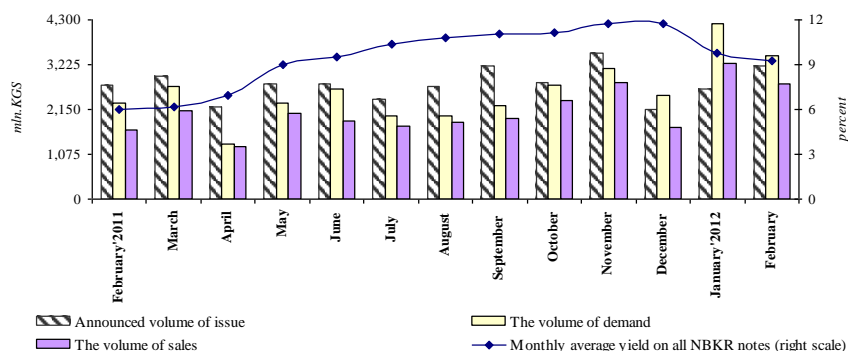


NBKR Notes (February 2012)

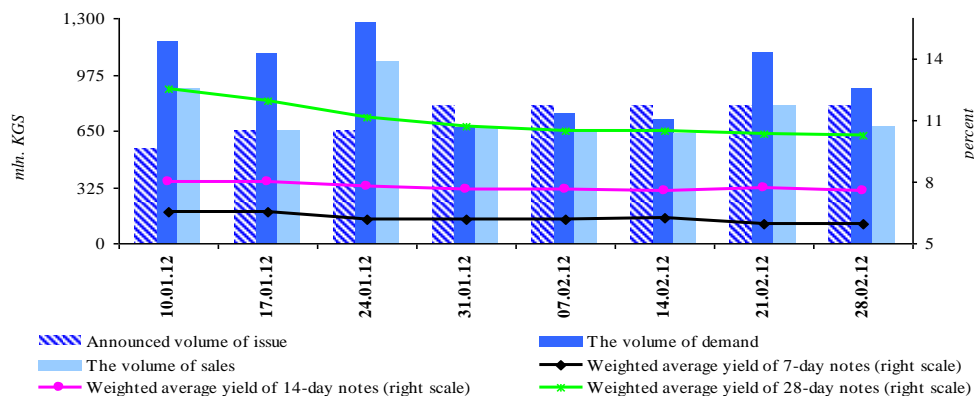
Graph 1. Demand and placement of NBKR notes



In February, the cumulative total supply of notes increased compared to the previous month by 20.8 percent and constituted 3.2 billion KGS. On the background of reduction in the volume of demand by 18.0 percent to 3.4 billion KGS, sales of securities (subject to additional placement) decreased to 2.8 billion KGS (-15.1 percent). The main reason for this decline was the decrease in sales in all segments of the market: the volume of 7-day notes decreased by 6.9 percent and constituted 349.1 million KGS; 14-day notes - by 19.9 percent and constituted 584.7 million KGS; 28-day notes - by 14.9 percent and constituted 1.8 billion KGS. In terms of market participants the main activity was demonstrated by the two institutional investors and one of the major commercial banks, which accounted for 49.4 percent of the total volume of securities in the market.

In the reporting period, the total average yield of NBKR notes decreased by 0.5 percentage points and constituted 9.3 percent, as a result of the continuing decline of profitability on all types of securities. Thus, the yield of 7-day notes decreased by 0.3 percentage points and constituted 6.1 percent; 14-day notes - by 0.2 percentage points to 7.7 percent; and 28-day notes - by 1.1 percentage points and constituted 10.4 percent.

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



The average auction volume¹ of demand in February constituted 861.2 million KGS having decreased by 18.0 percent compared to the previous month; while the volume of average auction of sales¹, by contrast, rose by 8.5 percent and constituted 683.5 million KGS.

In the reporting period, the volume of notes in circulation increased by 4.7 percent and constituted 2.3 billion KGS. The main reason for the decline was the increase in the portfolio of institutional investors, whose share increased to 26.9 percent (+6.7 percentage points). The share of main holders in the face of commercial banks, by contrast, fell by 9.4 percentage points to 66.0 percent in the total portfolio. The share of resident legal entities increased by 3.1 percentage points and constituted 7.0 percent in the last month; while the proportion of individuals had decreased to zero level.

Formed at a rate of 0.21 concentration index in the banking portfolio of notes² indicates to the continued high level of concentration, equivalent to the presence of five major participants with equal shares in the market.

Graph 3. The dynamics of sales of NBKR notes

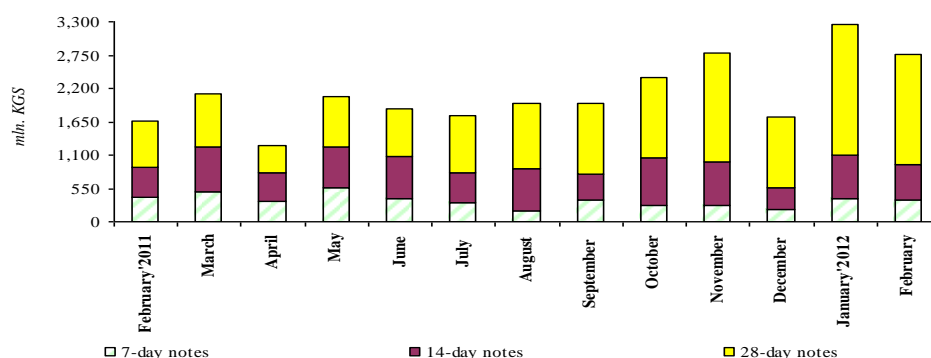


Таблица 1. Структура держателей нот НБКР по номинальной стоимости

млн. сом

Дата	ВСЕГО	В том числе							
		Коммерческие банки		Юрид.лица - резиденты		Физ.лица - резиденты		Институциональные инвесторы	
		Сумма	Уд.вес	Сумма	Уд.вес	Сумма	Уд.вес	Сумма	Уд.вес
01.03.2011	1 052,1	639,0	60,7%	51,0	4,8%	-	0,0%	362,1	34,4%
01.04.2011	1 165,2	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	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%

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.

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.