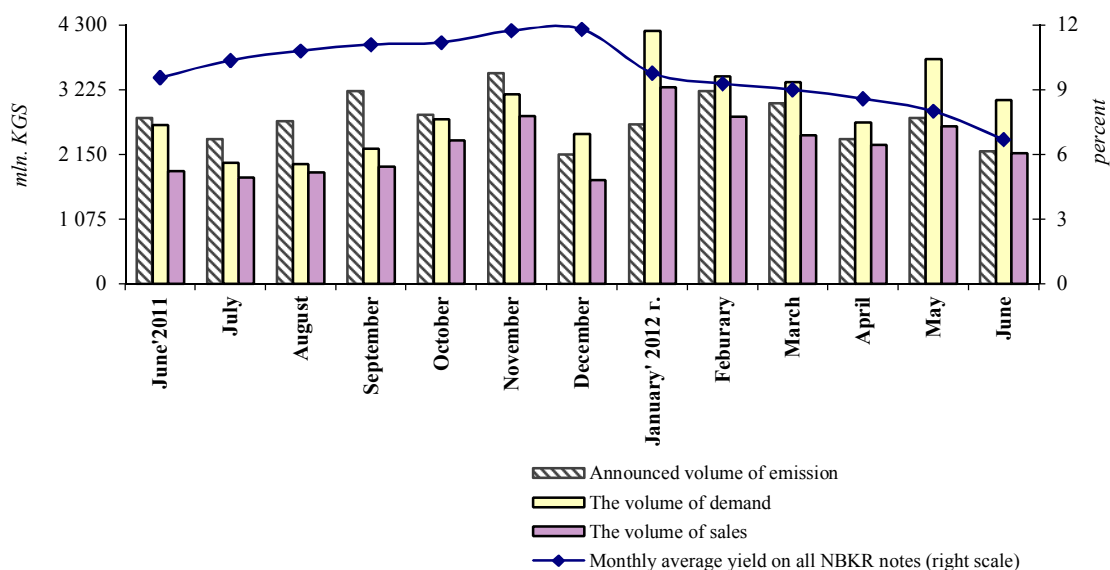


NBKR Notes (June 2012)

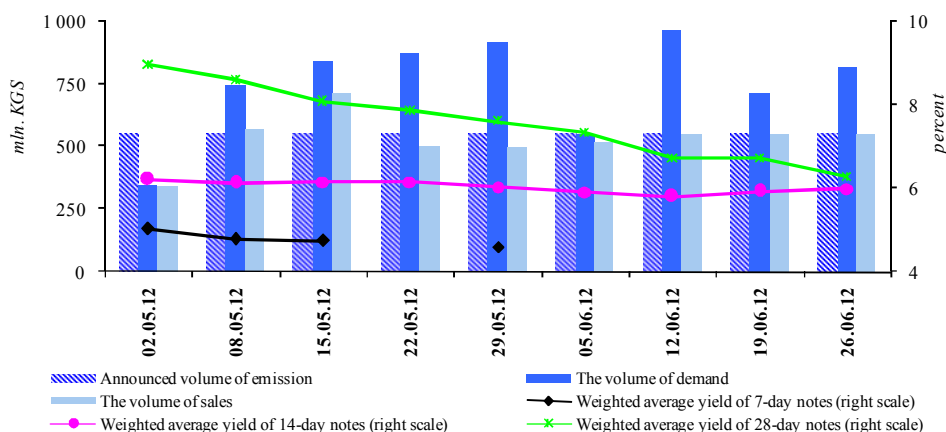
Graph 1. Demand and placement of NBKR notes



The cumulative indicator of volume of supply of notes has decreased in June compared to the previous month on 20.0 percent, to 2.2 billion KGS. With the decrease of volume of demand on 18.5 percent, to 3.0 billion KGS, volume of securities sales (including additional offering in May) has decreased to 2.2 billion KGS (-17.2 percent). The main reason for this decline was the decrease in sales in the segment of 28-day notes (-18.6 percent), while sales of 14-day notes have decreased on 14.5 percent (emission of 70day notes was not conducted in the reviewed period) in June. In terms of market participants, the main activity was shown by two large commercial banks, share of one of this banks was more than the half of the volume of all securities of the market. The total share of other market participants was 27.3 percent.

In period under review total weighted average yield of the NBKR notes has decreased by 1.3 percentage points, and constituted 6.7 percent, also the yield of the 14-day notes has decreased by 0.2 percentage points, to 5.9 percent, 28-day notes – by 1.4 percentage points, to 6.8 percent.

Graph 2. The dynamics of demand, sales and yield of NBKR notes



The average auction¹ volume of demand in July constituted 761.2 million KGS, having increased by 1.9 percent compared to the previous month, while the average auction volume of sales fell by 17.4 percent to 541.0 million KGS.

¹ This indicator is used instead of the total demand/supply for the month, as the number of auctions for the month is a volatile variable.

In the reporting period, the volume of notes in circulation fell by 6.0 percent, having formed at 2.1 billion KGS. The main reason for the decrease was the decline in the share of institutional investors to 11.8 percent (-15.1 percentage points). The share of major holders represented by commercial banks increased by 4.6 percentage points, reaching 71.6 percent in the total portfolio. The share of resident individuals increased by 10.7 percentage points based on the results of the month (in June, individuals were chosen from the owners of the securities of NBKR notes).

An index of concentration in the banking note portfolio² of 0.4 percent, developed in the period under review, indicates the continued high level of concentration, which is equivalent to the presence of four major market participants with equal shares

Graph3. The dynamics of sales of NBKR notes

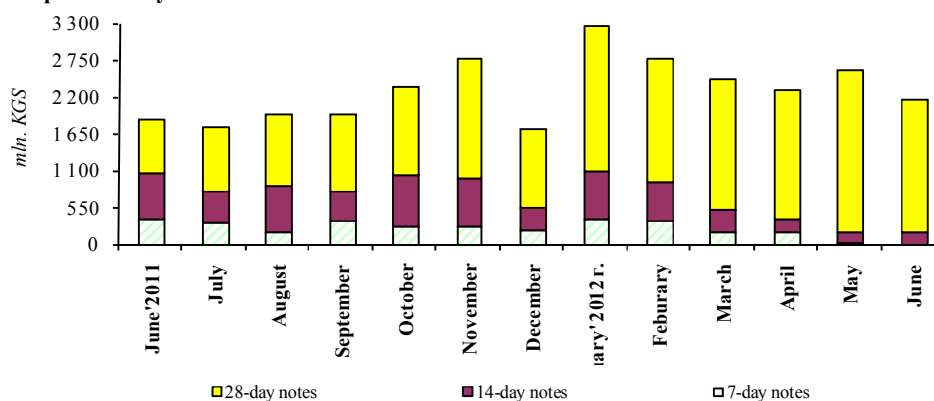


Table 1. The structure of the holders of NBKR notes at par values

mln. KGS

Date	TOTAL	Including							
		Commercial banks		Resident companies		Resident individuals		Institutional investors	
		Amount	Share	Amount	Share	Amount	Share	Amount	Share
01.07.2011	1,093.2	611.9	56.0%	177.8	16.3%	1.5	0.1%	302.0	27.6%
01.08.2011	1,360.0	919.5	67.6%	3.5	0.3%	2.0	0.1%	435.0	32.0%
01.09.2011	1,357.2	899.5	66.3%	55.9	4.1%	0.8	0.1%	401.0	29.5%
01.10.2011	1,368.4	1,055.2	77.1%	49.1	3.6%	0.1	0.0%	264.0	19.3%
01.11.2011	1,738.2	1,345.4	77.4%	42.7	2.5%	0.1	0.0%	350.0	20.1%
01.12.2011	1,732.4	1,215.8	70.2%	49.6	2.9%	-	0.0%	467.0	27.0%
01.01.2012	1,366.4	1,065.3	78.0%	19.4	1.4%	0.2	0.0%	281.5	20.6%
01.02.2012	2,209.5	1,666.1	75.4%	88.0	4.0%	10.3	0.5%	445.1	20.1%
01.03.2012	2,313.0	1,527.6	66.0%	162.9	7.0%	1.1	0.0%	621.5	26.9%
01.04.2012	2,113.8	1,507.0	71.3%	237.3	11.2%	2.4	0.1%	367.1	17.4%
01.05.2012	2,072.4	1,424.6	68.7%	224.5	10.8%	2.3	0.1%	421.0	20.3%
01.06.2012	2,196.2	1,471.2	67.0%	129.2	5.9%	4.8	0.2%	591.0	26.9%
01.07.2012	2,063.9	1,477.8	71.6%	341.7	16.6%	-	0.0%	244.3	11.8%

² This index indicates the degree of concentration of the securities in the portfolio of banks. Concentration index is calculated by the Herfindahl-Hirschman method and is the sum of squares of the shares in the total volume. The possible values of the index are in the range of values from 0 to 1. The index value of less than 0.10 corresponds to the low level of concentration; from 0.10 to 0.18 - the average level of concentration, over 0.18 - a high level of concentration. For example, the concentration index equal to 0.50 is equivalent to the presence of two market participants with equal shares; 0.30 - three participants, etc.