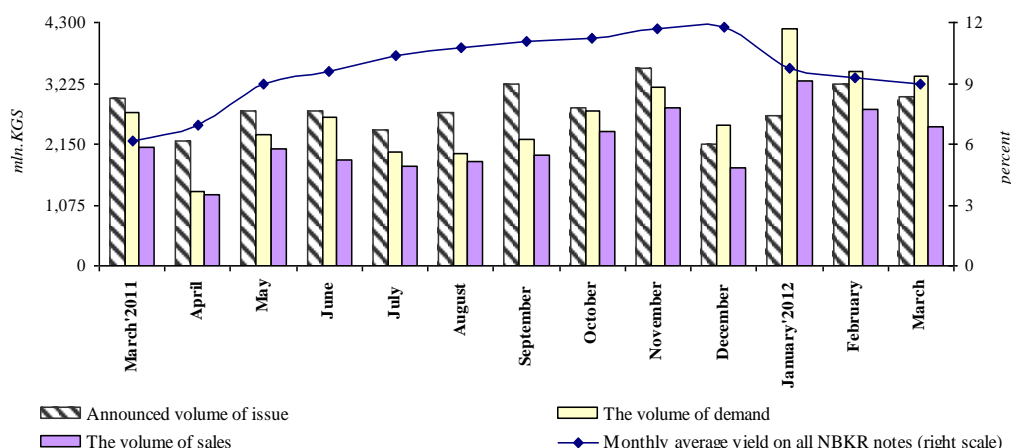


NBKR Notes (March 2012)

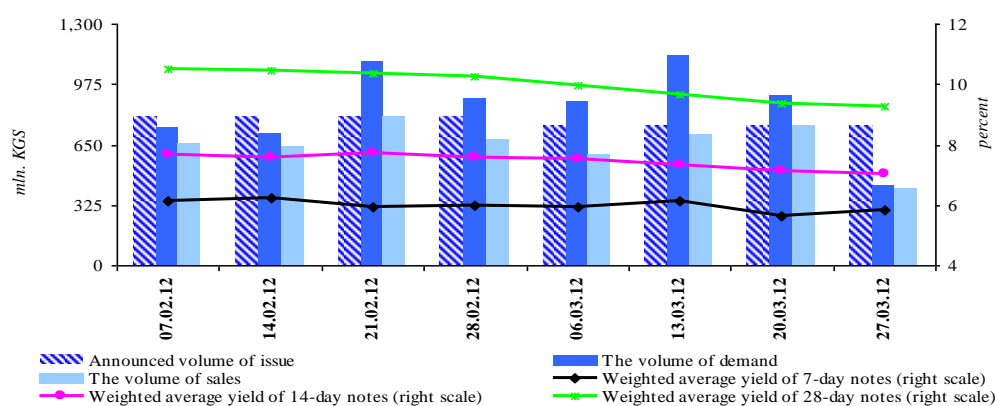
Graph 1. Demand and placement of NBKR notes



In March the aggregate supply volume of notes decreased compared to the previous month by 6.3 percent and constituted 3.0 billion KGS. On the background of reduction in the volume of demand by 2.7 percent to 3.4 billion KGS, the sale of securities decreased to 2.5 billion KGS (-11.0 percent). The main reason for this decline was the decrease in sales in the 7- and 14-day notes, the volumes of placement of which amounted to 190.0 million KGS according to the results of the month (-45.6 percent) and 328.3 million KGS (-43.9 percent). While sales of the most popular 28-day notes, on the contrary, increased by 6.1 percent and constituted 1.9 billion KGS. In terms of market participants, the main activity was demonstrated by three major commercial banks and one of the institutional investors, the total share of which constituted 49.7 percent of the total volume of securities in the market.

In the reporting period, the total average yield of NBKR notes decreased by 0.3 percentage points to 9.0 percent due to the continued decrease of return on all types of securities placed on the market for the third month: the yield of 7-day notes decreased by 0.2 percentage points and constituted 5.9 percent; 14-day notes - by 0.4 percentage points to 7.3 percent; 28-day notes - by 0.8 percentage points to 9.6 percent.

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



The average auction volume of demand¹ in March constituted 837.9 million KGS having decreased by 2.7 percent compared to the previous month; the average auction volume¹ of sales decreased by 9.9 percent and constituted 616.0 million KGS.

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.

In the reporting period, the volume of notes in circulation decreased by 8.6 percent and constituted 2.1 billion KGS. The main reason for the decline was the reduction in the share of institutional investors to 17.4 percent (-9.5 percentage points). The share of the main holders in the face of major commercial banks, by contrast, increased by 5.3 percentage points, reaching 71.3 percent in the total portfolio. The share of resident legal entities increased by 4.2 percentage points and constituted 11.2 percent in the reporting month, while the share of individuals amounted to 0.1 percent.

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

Graph 3. The dynamics of sales of NBKR notes

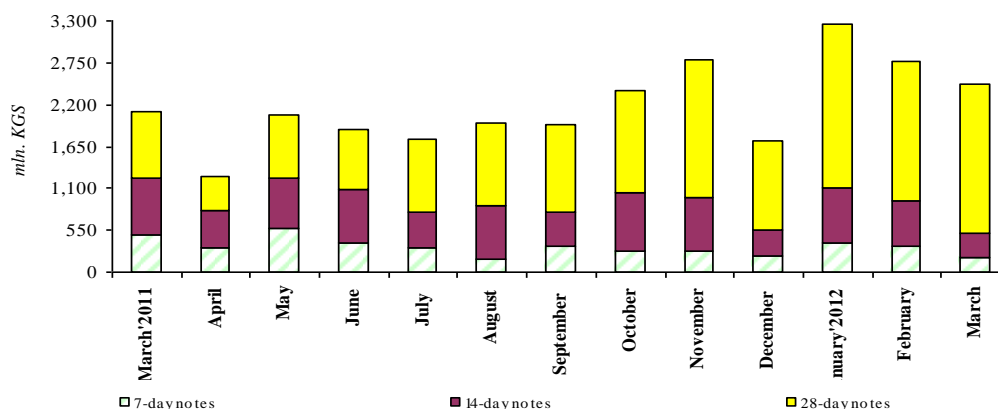


Table 1. The structure of the holders of NBKR notes at par value

Date	TOTAL	Including							
		Commercial Banks		Resident companies		Resident individuals		Institutional investors	
		Amount	Share	Amount	Share	Amount	Share	Amount	Share
01.04.2011	1165.2	464.1	39.8%	371.1	31.9%	-	0.0%	330.0	28.3%
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%

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.