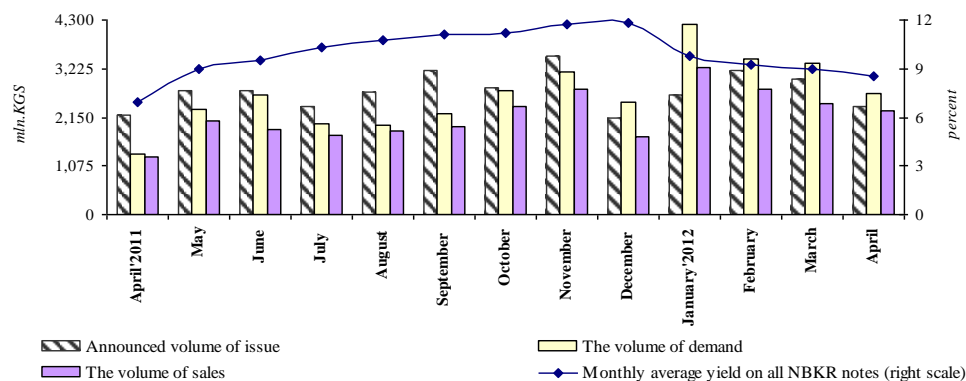


NBKR Notes (April 2012)

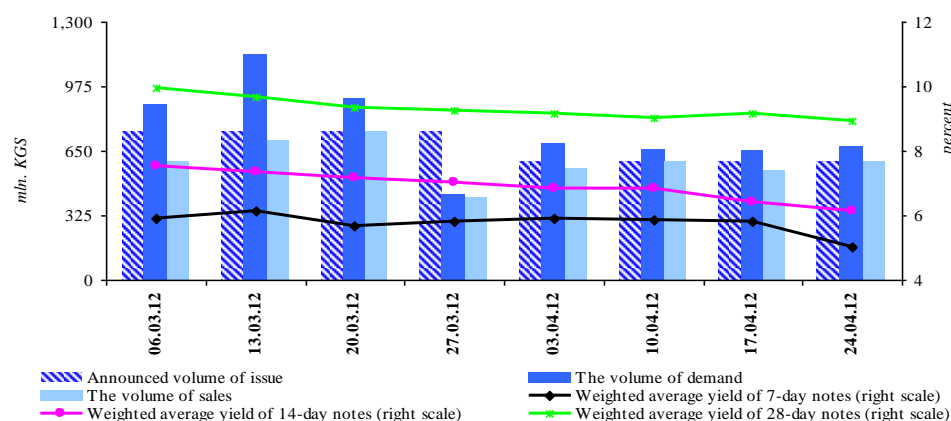
Graph 1. Demand and placement of NBKR notes



In April 2012 the aggregate volume of supply of notes decreased compared to the previous month by 20.0 percent to 2.4 billion KGS. On the background of decrease in the volume of demand by 20.3 percent to 2.7 billion KGS, the volume of sales of securities decreased to 2.3 billion KGS (-6.3 percent). The main reason for this decline was the continued decrease in sales in all segments of the market: the volume of 7-day notes decreased by 2.5 percent and constituted 185.2 million KGS; 14-day notes - by 39.1 percent and constituted 200.0 million KGS; and 28-day notes - by 1.2 percent and constituted 1.9 billion KGS. In terms of market participants, the main activity was demonstrated by the four major commercial banks and one of the institutional investors, which accounted for 66.8 percent of the total volume of securities in the market.

In the reporting period, the total average weighted yield of NBKR notes decreased by 0.4 percentage points to 8.6 percent. In particular, the yield of 7-day notes decreased by 0.3 percentage points to 5.6 percent; 14-day notes - by 0.7 percentage points to 6.5 percent; 28-day notes - by 0.5 percentage points, to 9.1 percent.

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



The average auction demand¹ volume in April constituted 667.9 million KGS having decreased by 20.3 percent compared to the previous month; the average auction of sales volume¹ decreased by 6.3 percent and constituted 576.9 million KGS.

In the reporting period, the volume of notes in circulation decreased by 2.0 percent and constituted 2.1 billion KGS. The main reason for the decline was the reduction of the share of the major holders of securities in the face of commercial banks from 71.3 to 68.7 percent. The share

¹ This indicator is used instead of the general volume of supply /demand within a month since the number of auctions within a month is not a constant value.

of institutional investors, in contrast, increased by 2.9 percentage points and constituted 20.3 percent. According to the results of the reporting period, the share of resident legal entities decreased to 10.8 percent (-0.4 percentage points), while the share of individuals remained at the level of 0.1 percent as was in March.

The concentration index of bank portfolio of notes² formed at the rate of 0.13 indicates to the persistence of the average level of concentration equivalent to the presence of eight major participants with equal shares in the market.

Graph 3. The dynamics of sales of NBKR notes

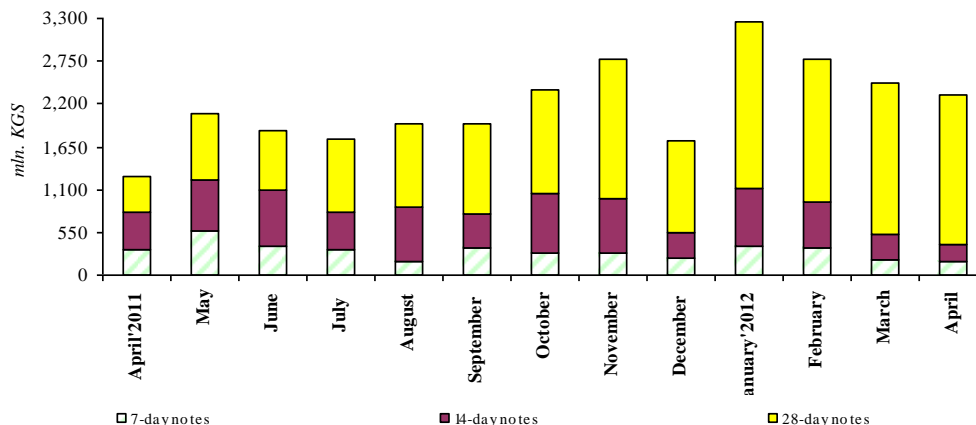


Table 1. The structure of the holders of NBKR notes at par value

mln. KGS

Date	TOTAL	Including							
		Commercial Banks		Resident companies		Resident individuals		Institutional investors	
		Amount	Share	Amount	Share	Amount	Share	Amount	Share
01.05.2011	738.6	334.9	45.3%	0.7	0.1%	-	0.0%	403.0	54.6%
01.06.2011	863.7	574.2	66.5%	28.5	3.3%	-	0.0%	261.0	30.2%
01.07.2011	1093.2	611.9	56.0%	177.8	16.3%	1.5	0.1%	302.0	27.6%
01.08.2011	1360.0	919.5	67.6%	3.5	0.3%	2.0	0.1%	435.0	32.0%
01.09.2011	1357.2	899.5	66.3%	55.9	4.1%	0.8	0.1%	401.0	29.5%
01.10.2011	1368.4	1055.2	77.1%	49.1	3.6%	0.1	0.0%	264.0	19.3%
01.11.2011	1738.2	1345.4	77.4%	42.7	2.5%	0.1	0.0%	350.0	20.1%
01.12.2011	1732.4	1215.8	70.2%	49.6	2.9%	-	0.0%	467.0	27.0%
01.01.2012	1366.4	1065.3	78.0%	19.4	1.4%	0.2	0.0%	281.5	20.6%
01.02.2012	2209.5	1666.1	75.4%	88.0	4.0%	10.3	0.5%	445.1	20.1%
01.03.2012	2313.0	1527.6	66.0%	162.9	7.0%	1.1	0.0%	621.5	26.9%
01.04.2012	2113.8	1507.0	71.3%	237.3	11.2%	2.4	0.1%	367.1	17.4%
01.05.2012	2072.4	1424.6	68.7%	224.5	10.8%	2.3	0.1%	421.0	20.3%

² This index shows the degree of concentration of securities in the portfolio of the banks. The concentration index is calculated by the method of Herfindahl-Hirschman index and is the sum of the squares of the specific weights in total. The index takes values from 0 to 1. An index value less than 0.10 corresponds to the low level of concentration, from 0.10 to 0.18 - the average level of concentration and more than 0.18 - high level of concentration. For example, the concentration index equal to 0.50 is equivalent to the market presence of 2 participants with equal shares and 0.3 – 3 participants.