

Final Committee		Traded Amount	%
Corporate Clients	\$	464,431,919.97	38.2%
Brokers	\$	643,630,091.49	52.9%
Retail Clients	\$	109,171,891.05	9.0%
Total	\$	1,217,233,902.51	100%

Below, the Graph analysis:



Graph 13 – Weigth of final committees

When analyzing purchase transactions, it is verified that the corporate clients represent 47.9% of the total amount, and brokers and retail clients represent only 39.8% and 12.3%, respectively:

Final Committee	Traded Amount	%
Corporate Clients	291,549,932.19 AOA	47.9%
Brokers	242,312,688.85 AOA	39.8%
Retail Clients	74,754,330.22 AOA	12.3%
Total	\$ 608,616,951.26	100%

Regarding to sales transactions, brokers accounted for 65.9% of the total amount, followed by corporate clients and retail clients representing 28.4% and 5.7%, respectively:

Final Committee	Traded Amount	%
Corporate Clients	\$ 172,881,987.78	28.4%
Brokers	\$ 401,317,402.64	65.9%
Retail Clients	\$ 34,417,560.84	5.7%
	\$ 608,616,951.26	100%

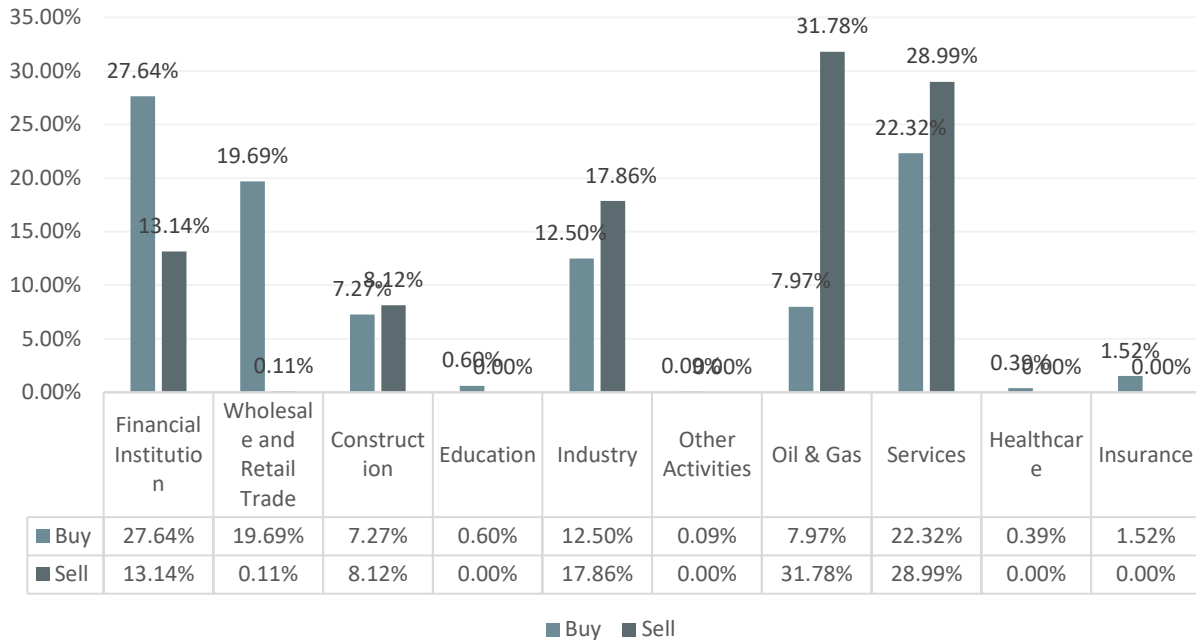
Regarding to the number of trades and the buying or selling position of the final beneficiaries, the trend in terms of the traded amount is confirmed, that is, the brokers favor the selling position to the detriment of the buying position.

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

Final Committee	Buy	Sell
Corporate Clients	206	176
Brokers	283	765
Retail Clients	601	149
Total	1090	1090

When analyzing the data from a sectoral perspective, we find that financial companies were the ones that traded the most in the buying position with a total of \$ 20,27 million.

In terms of sales, the Wholesale and Retail clients trade held the lead with \$ 42,54 million, followed by the Services sector with \$ 51,55 million and the Manufacturing Industry sector with \$ 47,04 million.

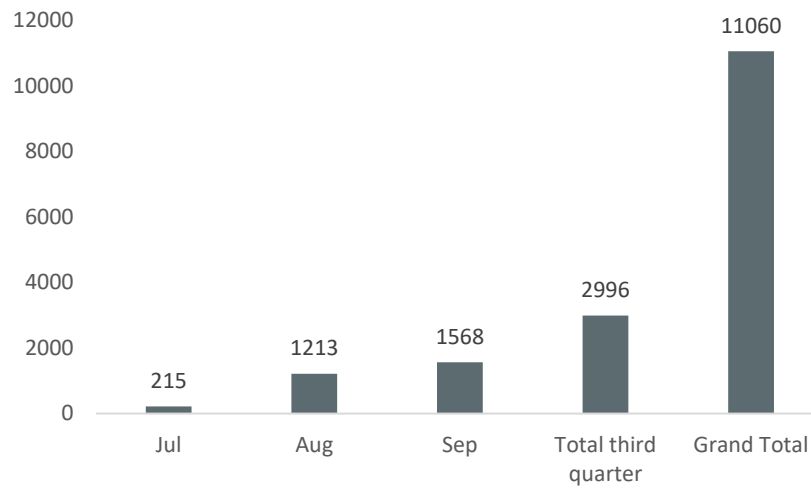


Graph 14 - Weigh of companies by sector of activity

CLEARING & SETTLEMENT

ACCOUNTS

During the third quarter of 2019, 2996 segregated accounts were opened. In that period, March had the largest number of new registrations. As result, the first quarter closed with a total of 11,060 active accounts, which includes the members' own portfolio accounts, issuer accounts, settlement accounts and individual registration accounts.

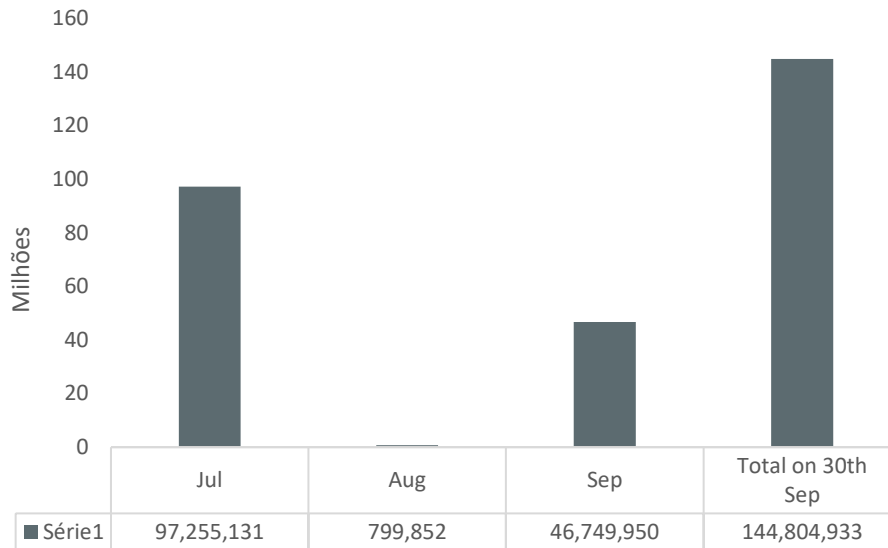


Graphic 15 – Evolution of open accounts

Securities under Custody

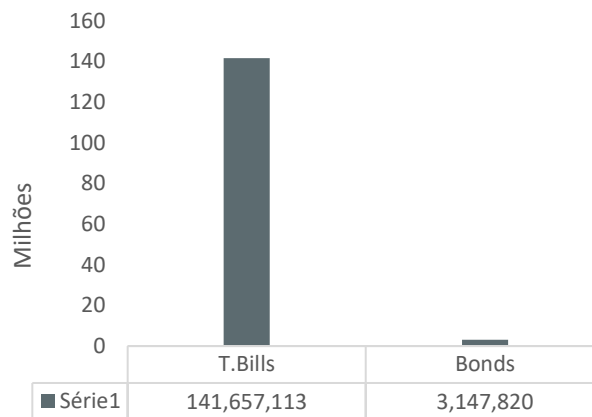
Public Debt

In the third quarter of 2019, 144,804,933 treasury securities were deposited, of which 141,657,113 are Treasury Bills and 3,147,820 Government Bonds, which represent a total amount of AOA 988,925,465,162 equivalent in USD 2,615,997,315.



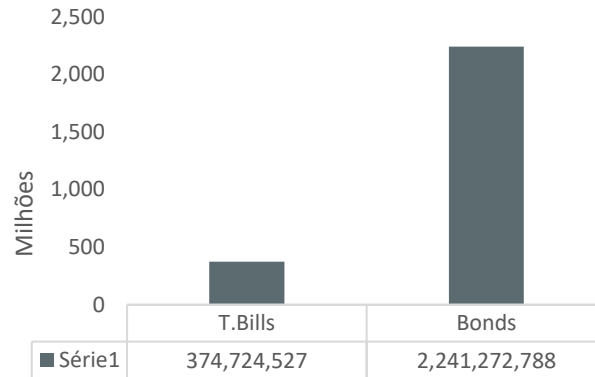
Graphic 16 – Custody

In terms of Public Debt, BODIVA has 155,939,182 securities under custody, of which 94% correspond to a Treasury Bills and 1% to Government Bonds. Compared to the same period in 2018, there was a decrease of 1%.



Graphic 17 – Typology and quantity

The securities under custody accounted for USD 8,132,208,742, from which 76% is represented by Government Bonds as suggested by the graphic.



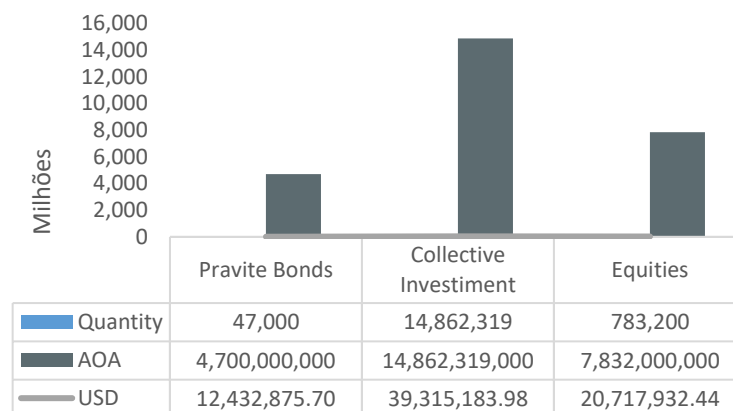
Graphic 18 – Amount and typology

Corporate Issues

With the shares of the Collective Investment Scheme promoted by **BAI Rendimento Premium**, which were integrated in September, Central Securities Depository (CEVAMA) registered an increase of USD 39,315,183.98 in the custody amount, representing 54% of the total.

The **Standard Bank Angola's** Corporate Bonds, which were integrated in November of USD 12,432,875.70 in the custody amount, representing 17% of the total.

The shares of the Ordinary Equities promoted by **Banco Prestígio (BPG)** amounted to USD 20,717,932.44, representing 29% of USD 72,465,992.12 held in custody.

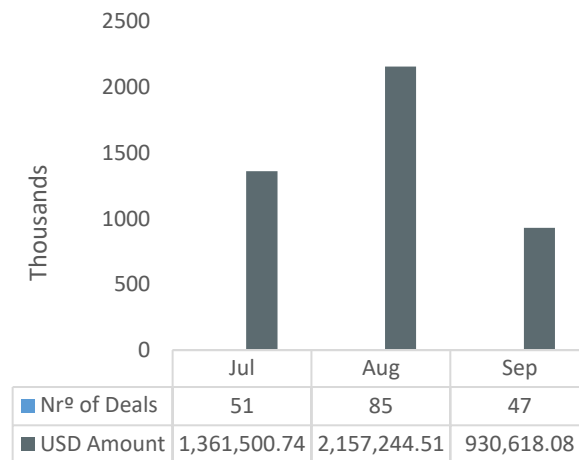


Graphic 20 – Market and typology of custody

Settlement

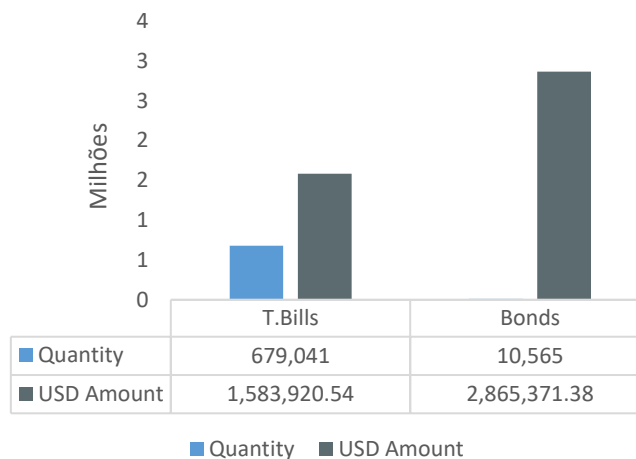
Primary Market – Investor’s Portal (Portal do Investidor¹)

During the third quarter of the year, 183 deals were settled, totaling USD 4,449,363.34.



Graphic 21 – Number of deals and amount

Regarding the type of Security, Treasury Bills had better adherence of investors, meantime the bonds resulting in investment of USD 2,865,371.38, corresponding to 64% of the amount settled in the quarter.

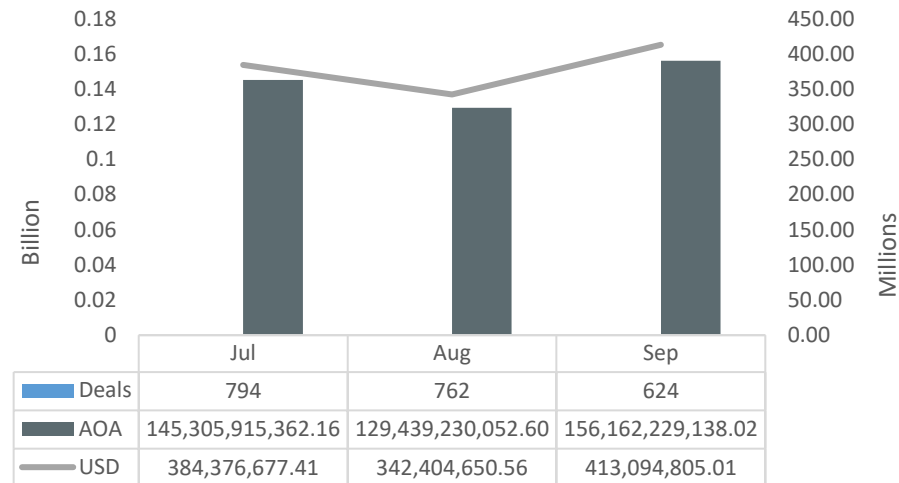


Graphic 22 – Primary market negotiation per Type of security

¹ 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.

Secondary market.

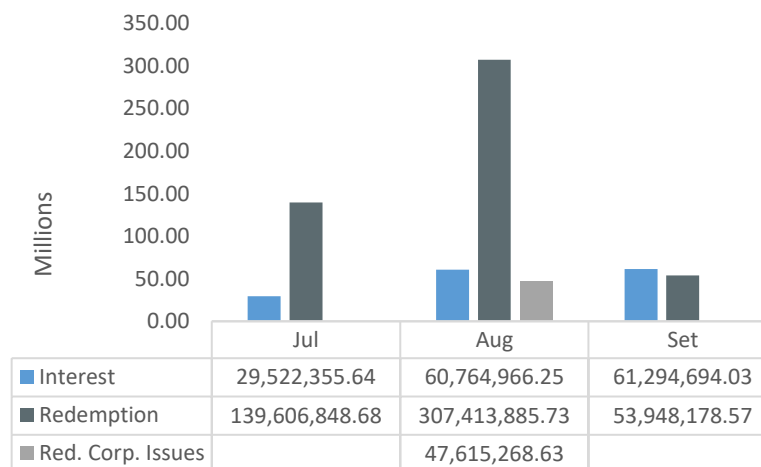
Throughout the third quarter, 1145 deals were settled, which corresponds to over AOA 211 billion.



Graphic 23 – Secondary market

Events

From July to September, 265 income distribution events were processed, including 229 coupon payments and 35 redemptions and 1 corporate issue redemption totaling 287,720,354 securities and USD 700,166,197.53 as shown in the graph.



Graphic 24 – Events

RELEVANT FACTS

A. MARKET LAWS AND REGULATION:

I. DECREES:

- i. **Presidential Legislative Decree No. 210/19 of 2 July** - authorize the Minister of Finance to issue special Treasury Bonds in National Currency (OT-MN), with the characteristics and technical conditions provided for in this law, up to the amount of 75 817 500 000,00 Kwanzas within the limit of the State General Budget for the 2019 financial year;

II. MINISTER OF FINANCE:

- i. **Executive Decree N.º227/19** – regulates the characteristics of Treasury Bonds, provided for in Presidential Decree No. 210/19, of 2 July;
- ii. **Order N.º33/19** – stipulates that the issuance, placement and redemption of the “Treasury Bonds-2019 - BNA Capitalization”, referred to in Executive Decree No. 227/19, of 19 September, obeys the specific conditions set forth in the General Obligation, being placed at issue value, without discount, through registration of ownership with the National Bank of Angola itself.

III. CAPITAL MARKET COMMISSION

- i. **Instruction No. 005-CMC-07-19** - Provision of Financial Information by Management Companies of Collective Investment Schemes.

IV. BODIVA:

- i. **BODIVA Rule No. 2/19** - On Clearing, Settlement and Centralized Custody of Securities;
- ii. **BODIVA Rule No. 1/19** - Of the Securities Trading Registry Market;
- iii. **Newsletter No. 006-19/BODIVA-SGMR/08-19** - Export of purchase orders on the homepage of the BODIVA Institutional website.