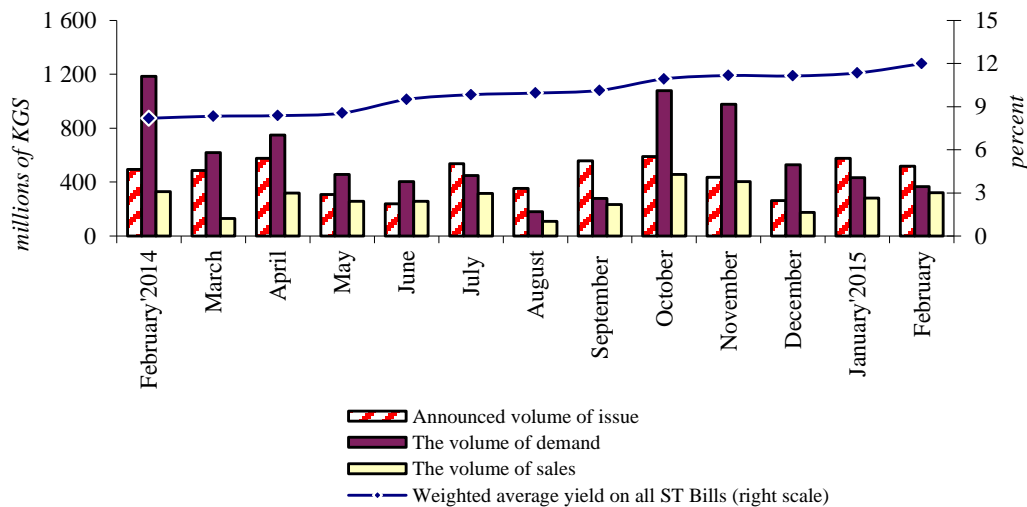


## Market of State Treasury Bills (February 2015)

**Chart 1. Demand and Placement of ST Bills**

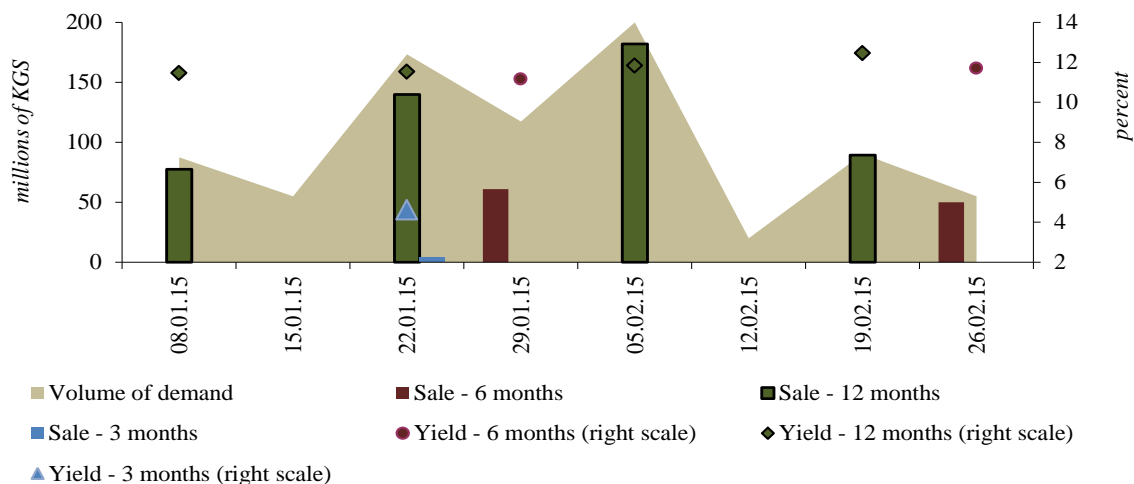


In the reporting period, as compared with the previous month, the announced volume of issue of state treasury bills of the Ministry of Finance was decreased by 10.1 percent and constituted KGS 518.0 million.

The volume of demand decreased by 15.7 percent, to KGS 365.4 million, due to decrease in the activity of commercial banks in this segment of the financial market. At the same time, the sales of 6-month ST Bills decreased by 11.0 percent, to KGS 50.0 million, 12-month ST Bills increased by 24.7 percent, to KGS 271.3 million. There was no demand for 3-month bills on the part of market participants due to short-term resource base.

The overall weighted average yield on all types of ST Bills was observed at the rate of 12.0 percent having increased by 0.7 percentage points over the month. The yield on 6-month securities was 11.7 percent (+0.5 percentage points), on 12-month securities constituted 12.0 percent (+0.2 percentage points).

**Chart 2. Dynamics of Volume of Supply, Demand and Yield of ST Bills**



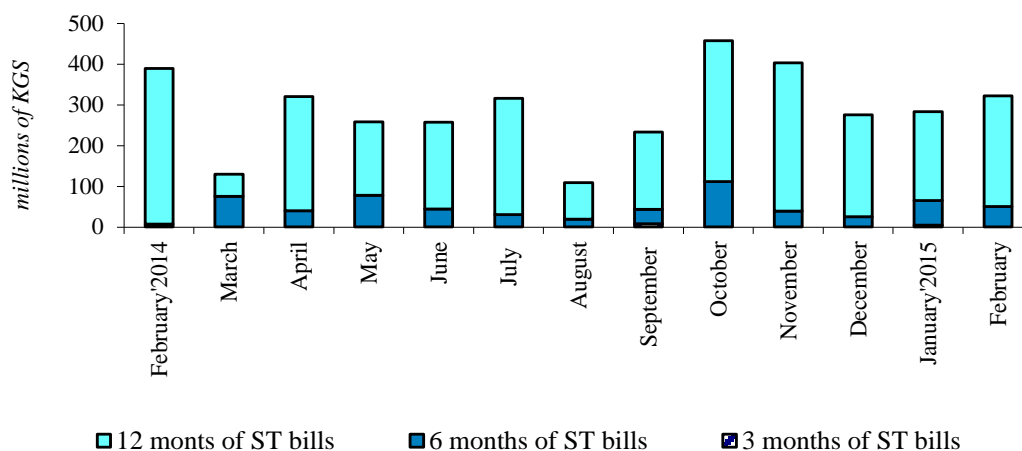
The average auction<sup>1</sup> volume of demand amounted to KGC 91.3 million having decreased by 15.7 percent as compared to the previous month, the average auction volume of sales increased by 13.7 percent, to KGS 80.3 million.

The net financing of the budget deficit by means of bills within the reporting month was formed in the amount of KGS (-)71.0 million. In February, the Ministry of Finance redeemed

<sup>1</sup> This index is used instead of total volume of demand/supply for a month as the quantity of auctions held during the month is not constant.

previously issued ST Bills in the amount of KGS 370.6 million having increased by 2.2 times. In this regard, ST Bills market efficiency from the beginning of the year calculated as the ratio of the total value of net financing to total sales at actual cost amounted to (-)8.8 percent.

**Chart 3. Dynamics of ST Bills Sales**



The duration index within the reporting month increased from 182 to 189 days due to an increase in the share of 12-month ST Bills in the total volume of issued ST Bills.

In the reporting period, as compared to the beginning of this year, the volume of ST Bills in circulation decreased insignificantly to KGS 3.0 billion (-3.1 percent), primarily due to decrease by 2.9 percent in the ST Bills portfolio of ST Bills principal holders – commercial banks. Despite this fact, their share increased by 0.1 percentage points, to 57.8 percent. The share of institutional investors, on the other hand, decreased to 41.1 percent (-0.2 percentage points) due to reduction of the ST Bills portfolio thereof by 3.5 percent. The share of resident legal entities remained unchanged and made 1.0 percent due to the same level of the ST Bills portfolio. The share of individuals was not significant.

In the reporting period, no transactions with ST Bills were carried out in the secondary market.

**Table 1. Dynamics of ST Bills Average Monthly Yield**

Period	Weighted average yield	By types of urgency		
		3-month ST Bills	6-month ST Bills	12-month ST Bills
February'2014	8,2	4,5	-	8,3
March	8,3	-	7,9	9,0
April	8,4	-	7,3	8,5
May	8,6	-	7,5	9,0
June	9,5	-	8,5	9,7
July	9,8	-	9,0	9,9
August	9,9	-	9,4	10,1
September	10,1	5,8	10,1	10,3
October	10,9	-	10,0	11,2
November	11,2	10,2	11,3	-
December	11,1	-	10,6	11,2
January'2015	11,3	4,6	11,2	11,5
February	12,0	-	11,7	12,0

"-" all announced auctions were declared invalid

**Table 2. Structure of ST Bills Holders at Face Value***thousands of KGS*

Date	TOTAL								
		Commercial Banks		Institutional Investors		Resident Individuals		Resident Legal Entities	
		Amount	Share	Amount	Share	Amount	Share	Amount	Share
01.03.2014	4 420 490,0	3 415 779,0	77,3%	698 641,2	15,8%	3 494,2	0,1%	302 575,6	6,8%
01.04.2014	4 049 410,0	3 096 123,4	76,5%	716 556,8	17,7%	3 494,2	0,1%	233 235,6	5,8%
01.05.2014	3 945 410,0	3 014 351,7	76,4%	769 808,3	19,5%	750,0	0,0%	160 500,0	4,1%
01.06.2014	3 733 550,0	2 775 476,7	74,3%	795 678,3	21,3%	1 400,0	0,0%	160 995,0	4,3%
01.07.2014	3 360 300,0	2 529 906,7	75,3%	683 068,3	20,3%	1 400,0	0,0%	145 925,0	4,3%
01.08.2014	3 393 700,0	2 515 653,0	74,1%	814 382,0	24,0%	1 400,0	0,0%	62 265,0	1,8%
01.09.2014	3 137 510,0	2 350 153,0	74,9%	751 332,0	23,9%	1 400,0	0,0%	34 625,0	1,1%
01.10.2014	3 060 110,0	2 175 413,0	71,1%	822 132,0	26,9%	1 400,0	0,0%	61 165,0	2,0%
01.11.2014	2 979 360,0	2 039 143,0	68,4%	879 052,0	29,5%	1 000,0	0,0%	60 165,0	2,0%
01.12.2014	3 036 650,0	1 797 448,0	59,2%	1 180 052,0	38,9%	1 000,0	0,0%	58 150,0	1,9%
01.01.2015	3 048 150,0	1 758 855,4	57,7%	1 258 168,7	41,3%	1 000,0	0,0%	30 125,9	1,0%
01.02.2015	3 084 670,0	1 763 575,4	57,2%	1 289 968,7	41,8%	1 000,0	0,0%	30 125,9	1,0%
01.03.2015	2 952 170,0	1 707 153,2	57,8%	1 213 890,9	41,1%	1 000,0	0,0%	30 125,9	1,0%