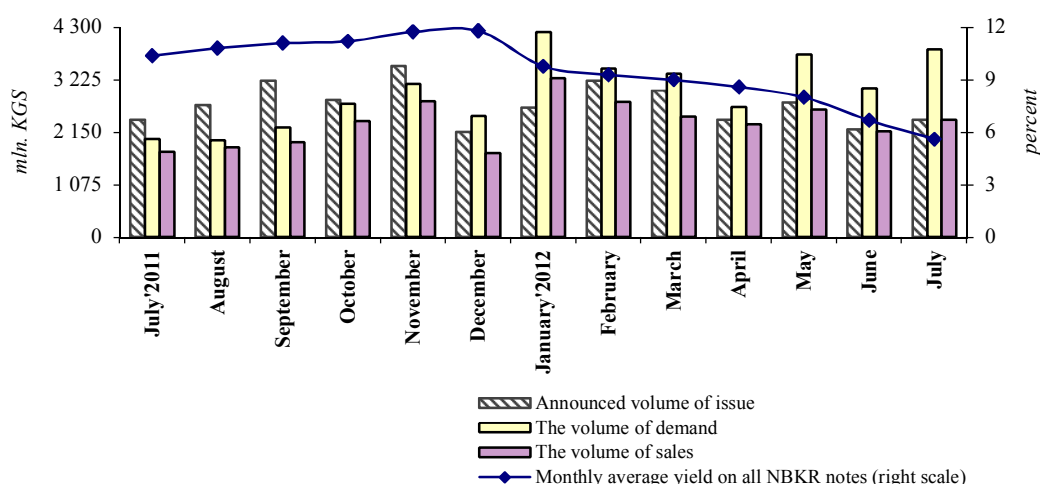


NBKR Notes (July 2012)

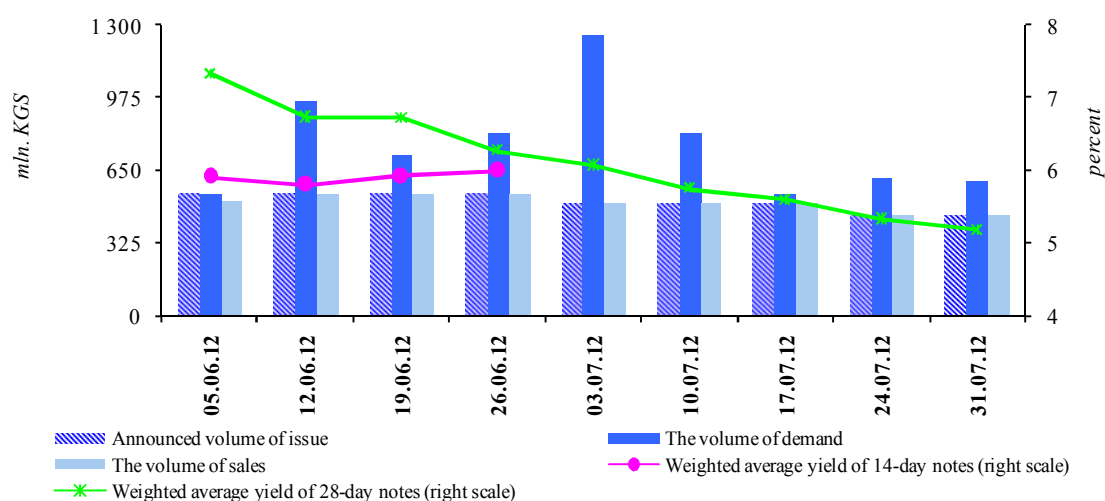
Graph 1. Demand and placement of NBKR notes



2.4 billion KGS of securities in total was placed at five NBKR note auctions in July, which is 10.9 percent higher than the previous month. As one of the instruments of the financial market notes continue to be in a relatively strong demand by potential investors, and in this regard, July was no exception, thus, in each of the auctions held, the overall demand for securities exceeded the stated amount of placement. Here, as before, the greatest interest was drawn to the most profitable 28-day notes, as a result of which, they have become the only kind of securities presented in the July sales basket. In the period under review, the greatest activity was manifested by two commercial banks, who bought 67.8 percent of the total securities sold on the market. The share of the remaining 11 bidders, who replenished their note portfolios in July, ranged individually in the range from 0.02 to 7.5 percent.

The total average yield of NBKR notes represented by yield of 28-day notes decreased by 1.1 percentage points compared with the previous month, reaching 5.6 percent.

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



The average auction¹ volume of demand in July constituted 769.1 million KGS, having increased by 1.0 percent compared to the previous month, while the average auction volume of sales fell by 11.3 percent to 480.0 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 5.5 percent, having formed at 2.0 billion KGS. The main reason for the decrease was the decline in the share of resident companies by 7.8 percentage points to 8.8 percent, and the share of institutional investors - to 6.7 percent (-5.2 p.p.). The share of major holders represented by commercial banks increased by 12.8 percentage points, to 84.5 percent in the total portfolio, and the share of resident individuals constituted 0.1 percent based on the results of the month.

An index of concentration in the banking note portfolio² of 0.24 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.

In the period under review, operations with NBKR notes in the secondary market were not carried out.

Graph 3. The dynamics of sales of NBKR notes

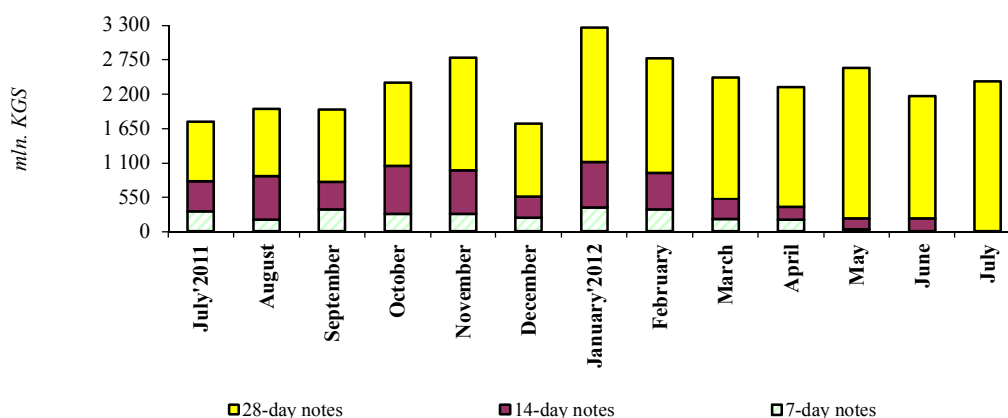


Table 1. The structure of the holders of NBKR notes at par value

Date	TOTAL	Including							
		Commercial Banks		Resident companies		Resident individuals		Institutional investors	
		Amount	Share	Amount	Share	Amount	Share	Amount	Share
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%
01.08.2012	1,950.0	1,646.8	84.5%	171.5	8.8%	2.0	0.1%	129.7	6.7%

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.