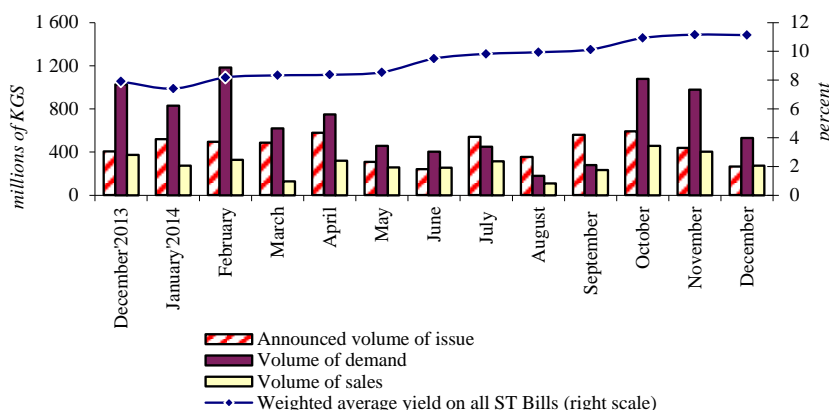


Market of State Treasury Bills (December 2014)

Chart 1. Demand and Placement of ST Bills

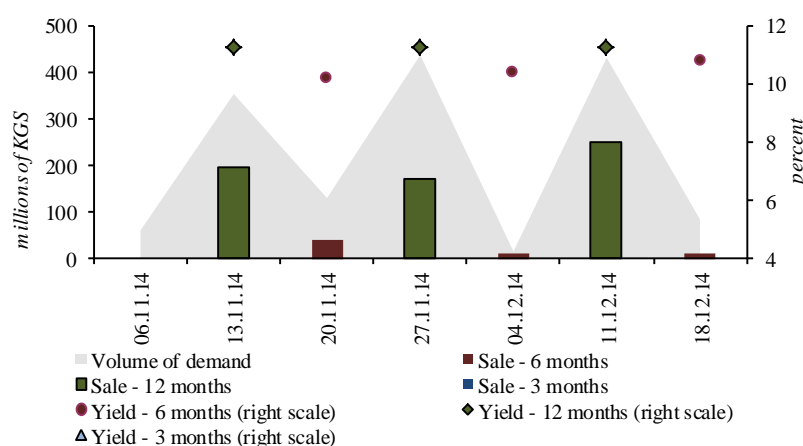


In the reporting period, as compared with the previous month, the volume of supply of government treasury bills of the Ministry of Finance was decreased by 39.3 percent and constituted KGS 265.0 million.

The volume of demand decreased by 45.9 percent, to KGS 529.4 million, due to decrease in the activity of commercial banks in this segment of the financial market. At the same time, the sales of 12-month ST Bills decreased by 31.3 percent, to KGS 250.0 million, and 6-month ST Bills – by 35.9 percent, to KGS 25.0 million KGS. There was no demand for 3-month bills on the part of market participants.

The overall weighted average yield on all types of ST Bills in the reporting period was observed at the rate of 11.1 percent not having changed over the month. The yield on 6-month securities was 10.6 percent (+0.4 percentage points), on 12-month securities constituted 11.2 percent (not having changed).

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



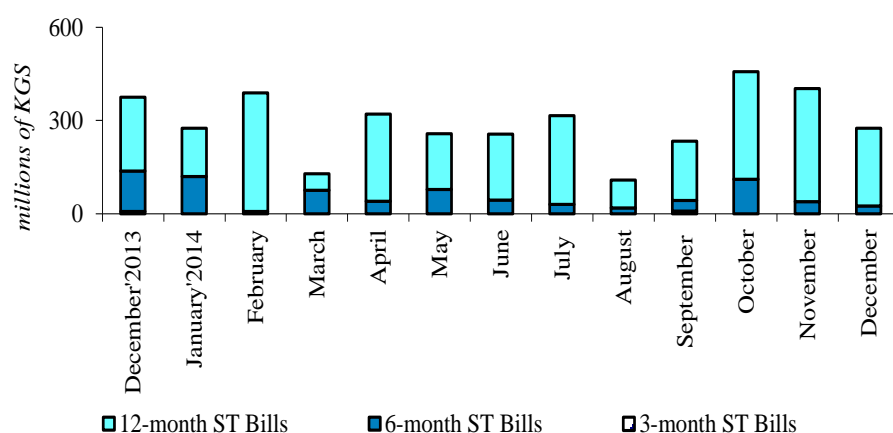
The average auction¹ volume of demand amounted to KGS 176.5 million having decreased by 27.8 percent as compared to the previous month, the average auction volume of sales – by 42.1 percent, to KGS 58.3 million.

The net financing of the budget deficit within the month under consideration was formed in the amount of KGS 480.4 thousand. In the reporting period, the Ministry of Finance redeemed previously issued ST Bills in the amount of KGS 400.4 million (+27.4 percent). In this regard,

¹ 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.

market efficiency of ST Bills 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 (-)48.0 percent.

Chart 3. Dynamics of ST Bills Sales



The duration index within the reporting month decreased by 19 to 189 days, which resulted from the most significant share of 12-month ST Bills in the securities portfolio.

In the reporting period, as compared to the first months of this year, the volume of ST Bills in circulation decreased to KGS 3.0 billion (-34.6 percent): the share of principal holders of ST Bills – commercial banks decreased by 18.2 percentage points, to 57.7 percent. The share of institutional investors was 41.3 percent (+27.0 percentage points), the share of resident legal was 1.0 percent (-8.8 percentage points). 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
December'2013	7,9	4,5	6,2	8,9
January'2014	7,4	-	6,1	8,4
February	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

"-" all announced auctions were declared invalid

Table 2. Structure of ST Bills Holders at Face Value

Date	TOTAL	of which							
		Commercial Banks		Institutional Investor		Resident Individuals		Resident Legal Entities	
		Amount	Share	Amount	Share	Amount	Share	Amount	Share
01.01.2014	4 662 740,0	3 539 040,3	75,9%	664 263,4	14,2%	3 494,2	0,1%	455 942,1	9,8%
01.02.2014	4 490 490,0	3 366 701,5	75,0%	631 313,4	14,1%	3 494,2	0,1%	488 980,9	10,9%
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%