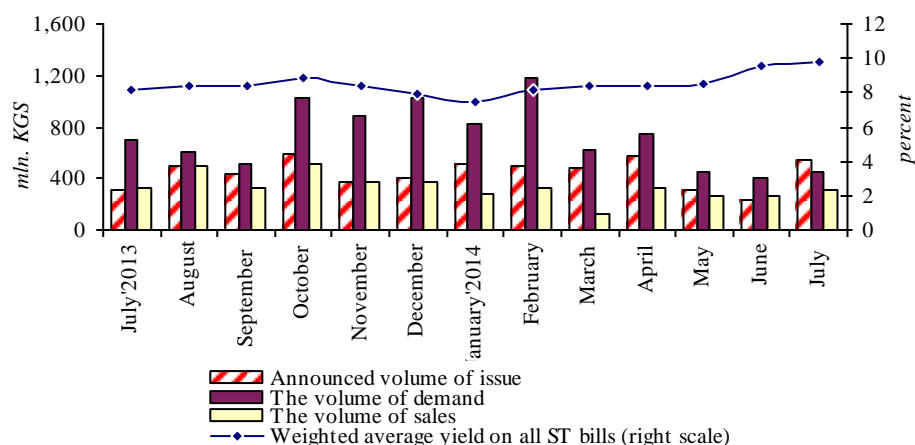


Market of State Treasury Bills (July 2014)

Graph 1. Demand and placement of state treasury bills

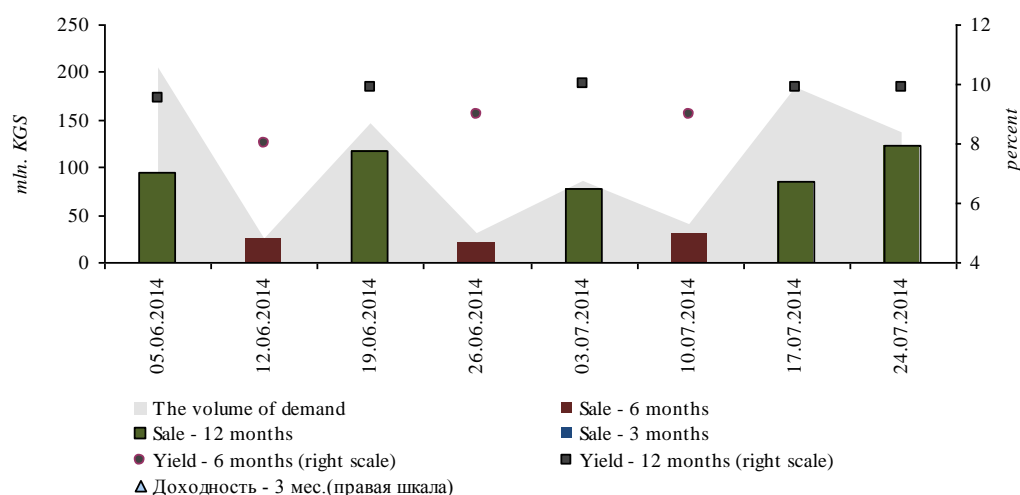


In the reporting period, compared with the previous month, the volume of announced issuance of government treasury bills of the Ministry of Finance has been increased by 2.3 times and constituted 539.0 million KGS.

The volume of demand accompanied by increased activity of commercial banks in this segment of the financial market increased by 11.4 percent and constituted 450.0 million KGS. At the same time, the sales of 12-month STBills increased by 34.4 percent and constituted 285.7 million KGS; and 6-month STBills, in contrast, decreased by 31.8 percent and constituted 30.0 million KGS. There was no demand for 3-month bills from market participants due to the short-term resource base.

The overall weighted average yield on all types of STBills in the reporting period was observed at a rate of 9.8 percent having increased over the month by 0.3 percentage points. The yield on 6-month securities was 9.0 percent (+0.5 percentage points); 12-month - 9.9 percent (+0.2 percentage points).

Graph 2. The dynamics of volume of supply and demand and yield of STB



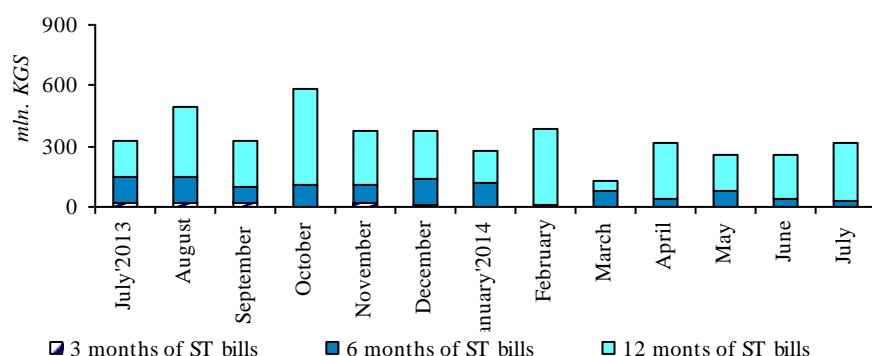
The average volume of demand¹ amounted to 90.0 million KGS having decreased by 10.9 percent compared to the previous month; the average auction volume of sales - by 1.6 percent and constituted 63.1 million KGS.

The net financing of the budget deficit in the reporting month was in the amount of 25.2 million KGS. In the reporting period, the Ministry of Finance redeemed the previously issued STBills in the amount of 263.2 million KGS (-55.6 percent). In this regard, STBills market

¹ This index is used instead of the general volume of demand/supply for the month since the number of auctions within a month is a constant value.

efficiency from the beginning of the year calculated as the ratio of the total value of net financing to total sales at actual cost constituted -65.0 percent.

Graph 3. The dynamics of sales of ST bills



The duration index for the month remained unchanged at 164 days due to the fact that the main share of portfolio fell under the 12-month STBills.

In the reporting period, compared to the previous month, the volume of STBills in circulation increased slightly to 3.4 billion KGS (+1.0 percent): the share of the main holders of STBills - commercial banks, decreased by 1.2 percentage points within the reporting period and constituted 74.1 percent. The share of institutional investors amounted to 24.0 percent (+3.7 percentage points); resident legal entities - 1.8 percent (-2.5 percentage points). The share of individuals was not significant.

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

Table 1. The dynamics of average monthly yield of ST bills

Period	Weighted average yield	By types of urgency		
		3-month ST bills	6-month ST bills	12-month ST bills
July'2013	8.1	4.9	6.4	9.6
August	8.4	4.5	6.5	9.4
September	8.4	3.5	6.5	9.4
October	8.9	4.5	6.5	9.5
November	8.3	4.9	6.4	9.3
December	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

"-" all announced auctions were declared invalid

Table 2. The structure of ST bills holders at face value

Date	TOTAL								
		Commercial Banks		Institutional Investor		Resident Individuals		Resident companies	
		Amount	Share	Amount	Share	Amount	Share	Amount	Share
01.08.2013	4,768,320.0	3,539,517.5	74.2%	583,276.8	12.2%	2,945.2	0.1%	642,580.5	13.5%
01.09.2013	4,846,990.0	3,495,177.5	72.1%	675,776.8	13.9%	2,945.2	0.1%	673,090.5	13.9%
01.10.2013	4,661,140.0	3,515,157.5	75.4%	601,401.8	12.9%	2,945.2	0.1%	541,635.5	11.6%
01.11.2013	4,706,640.0	3,474,129.5	73.8%	579,863.3	12.3%	3,494.2	0.1%	569,153.0	12.1%
01.12.2013	4,562,140.0	3,502,372.1	76.8%	587,863.3	12.9%	3,494.2	0.1%	468,410.4	10.3%
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%