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## THE MAINSTREAMS OF THE CAPITAL MARKETS IN AZERBAIJAN: CORPORATE BOND MARKET

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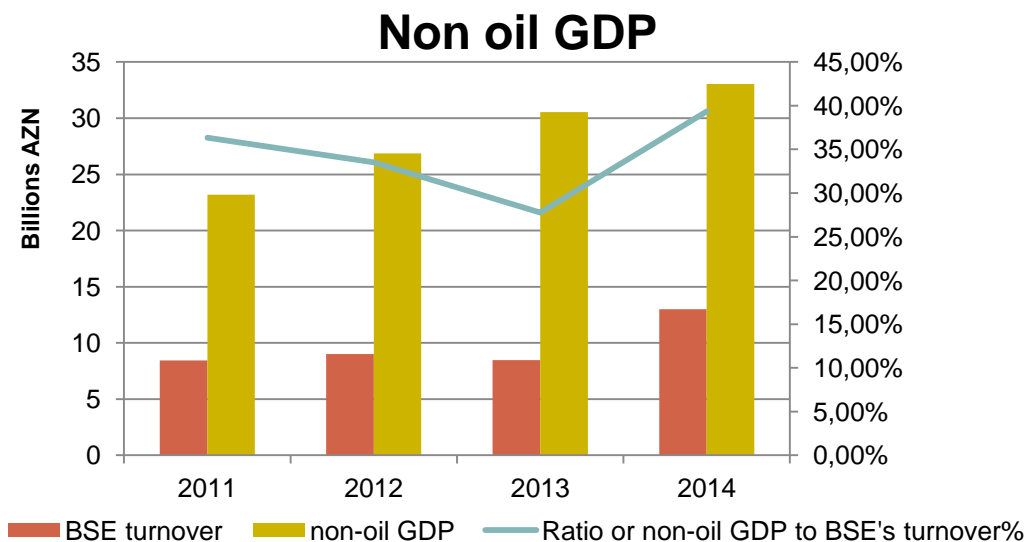
Baku Stock Exchange,

Deputy Chairman of the Executive Board



# Azerbaijan

- Territory: 86,600 km<sup>2</sup>
- Capital: Baku
- Population: more than 9.6 million
- GDP 2014: 59 billion AZN, 102.8% growth rate (April 2015: 16.6 billion AZN, 5.5% growth)
- Bank Assets: 2014: 25 billion AZN (April 2015: 29 billion AZN)

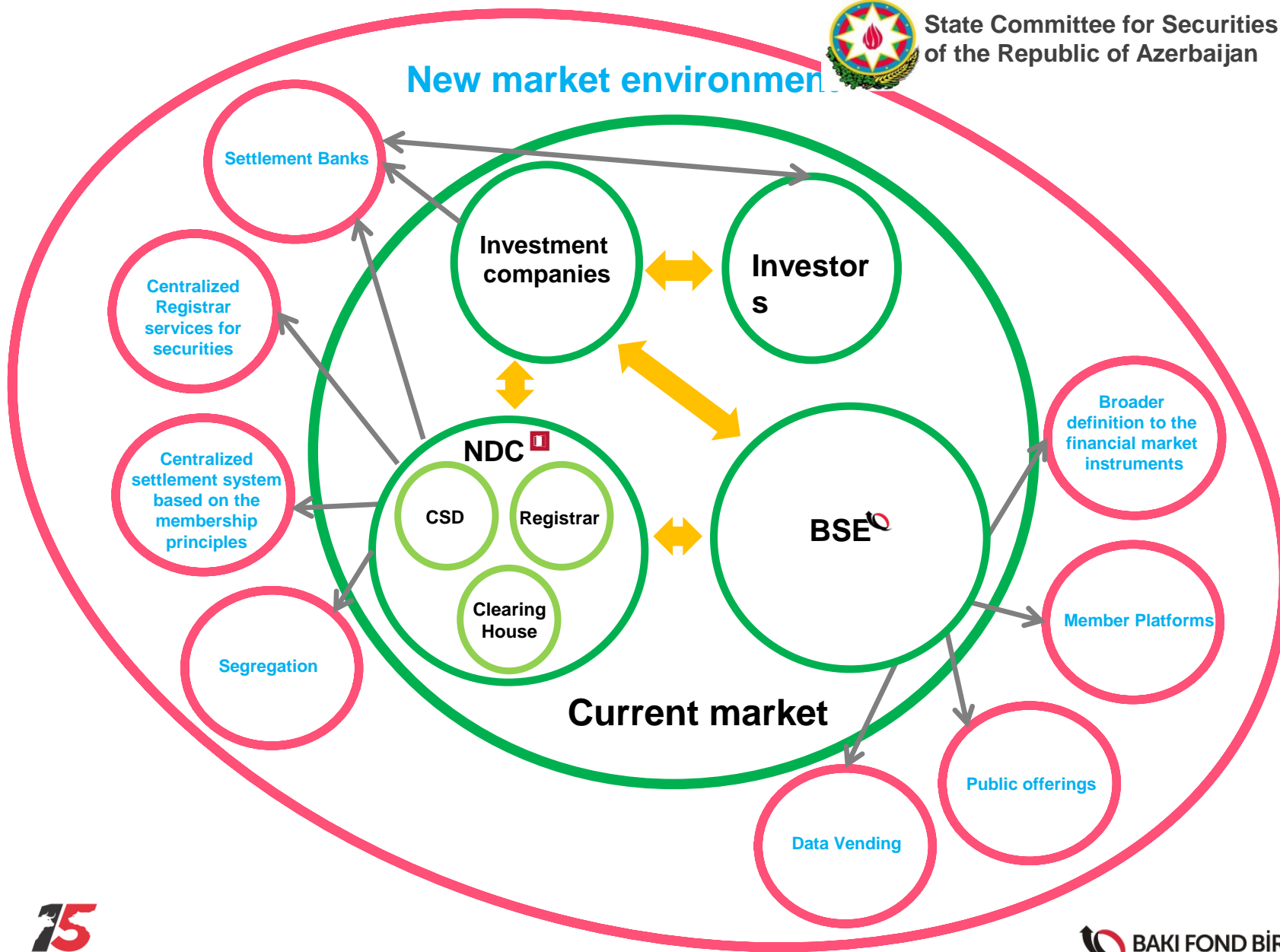


# Capital Market Structure






State Committee for Securities  
of the Republic of Azerbaijan

New market environment



The development of the Capital Market infrastructure in Azerbaijan is based on the Government Programme for the "Development of the Capital Markets in Azerbaijan for the 2011-2020 years", 2011.

The strategic aim is to build modern and effective capital markets based on the best international standards, in such important areas as:

-  Centralised delivery-versus-payment settlement
-  Single market for the securities and financial instrument trading
-  Harmonisation of the trading and post-trading activities

Market strategy covers institutional development, modernization of the infrastructure, stimulating the offer and demand in the market, enhancing the liquidity and integration to the other markets, including the adoption of the New Capital Market Law.

# The Baku Stock Exchange

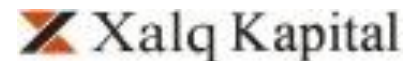
- Established in 2000
- 14 Exchange Members
- 5 Markets
- 13 billion turnover (2014) with 153% annual gross rate



**Texnika  
Kapital Menecment**



**unicapital**



## Trading on BSE

- Totally Automated Electronic Trading System
- Direct connectivity to the Clearing & Settlement system
- Real time Clearing & Trade/Settlement Reporting possibility
- Settlement based on the DVP, t+0 and t+1 principles
- Trades are 100% guaranteed via the pre-blocking algorithm and warranty mechanisms by NDC
- Sophisticated Rules and Regulations

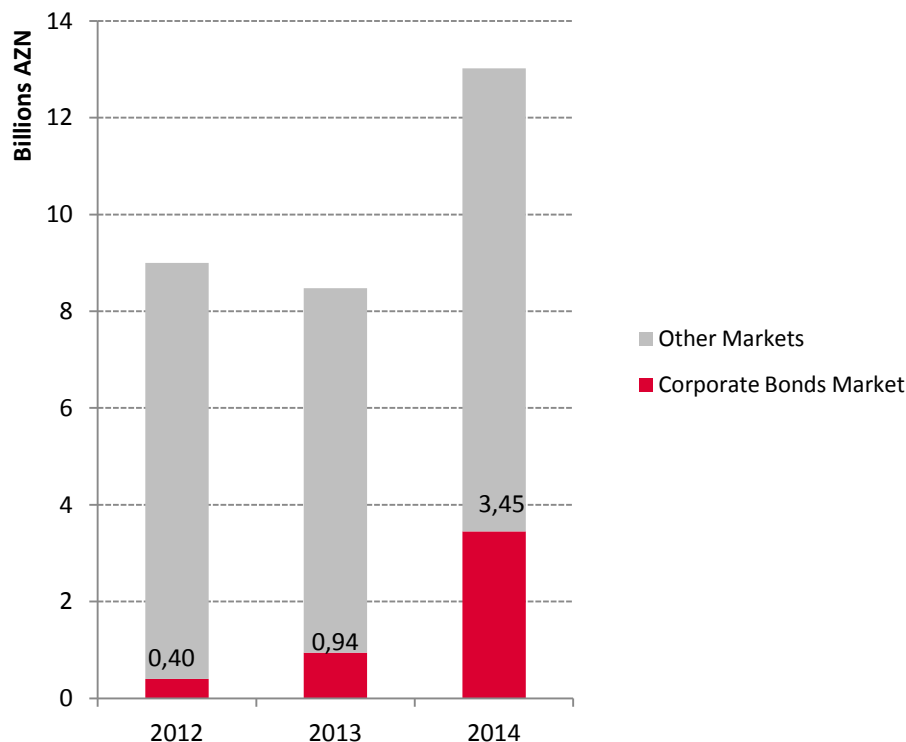
## BSE Markets

- Government Bonds and Bills Market
- Corporate Bonds Market
- Equity Market
- Repo Market
- Derivatives Market

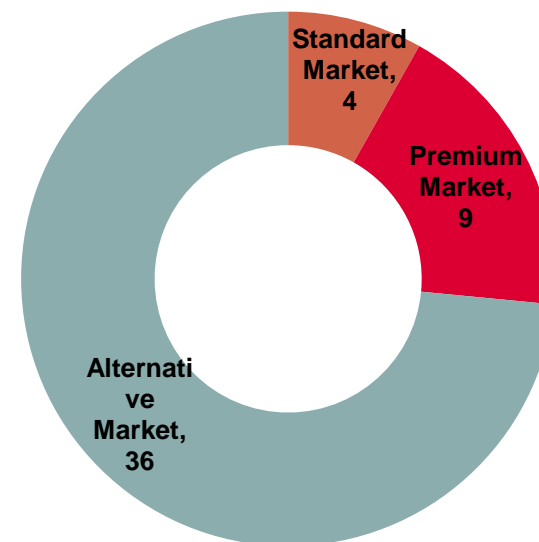
# BSE Corporate Bonds Market

- AZN bonds: bonds in turnover 598 m. AZN, average interest rate 13.4% (8~15%)
- USD bonds: bonds in turnover 2.6 b. USD, average interest rate 13.8% (1.05%~15%)
- Average turnover period: 1~10 years
- Market liquidity: market-makers, liquidity ratio\* 7.8

**Total market turnover**



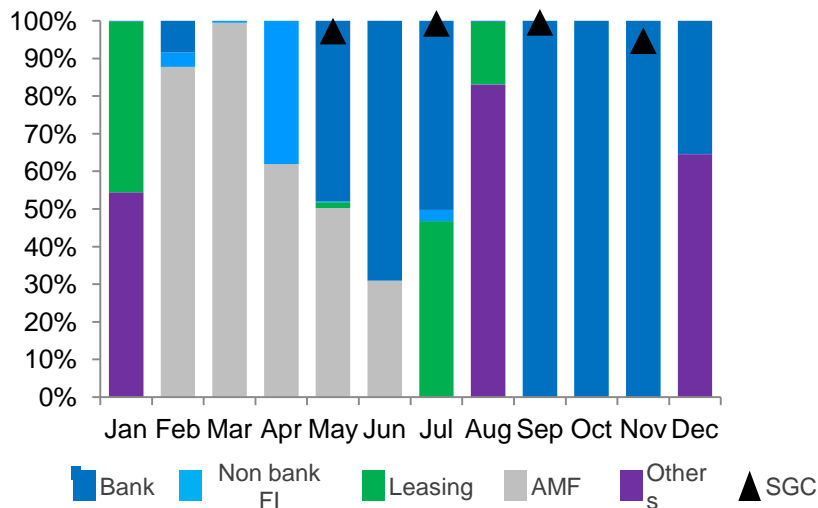
**Listed corporate bond issues by market segments**



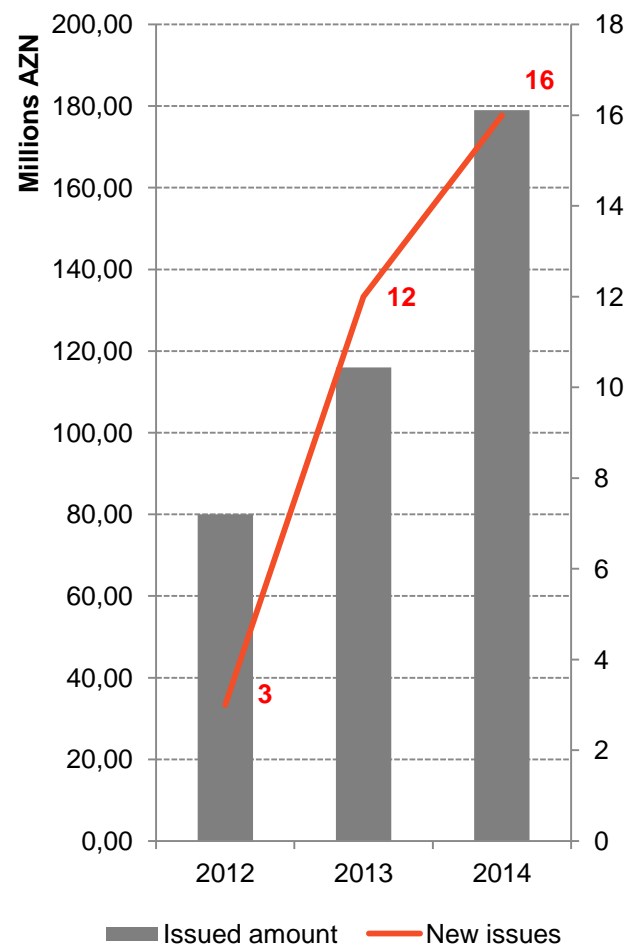


# BSE Corporate Bonds Market

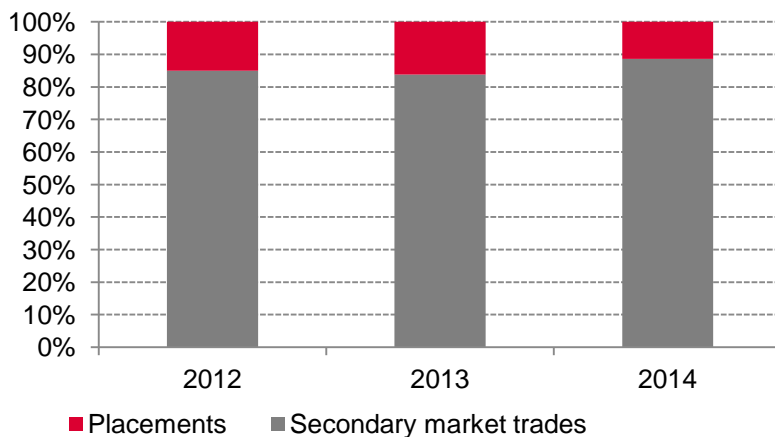
## Issuers' structure 2014



## AZN nominated Corporate Bonds' issue



## Market Liquidity\*



\*SCG is excluded from calculations

# Listing Advisory Program

The program that developed to assist companies to rise capital via the Azeri Capital Market.

Consultancy services to the Companies free of charge

- Financial reporting
- Legal
- Corporate governance
- Capital rising
- Market participation

Support from the idea to enter the capital market until the public issue and after it

- Provision of trainings and seminars
- Analyzing the capital needs of the Companies
- Provision of Consultancy services
- Preparing the Company to Enter the Market
- Conduction of a public issue
- Supporting the post IPO process

Highly professional team



# Thank you!

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