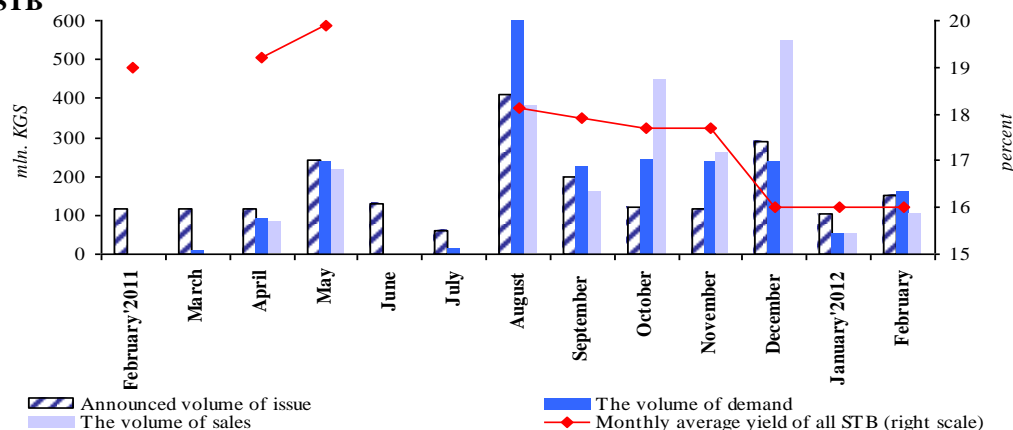


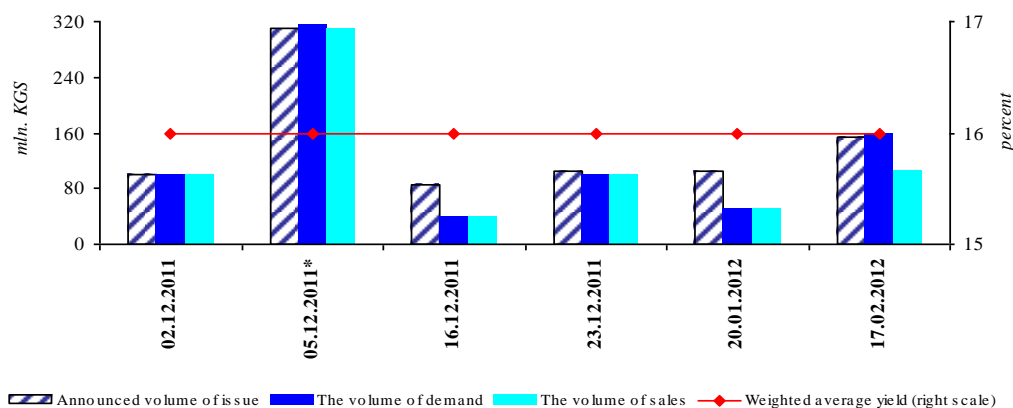
Market of State Treasury Bonds (February 2012)

In February one auction of treasury bonds of the Ministry of Finance was held in the primary market. According to the results of this auction, the market participants purchased securities for the total amount of 104.1 million KGS, which is two times higher than that of the previous month. The main share of placement fell under one of the major commercial banks, which purchased 96.1 percent of total sales. Yield of securities remained unchanged at 16.0 percent. Despite the relatively high rate of return on STBonds, interest in this type of government securities by the majority of banks remains relatively low due to the short term nature of their resource base.

Graph 1. The dynamics of volume of supply and demand and yield of STB



Graph 2. Dynamics of volume of demand and supply and yield of STB auctions



* additional placement

In February, the volume of STBonds in circulation amounted to 3.1 billion KGS having increased over the month by 1.5 percent. The share of commercial banks increased by 0.6 percentage points (to 61.9 percent) due to an equivalent decrease in the share of institutional investors to 38.0 percent. The share of resident legal entities remained at 0.1 percent.

According to the results of the reporting period¹, the concentration index of the primary market of STBonds constituted 0.44, which indicates to the high level of concentration and corresponds to the presence of two investors with equal shares in the market.

¹ This index indicated to the degree of concentration of securities in the bank portfolio. The concentration index is calculated with the use of the Herfindahl-Hirschman method, by adding index share squares in the total volume. The index values vary from 0 to 1. Index value below 0.10 corresponds to the low value of concentration, from 0.10 to 0.18 – to the medium level; and above 0.18 – to the high level of concentration. For example, the concentration index of 0.5 is equivalent to the presence of 2 market players with equal shares, 0.3 – to the presence of 3 players, etc.

In the reporting period, no transactions of commercial banks in the secondary market of STBonds on the purchase / sale of securities before maturity took place.

Table 1. The structure of the STB holders at face value

thous. KGS

Date	TOTAL	Including								
		NBKR		Commercial Banks		Institutional Investors		Resident companies		
		Amount	Share	Amount	Share	Amount	Share	Amount	Share	
February 2011	1,919,792.0	0.0	0.0%	1,367,706.5	71.2%	549,140.5	28.6%	2,945.0	0.2%	
March	1,919,792.0	0.0	0.0%	1,367,706.5	71.2%	549,140.5	28.6%	2,945.0	0.2%	
April	1,999,792.0	0.0	0.0%	1,447,706.5	72.4%	549,140.5	27.5%	2,945.0	0.1%	
May	2,213,792.0	0.0	0.0%	1,661,706.5	75.1%	549,140.5	24.8%	2,945.0	0.1%	
June	2,213,792.0	0.0	0.0%	1,661,706.5	75.1%	549,140.5	24.8%	2,945.0	0.1%	
July	2,213,792.0	70,685.7	3.2%	1,661,706.5	75.1%	478,454.8	21.6%	2,945.0	0.1%	
August	2,593,792.0	70,685.7	2.7%	1,966,437.7	75.8%	553,723.6	21.3%	2,945.0	0.1%	
September	2,752,012.0	70,685.7	2.6%	1,861,097.7	67.6%	817,283.6	29.7%	2,945.0	0.1%	
October	2,927,012.0	500,940.7	17.1%	1,888,929.5	64.5%	532,494.6	18.2%	4,605.2	0.2%	
November	3,056,703.0	500,940.7	16.4%	1,881,130.5	61.5%	671,484.6	22.0%	3,105.2	0.1%	
December	3,035,970.0	0.0	0.0%	1,857,228.9	61.2%	1,175,593.9	38.7%	3,105.2	0.1%	
January 2012	3,047,170.0	0.0	0.0%	1,868,428.9	61.3%	1,175,593.9	38.6%	3,105.2	0.1%	
February	3,092,940.0	0.0	0.0%	1,914,198.9	61.9%	1,175,593.9	38.0%	3,105.2	0.1%	