



CENTERCREDIT



ANNUAL REPORT

2013



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TUMARS



KEEPING TRADITIONS

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MESSAGE FROM THE CHAIRMAN OF
THE BOARD OF DIRECTORS
OF BANK CENTERCREDIT JSC
B.R. BAISEITOV



DEAR BANK CENTERCREDIT
SHAREHOLDERS!

In the course of the accounting year the efforts of Bank CenterCredit JSC (hereafter BCC) were aimed at overcoming negative trends that took place in the banking system as well as enhancing our business efficiency.

As a result of the measures taken, the net interest margin of BCC increased three-fold: from 1.4 to 4.3%. This was achieved through profitability in growth of assets and a reduction of the volume of high-priced loans. The cost of liabilities was reduced from 5.8 to 5.1%. BCC has redeemed ahead of schedule three external subordinated loans in U.S. dollars totaling 19 billion tenge, reducing their share

to 3% of all resources. Along with this, the loan portfolio of BCC increased by 3.8% (883 billion tenge), compared to an 0.8% (988 billion tenge) growth of liabilities.

In compliance with the requirements of the National Bank of the Republic of Kazakhstan, BCC has systematically built up its reserves. As of January 1, 2014, the reserve volume amounted to 197.2 billion tenge (20.3%) and the NPL level was 188.6 billion tenge (19.4%).

2013 marked the 25th anniversary of BCC. To celebrate the anniversary, BCC, with the participation of the strategic investor Kookmin Bank (Republic of Korea), initiated a series of measures aimed at personnel development, raising wage levels and strengthening corporate values. In the course of the accounting year a number of system solutions were implemented in order

to improve internal controls, improve risk management and refine the quality of our loan portfolio.

In 2014 BCC intends to strengthen positive trends, facilitate profit growth and continue to work on reducing the level of problem loans.



Chairman of the Board of Directors
Bank CenterCredit JSC

B.R. BAISEITOV

BOARD OF DIRECTORS

BANK MANAGEMENT



BAKHYTEBEK RYMBEKOVICH BAISEITOV
Chairman of the Board of Directors



FRANS JOSEF CLAES WERNER
Member of the Board of Directors, Independent Director



VLADISLAV SEDINOVICH LEE
Chairman of Bank Management



JONG HWAN HAN
Managing Director of Lending Group



OH-KI KWON
Member of the Board of Directors, Independent Director



SANG-KWEON JEOUNG
Member of the Board of Directors



BULAN ADILKHANOVICH ADILKHANOV
Managing Director of Activity Support Group



KI HONG OH
Managing Director of Financial Group



VLADISLAV SEDINOVICH LEE
Member of the Board of Directors



DZHUMAGELDY RAKHISHEVICH AMANKULOV
Member of the Board of Directors



MAKSAT KABYKENOVICH ALZHANOV
Managing Director of Business Group



MOO GIL SHIM
Managing Director of IT Group



NURTAI SHAIKHIEVICH IRKEGULOV
Corporate Secretary



DEPARTMENT HEADS



**ASAN
BULATOVICH
BURANBAYEV**
Managing Director,
Director of Department for
Corporate Finances

**GALINA
DONNEROVNA
VON**
Director of Human Resources
Department

**LUDMILA
FIODOROVNA
BYTYRINA**
Director of Department for
Recording and Supporting of
Operating Activities

**BAKHYZZHAN
BAKHADIROVICH
TASTANBEKOV**
Director of Safety Department

**MURAT
MEIRKHANOVICH
ABISHEV**
Director of Department for
Loan Administration of
Individuals

**AIZHAN
TOLEUGAZINOVNA
NURGALIEVA**
Director of Accounting and
Reporting Department,
Chief Accountant

**RIZVANGUL
SAIDULLAEVNA
VAKHIDOVA**
Director of Department for
Retail Business

**TIMUR
RAUFOVICH
GABASOV**
Director of Treasury
Department

**SERGEY
IVANOVICH
DOROZHKIN**
Director of Administrative
Department

**YERZHAN
ASYLBEKOVICH
ASYLBEK**
Director of Credit Risk
Department

**TIMUR
AMANOVICH
AKYLOV**
Director of Information
Technology Department

**MALIK
KHAIRZHANOVICH
NUGMANOV**
Chief Compliance Inspector
for Compliance Services

**TATYANA
VALERIEVNA
POPOVA**
Director of Bank Cards
Department

**LARISA
PETROVNA
ZDANOVICH**
Director of Department for
Planning and Finances

**VLADIMIR
ALEKSANDROVICH
SAVCHENKO**
Director of Legal Department

**YERLAN
AMIRBEKOVICH
YERMAKHANOV**
Director of Department for
Loan Administration of
Legal Entities

**KULYASH
IZMAGZAMOVNA
SHAYAKHMETOVA**
Director of Department for
Business Processes

**RAKYSH
MUSINA**
Chief Auditor for
Internal Audits



TUMARS – AMULETS

Some of the most interesting pieces of Kazakh jewelry are amulets known as tumars. They are not only decorative, but also have a spiritual significance associated with belief in their magical and protective properties. Kazakhs regularly wear tumars and use them in everyday life and in ritual practices.

A tumar is an item meant to guard its wearer from trouble, protect property and provide feelings of love and happiness. The tumar is derived from an Arabic word meaning "a worn prayer." In a broad sense, this name in Kazakh can be used for any decorative amulets that are said to possess magical features. Since ancient times, various types of amulets have been used, as people have believed they contain supernatural power that can guard a person from evil spirits and the attacks of an enemy or dangerous animals. Such amulets have also been worn for decorative purposes.

Historically, the tumar itself was actually a special silver (and in rare instances, gold) case into which a talisman would be inserted. This protected the bearer from the evil eye, sickness, infertility and evil spirits. Such adornments would accompany a person from his or her earliest days. All newborn babies had to be protected by a triangular amulet. Adults (mainly women) wore on their heads tumars which were attached to their headware. Other tumars could be worn on the neck, back and chest. The latter were worn over the shoulder connected by a chain specifically to guard the heart, considered the seat of the soul, the rapid departure of which could quickly lead to death.

Thus the tumar was an integral part of the overall collection of jewelry. Wearing it provided protection and well-being.

A SILVER COMPOUND TRIANGULAR TUMAR

consists of two movable connected main parts in the shape of triangles and seven petal-shaped pendants. It is decorated with designs in the form of stylized horns. A tumar is related to an ancient totem known as an argali.





CORPORATE GOVERNANCE



The corporate governance of Bank CenterCredit JSC (hereafter BCC) is exercised according to the active legislation of the Republic of Kazakhstan and based on the requirements of the charter of BCC, its corporate governance code, resolutions of the general meeting of BCC's shareholders, the Board of Directors of BCC (hereafter Board of Directors) and the Management of BCC (hereafter Management).

During the annual general meeting of BCC's shareholders on April 26, 2013, participants listened to and approved a report of BCC's Management about performance in 2012, the consolidated and non-consolidated annual financial statements of BCC for 2012, procedures for distributing the net profit of BCC in 2012, a new version of BCC's charter, as well as changes and addendums to the corporate governance code of BCC.

On October 29, 2013, there was a meeting of the Counting Commission in order to summarize the results of the Extraordinary General Meeting of BCC's shareholders by absentee voting. The agenda was as follows:

1. Changing the composition of the Board of Directors of Bank CenterCredit JSC.
2. Entering changes into the charter of Bank CenterCredit JSC.

(For reference: the Board of Directors consists of six people. The Board of Directors received notification from Mr. Cheon Sik Yang, a member of the Board of Directors, regarding his resignation from the Board, effective June 14, 2013.)

By a majority vote it was decided to appoint Mr. Oh-Ki Kwon as Independent Director and member of the Board of Directors, with a term lasting until the annual general meeting of shareholders in 2017 inclusively. Also changes were entered into the charter of BCC.

In 2013 the Board of Directors passed 13 protocol decisions and 167 resolutions in regards to the basic directions of BCC; approved internal procedures of BCC in the areas of tariff, credit, accounting and other policies of BCC; considered and approved Management's accounting; adopted decisions in regards to increasing the commitments of BCC through the issuance of bonds, as well as on lending matters and other issues.

During in-person meetings of the Board of Directors, under the chairmanship of Mr. B.R. Baiseitov, participants considered a marketing plan for 2013, a development strategy for BCC for the medium-term period of 2013–2017 and the credit portfolio status. They approved budget parameters for 2014 and adopted decisions about changing the organizational structure of BCC in 2014. Appropriate decisions were made in regards to all the matters brought by the Management of BCC to the meetings of the Board of Directors.

Members of the Board of Directors actively participated in the work of the committees, meetings of Management and other working organs of BCC.

The following committees were established under the Board of Directors in the Bank for consideration of the most important matters within the purview of the Board of Directors:

- Credit Committee
- Audit Committee
- Committee for Management of Assets and Liabilities
- Committee for Appointments and Social Matters

In 2013 the Committee for Management of Assets and Liabilities conducted 13 regular meetings and 7 extraordinary meetings and adopted over 250 decisions. The effect of this work was the reduction of interest expenses on liabilities to customers of BCC. Measures were taken to improve the conditions and attraction of credit and deposit products. Hence, the strategy of the decisions made was directed at the consolidation of positions and improvement of the structure of BCC's assets and liabilities.

In 2013 the Credit Committee conducted 83 meetings, considered 1,280 projects, including 71 projects on issuing warrants, 41 on lending limits, 101 on opening credit lines, 85 on issues of loans, 20 on overdrafts, 206 on matters of credit monitoring, 95 on changing conditions of financing, and so on. One new product was introduced.

In 2013 the Audit Committee conducted seven meetings. Thirteen matters were considered in compliance with the meetings' agendas, including 10 matters related to the results of audits and activities of BCC's divisions; one matter related to the report of the Compliance Service about controlling compliance risks for 2012; and two matters related to external auditor Deloitte LLP.

Under the chairmanship of independent director Mr. Claes Werner, the Committee for Appointments and Social Matters conducted one meeting in 2013.

The Management Committee, a collective executive body consisting of six people, carries out the operational management of BCC's current activities.

In 2013 the Management Committee conducted 38 meetings, including 11 meetings on matters of administrative accounting. They considered 104 matters related to the main activities of BCC. The working day of the Management Committee begins with a meeting with department supervisors (head-office departments) and branch organizations of BCC. During the 12 months of 2013 there were 50 meetings of the Management Committee (status meetings), during which participants listened to administrative accounting reports of the Managing Directors, members of Management, the Compliance Service and the Human Resources Department.

Using an electronic documentation system in its meetings, members of the Management Committee considered, approved and registered 572 decisions with the Secretariat of the Board of Directors and Management.

No complaints were received from shareholders in 2013 in regards to the actions of BCC and its officials.

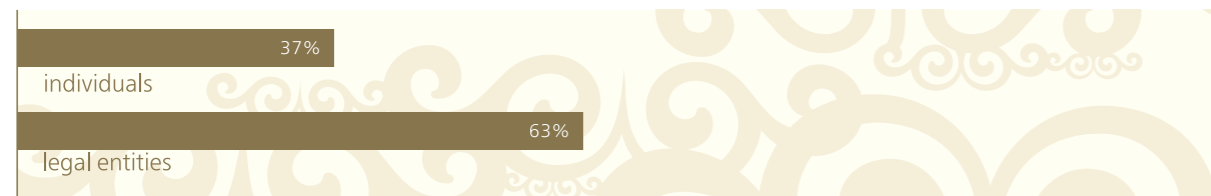
SHAREHOLDERS AND CAPITAL

As of January 1, 2013, the number of ordinary shares distributed was 162,456,800, with privileged shares convertible into ordinary shares totaling 39,249,255. Charter capital totaling 69.751 billion tenge was paid.

Shareholders owning 5% or more of distributed shares are:

Kookmin Bank Co Ltd.	– 41.9%
B.R. Baiseitov	– 25.1%
IFC	– 10%

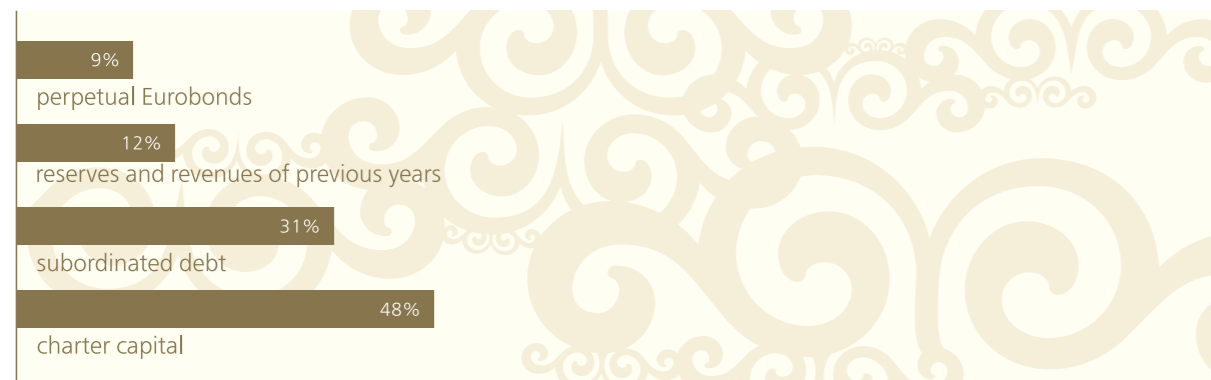
SHAREHOLDERS' EQUITY IN CHARTER CAPITAL, % AS OF JANUARY 1, 2013



BCC'S OWNED CAPITAL, AS OF JANUARY 1, 2013, TOTALED 141.698 BILLION TENGE.

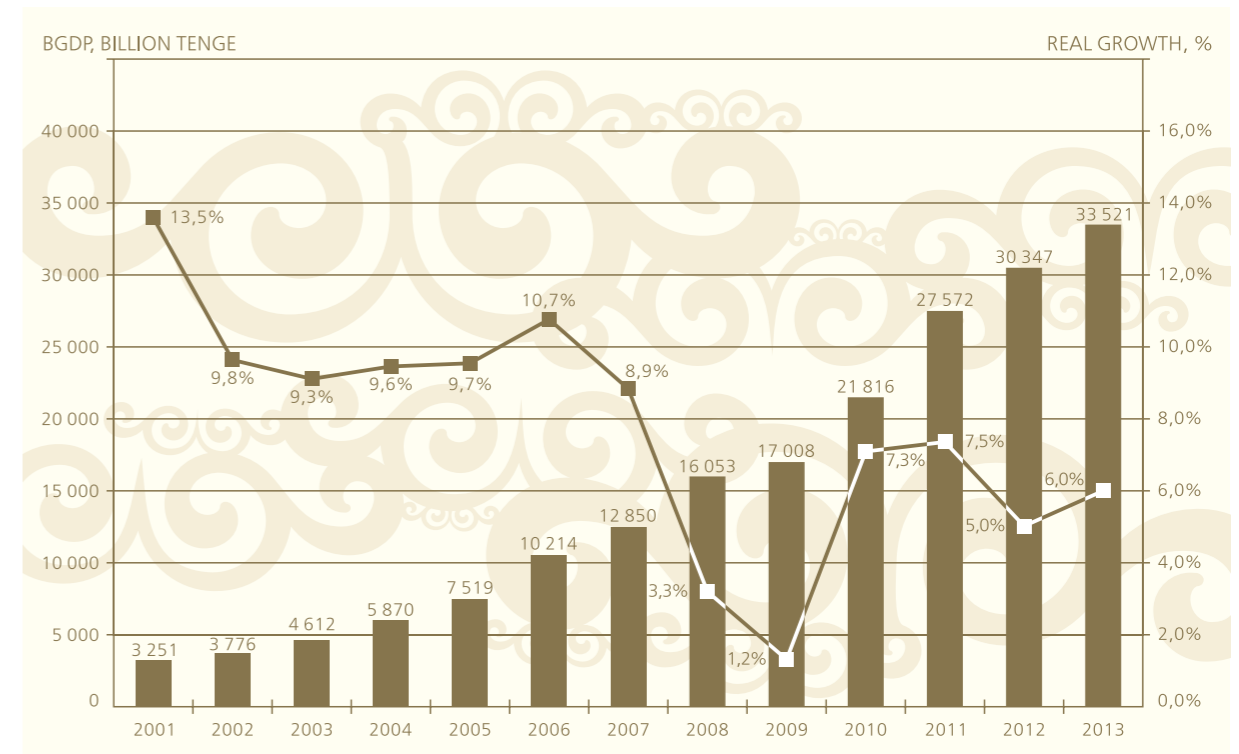
Owned capital structure, in billions of tenge

charter capital	– 69.751
subordinated debt	– 44.945
perpetual Eurobonds	– 12.455
reserves and revenues of previous years	– 16.895



REVIEW OF THE DEVELOPMENT OF THE ECONOMY AND BANKING SECTOR OF KAZAKHSTAN IN 2013

MACROECONOMIC REVIEW



According to preliminary data, the GDP of Kazakhstan in real terms increased by 6% in 2013 or by 33.521 trillion tenge. This growth matched the planning data of the government of the Republic of Kazakhstan.

Shares of production of goods and production of services in the GDP for 2013 were 40% and 52.6% respectively. Industry was the largest sector of the GDP, accounting for 29.6%.

The volume of industrial production (goods and services) amounted to 18.2 trillion tenge, an increase of 2.3%. The volume of the total output of agricultural production was 2.5 trillion tenge, which is an 11.6% increase compared to the previous year. The volume of construction work increased by 3% and totaled 2.4 trillion tenge. The volume of communication services increased by 14% and was 643.5 billion tenge.

According to the annual summary, the inflation rate was 4.8%. Prices for food products increased by 3.3%, non-food products by 3.3% and paid services by 8%. This rate was lower than expected by the government of Kazakhstan, whose target for inflation in 2013 was 6–8%.



THE MAIN SHAPES OF TUMARS

Kazakh tumars are characterized by four main shapes: the triangular amulet (tumarsha), the rectangular amulet placed under the arm (koltyksha), the tubular amulet (boytumar) and the combination triangular and tubular amulet.

The shape of a particular tumar was chosen depending upon how it was to be worn. Amulets worn around the neck were made in the shape of small triangles. Rectangular cases were more comfortable for amulets worn under the arm and were somewhat similar to small, modern bags. Chest amulets predominately had rectangular or cylindrical shapes. The most widespread shape was a hollow cylinder mounted horizontally with a soldered triangular wafer and multiple pendants at the bottom.

The various manufacturing techniques and decorative methods of tumars, as well as their aesthetic characteristics, differed according to the environment in which they were made. These could vary between locations, from the distant steppes to the free-flowing artistic craftsmanship of urban jewelers.

The casing of the tumar was often decorated with applied filigree and imbedded beads, and blackened or gilded with various engravings or counter-relief designs in the shape of floral plants or geometric figures. It could also include written blessings. Most cases were overlaid with various semiprecious stones such as carnelians, coral, turquoise, or lapis lazuli. Simpler versions had glass stones.

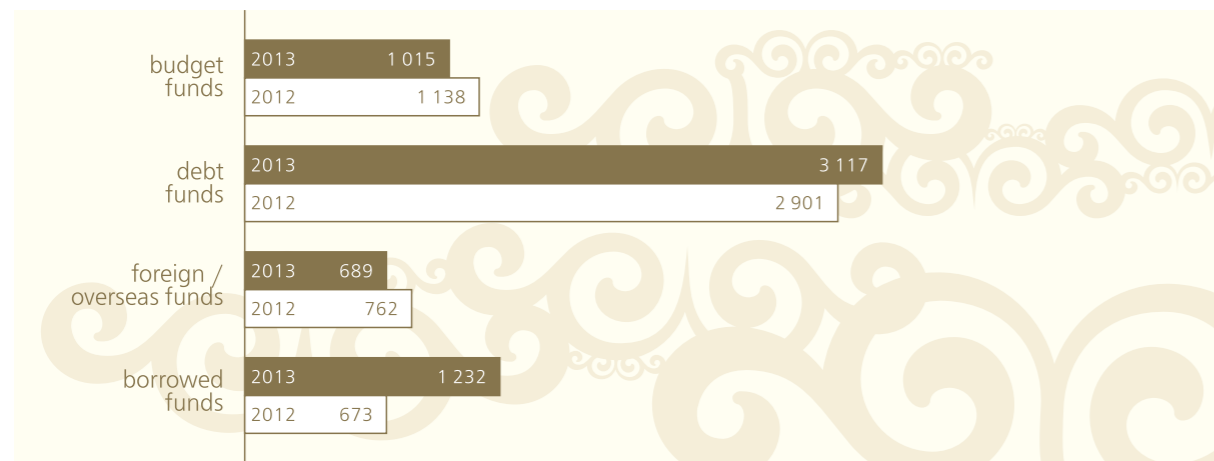
City jewelers also made flat tumars (without the customary case or cover), thus turning them into particularly decorative pieces of jewelry that were shaped like a locket. With this development, the practical function of amulets was gradually replaced by its decorative function. However, belief in their protective features remained.

TUMARSHA BOYTUMAR (AMULET)
is a combination of the two main shapes of tumars – triangular (tumarsha) and boytumar, supplemented with 11 pendants on chains. This amulet was a breast piece. Beginning of 20th century.





REVIEW OF THE DEVELOPMENT OF THE ECONOMY AND BANKING SECTOR OF KAZAKHSTAN IN 2013 (CONTINUATION)



The volume of basic capital investment according to the annual summary of 2013 was 6.1 trillion tenge, an increase of 6.5% compared to the annual summary of 2012.

A considerable portion of basic capital investment was made by private enterprises (64.9%) as well as economic entities of foreign countries operating within the area of the Republic of Kazakhstan (17.8%). The share of investment by state owned enterprises was 17.3%.

An increase in basic capital investments compared to 2012 was observed in 12 regions of the republic. The most growth was observed in the Zhambyl and Kyzylorda oblasts (by 1.6 and 1.4 times, respectively).

The number of commercial housing construction projects in December 2013 was 1,142, including 107 projects with participatory interest. In December actual work was carried out on 368 sites, including 24 sites with participatory interest.

In January-December 2013 foreign trade turnover of the Republic of Kazakhstan amounted to 131.3843 billion US dollars, a reduction of 1.1% compared to January-December of 2012, including 82.5118 billion US dollars in exports (a decrease of 4.6%) and 48.8725 billion US dollars in imports (an increase of 5.4%).

Mutual trade by the Republic of Kazakhstan with the countries of the Customs Union totaled 24.2309 billion US dollars, a 1.4% increase over 2012, including 5.8636 billion US dollars in exports (a decrease of 5.9%) and 18.3673 billion US dollars in imports (an increase of 4%).

Exports to the Russian Federation in 2013 totaled 5.8065 billion US dollars (a decrease of 5.4% compared to 2012). Imports were 17.6856 billion US dollars (an increase of 4.3% compared to 2012).

Exports to the Republic of Belarus in January-December of 2013 totaled 57.1 million US dollars (a decrease of 37.7% compared to January-December of 2012). Imports were 681.7 million US dollars (a decrease of 2.6% compared to January-December of 2012).

Retail volume (excluding turnover in public catering) in January-December of 2013 totaled 5 trillion tenge, showing growth of 12.8% compared to 2012.

From the beginning of the year, turnover from the disposal of goods by private enterprises, from the sale goods in markets and by individual entrepreneurs, totaled 4.8185 trillion tenge (95.7% from total retail volume) and by foreign owned enterprises was 216.1 billion tenge (4.3%).

The share in total retail volume of food products was 35.7% and of non-food products, 64.3%. This represents an increase of 9.4% for the sales volume for food products and of 14.7% for non-food products compared to January-December of 2012.

Wholesale trade for the Republic from the beginning of the current year totaled 14.1047 trillion tenge, an increase of 12.6% from the same period of 2012.

The World Bank conducted an evaluation of the business climate situation in 185 countries using the 10 indicators of the Doing Business rating system (a tool for determining the level of ease of doing business).

According to the annually changing ranking tool, Kazakhstan improved its position in Doing Business 2013 by moving up 7 points to 49th place.

This year Kazakhstan entered the list of countries that have demonstrated significant improvements in facilitating doing business during the previous year.

In the "Registration of Enterprises" category Kazakhstan moved up 30 positions (from 55th to 25th). This was facilitated by a simplification of procedures for setting up enterprises and the elimination of the requirement to pay minimal capital within three months after registration.

In the "Insolvency Resolution" category Kazakhstan was ranked 55th.

A significant improvement occurred in regards to Kazakhstan's position in the "Receiving Loans" category (moving from 97th to 83rd). This is the result of strengthening the rights of secured creditors by implementing new grounds for exemption from automatic subjections to rehabilitation procedures.

Kazakhstan is among the top 50 countries in the world in terms of standard of living.

In the Legatum Prosperity Index – 2013 rating, published by the Legatum Institute, Kazakhstan is in the 47th position among 142 countries. This rating is based on such indicators as standard of living, education and healthcare status, and the personal liberty level of the population.

In the innovation rating published by the INSEAD (a business school in Europe), Cornell University (USA) and World Association of Intellectual Property, Kazakhstan is in 84th place among 142 countries. This rating takes into consideration such factors as scientific discoveries, human capital assets and business development. The



top 10 in this innovation rating are Switzerland, Sweden, UK, Netherlands, USA, Finland, Hong Kong, Singapore, Denmark and Ireland.

In the Energy Stability – 2013 rating, published by the World Energy Congress, Kazakhstan is ranked 58th. This rating takes into consideration such indicators as energy safety (in this list Kazakhstan is in 6th position), the accessibility of energy to the population (35th place) and the use of ecologically clean energy (116th place).



BANKING SECTOR

ASSETS

Total assets of the banking sector of Kazakhstan in 2013 grew by 11.4% and totaled 15.463 trillion tenge, compared to 13.880 trillion tenge in 2012.

Indicators	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GDP, billion KZT	3 251	3 776	4 612	5 870	7 519	10 214	12 850	16 053	17 008	21 816	27 572	30 347	33 521
Assets, billion KZT	813	1 155	1 674	2 689	4 515	8 874	11 584	11 889	11 557	12 031	12 818	13 880	15 463
Assets to GDP, %	25.0	30.6	36.3	45.8	60.0	86.9	90.1	74.1	68.0	55.2	46.5	46.2	46.1
Credit to GDP, %	15.9	19.1	23.6	30.9	40.7	58.7	69.0	57.6	56.7	41.6	38.0	38.8	39.8
Capital to GDP, %	3.8	4.3	5.1	4.6	5.9	8.6	11.1	9.0	-5.8	6.0	4.7	6.7	6.2
Deposits to GDP, %	15.0	18.6	21.1	27.4	33.9	46.2	50.0	28.6	35.3	31.3	28.3	28.4	29.4

In 2013, as in the case of the previous four years, the downward tendency of the ratio of the bank's total assets to GDP continued, standing at 46.1%.

The growth of economic lending last year totaled 13.4%. The loan portfolio of second-tier banks increased from the beginning of the year by 1.690 trillion tenge, or 14.5%.

When categorized, the most significant amount of bank loans was spent in such industries as trade (19.5%), construction (12.3%) and industry (11.4%).

LIABILITIES

Total liabilities of Kazakhstan's second-tier banks increased by 1.505 trillion tenge or 12.7% in 2013. In the liability structure there was an increase of deposits by legal entities by 778 billion tenge (15.2%) and deposits by individuals by 534 billion tenge (15.6%). Designated deposits by subsidiary organizations increased by 11.8%.



SACRED FEATURES OF THE TUMAR'S SHAPE

A tumar's sacred features were attributed both to the case's initial shape and design, with each ornament and stone containing specific magical features, as well as the particular amulet found inside the tumar's case.

The choice of a tumar's shape, whether rectangular, triangular, round, cylindrical or prism-shaped, was determined by its spiritual purpose.

Often the designs and symbols on the amulets reflected the ancient concepts of the cosmos. A circle symbolized the celestial bodies of the sun and the moon, and, accordingly, their protection. A square symbolized the earth with its four points of the compass. A triangle, the most common and popular shape, is one of the most ancient and mysterious symbols in the history of the mankind. It is related to the amulet's magic in protecting its wearer from the "evil eye". Many believe this is based on the triangular shape of the sheep's hind quarters symbolizing the protection of one's back. Many ethnic groups have associated the triangle with ideas of creative, divine power, ascension, intimacy with higher powers and, accordingly, the protection it provides. An upside down triangle was associated with masculinity, whereas a right side up triangle reflected femininity. Most often the triangles on tumars are right side up. Two peaks connected to one another would signify the beginning of new life.

A rectangular amulet symbolized the four points of the compass, whereas a compound one promoted fertility. The tumar's major function was to provide protection from evil spirits and spells and to increase fertility. When multiple pendants were worn the jingle was meant to drive away evil spirits. Such pendants in the shape of leaves, seeds or flower buds all symbolized fertility. A seed, characterizing new life, was represented by an oval shape.

KOLTYKSHA (UNDER ARM AMULET)

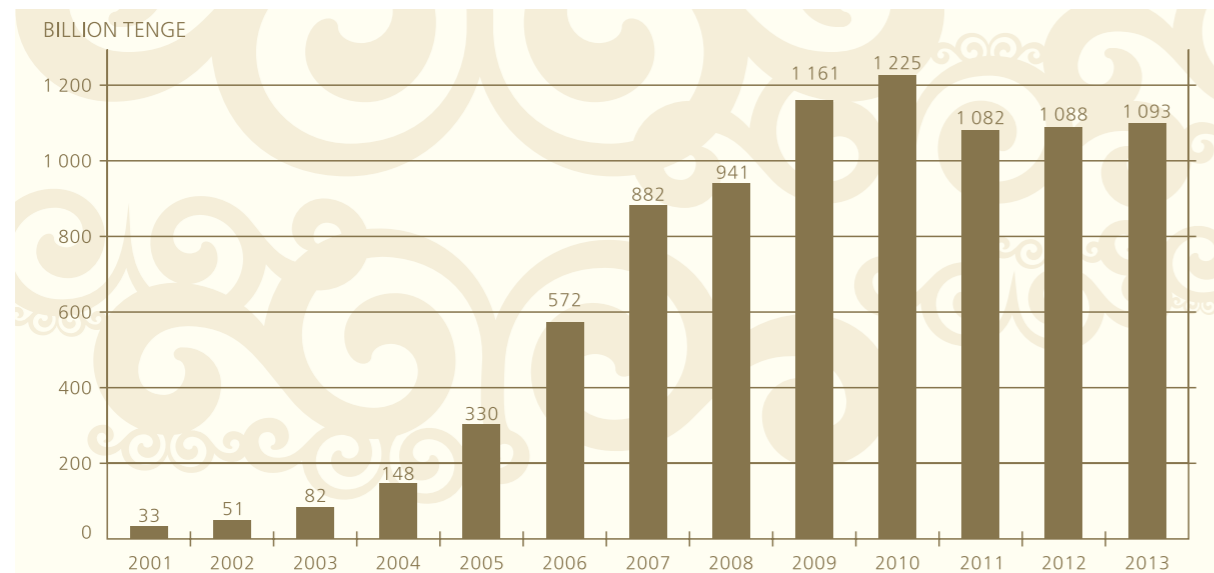
A rectangular tumar made of silver and worn under the arm. It symbolizes the four points of the compass. A nomad's endless journey was cyclical to match the running of horses. A nomad's perception of reality viewed the steppe as an all-encompassing circle, with man in the center.



REVIEW OF BCC'S ACTIVITIES IN 2013

ASSETS

According to consolidated financial accounting, in 2013 the assets of BCC increased by 0.5% and reached 1.093 trillion tenge. The share of BCC's assets among total assets of the banking system of Kazakhstan compared to the previous year decreased by 0.8% and was 6.9%. At that level, BCC retained its fourth position with respect to the size of its assets.



The loan portfolio of BCC for the accounting period amounted to 883.5 billion tenge, a one-year increase of 3.8%.

In 2013 BCC's loans to large businesses made up 36% of its loan portfolio.

BCC's loans to small and medium businesses accounted for 27% of the loan portfolio.

In 2013 BCC increased the volume of retail lending by 8.3%, which amounted to 37% of the total loan portfolio. Due to the current high demand for retail lending, BCC is planning to strengthen the retail segment of its business in 2014.



LIABILITIES

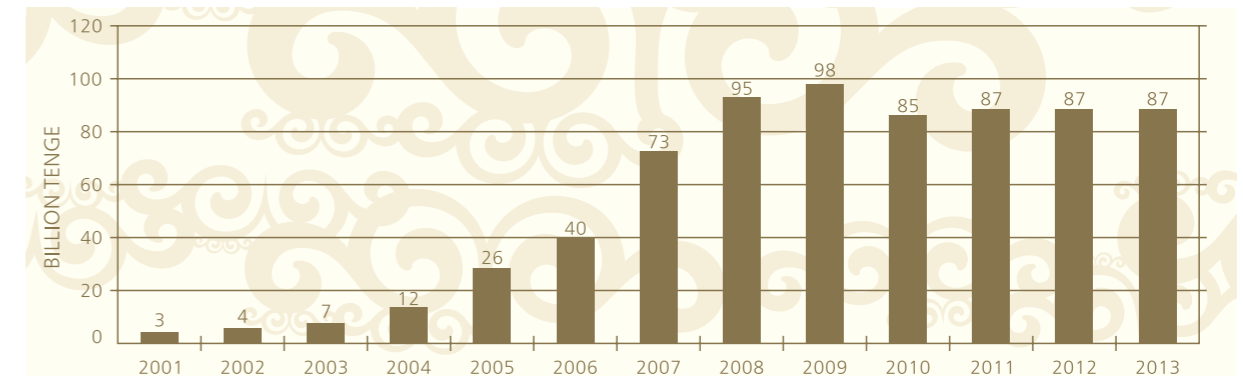
Total liabilities of BCC in 2013 increased by 0.6%, totaling 1.007 trillion tenge according to the consolidated financial accounting.

In terms of liability structure in 2013, the deposits of individual clients of BCC, including current accounts and card accounts, increased by 13.3%, totaling 339.9 billion tenge. BCC's market share of individual deposits decreased in one year from 11.5% to 8.6%. BCC has maintained a third or fourth position in the market in this segment over three years.

In 2013 deposits by legal entities of BCC, including current accounts and card accounts, increased by 22.8% and totaled 444.4 billion tenge.

CAPITAL

According to the consolidated financial accounting, in 2013 BCC's capital decreased by 0.3% and as of January 1, 2014, totaled 86.9 billion tenge.



Information sources:

1. The Committee of the National Bank of Kazakhstan for the Control and Supervision of the Financial Market and Financial Organizations.
2. Statistical Bulletin of the National Bank of Kazakhstan.
3. The Agency of the Republic of Kazakhstan on Statistics.
4. Statistical Bulletin of the Ministry of Economic Development and Trade of the Republic of Kazakhstan.
5. Consolidated financial accounting for the year ended on December 31, 2013.

PROFITABILITY

In 2013 the profitability indexes of BCC were 0.17% for ROA and 2.13% for ROE. This compares to average indexes of the banking system of 1.81% for ROA and 12.98% for ROE.

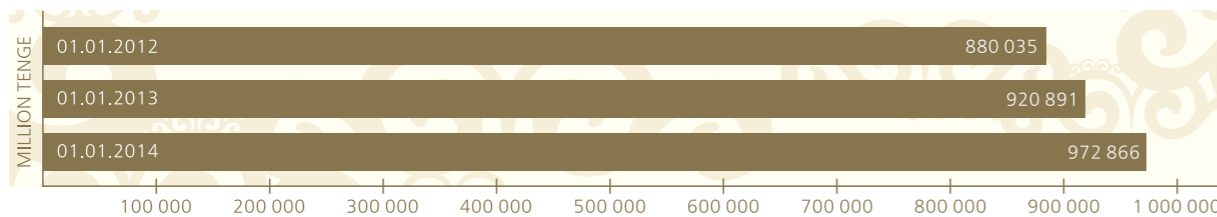
	01.01.2010	01.01.2011	01.01.2012	01.01.2013	01.01.2014
ROA BCC	0.14%	-2.48%	0.28%	0.04%	0.17%
ROA Second-tier Banks	-24.18%	12.09%	0.41%	-1.54%	1.81%
ROE	1.62%	-35.53%	3.96%	0.49%	2.13%
ROE Second-tier Banks	-1195.54%	828.90%	3.91%	-12.49%	12.98%

INFORMATION ON BCC'S LOAN PORTFOLIO (LOANS)

In 2013 the loan portfolio of BCC increased by 5.6% or by 52 billion tenge, and at year-end totaled 973 billion tenge. At this level there were no significant changes in the structure of the portfolio.

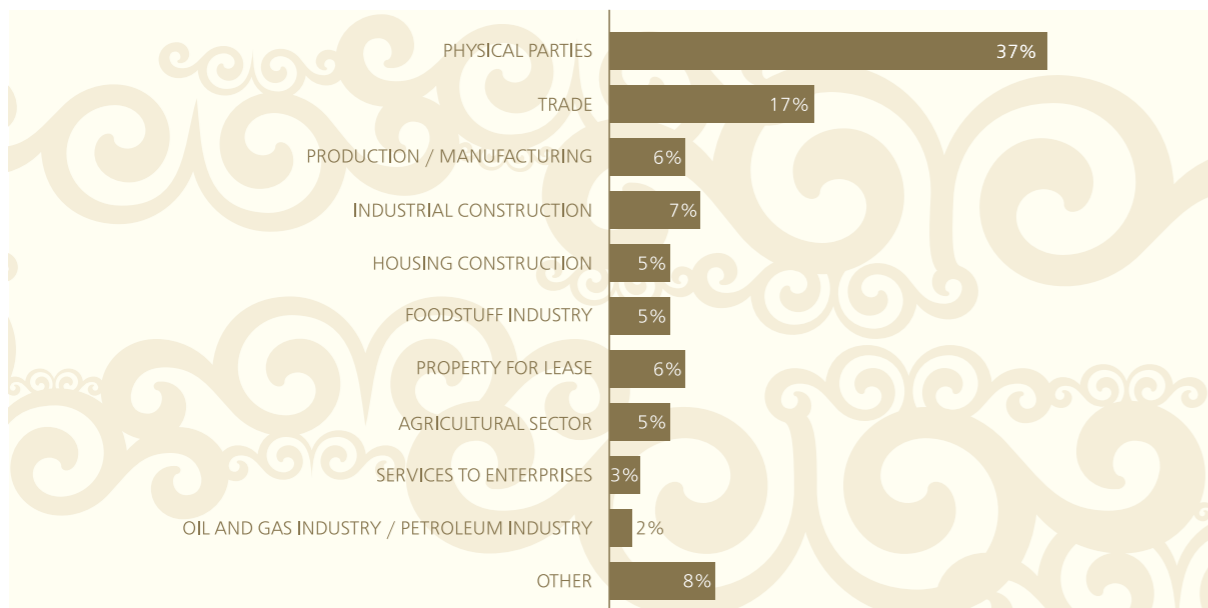
The level of BCC's reserves as of January 2014 totaled 197.2 billion tenge or 20.3%. The level of NPL was 188.6 billion tenge or 19.4%.

BANK LOAN PORTFOLIO



In the process of lending finances to different sectors of the economy BCC has maintained a policy of diversification, the main goal of which is the limitation of negative impact of sector risk on BCC's activities.

In terms of loans to sectors of the economy, the most significant portion of BCC's portfolio goes to individuals (37%). About 17% goes to trade and the rest goes to other sectors (details below).



BCC actively participates in government programs for the rehabilitation and support of business. As of January 1, 2014, the amount of loan debts within the framework of these programs totaled 131.4 billion tenge, including:

- Damu Business Development Fund – 14 billion tenge;
- "Post-Crisis Restoration Program (rehabilitation and restoration of competitive enterprises)" – 57.3 billion tenge;
- Samruk-Kazyna National Welfare Fund – 3.1 billion tenge;
- "Road Map of Business" (RMB-2020) – 54.4 billion tenge. Subsidies received totaled 4 billion tenge. As a result of this program BCC was recognized as the best bank of 2013;
- "Subsidizing interest on loans granted by second-tier banks to enterprises that process agricultural products for the replenishment of floating assets" budget program of the Ministry of Agriculture, RK – 2.6 billion tenge. Subsidies received totaled 324 million tenge.

BCC continues its active cooperation in international programs for financing small and medium businesses organized by the Netherlands Development Finance Company (FMO), ADB (Asian Development Bank) and EBRD (European Bank for Reconstruction and Development).

** All statistical data cited according to International Financial Reporting Standards (IFRS).*



THE PROTECTIVE VALUE OF TUMARS

The Islamic influence that eventually entered the region is seen in later octagonal tumars. The octagon is an ancient symbol connected with the concept of a star. Not only were these tumars connected to the idea of creation and fertility but they also contained calligraphy with the Arabic name for God, "Allah." This is why miniature Qu'rans were kept in octagonal tumars. These types of tumars were exclusively worn by men. The simplest types of tumars were constructed using leather, sometimes backed with some sort of fabric, also in the traditional triangular shape.

The decorative designs on tumars also had a symbolic, protective meaning. In rural areas, where raising sheep and cattle predominated, images of sheep's horns were the most common ornamentation on tumars. The sheep was the most popular animal totem among Kazakhs as was the case for almost all nomadic people groups. Among sedentary agricultural peoples the faces of most amulets were inscribed with the Arabic words "Allah akhbar" (God is great) or other quotations from the Qu'ran. Artisans inscribed patterns of plants representing the beauty of God's creation and other symbols related to Islam. The earliest existing samples of these types of tumars date back to the 10th through 12th centuries.

Various items were placed inside a tumar, each attributed with varying degrees of properties meant to protect the wearer from curses or sickness. Eagle or owl feathers, river and sea shells, or bits of sheep's wool or camel's hair were commonly placed in the cavity of an amulet. For those traveling a long distance, a pinch of native soil was placed in the tumar.

A SILVER
COMPOUND TUMAR
is a combination of the two main shapes of most tumars – the triangular (tumarsha) and the rectangular (koltyksha). The triangular shape was considered to be a symbol of the earth, represented as a mountain, reflecting the elements and parameters of space and matter. Rectangular amulets symbolized the four points of the compass and compound amulets represented ideas of fertility.



RETAIL LENDING

Since 2011 lending activities to individuals have been carried out in two directions:

- retail credit products;
- credit products for individual entrepreneurship.

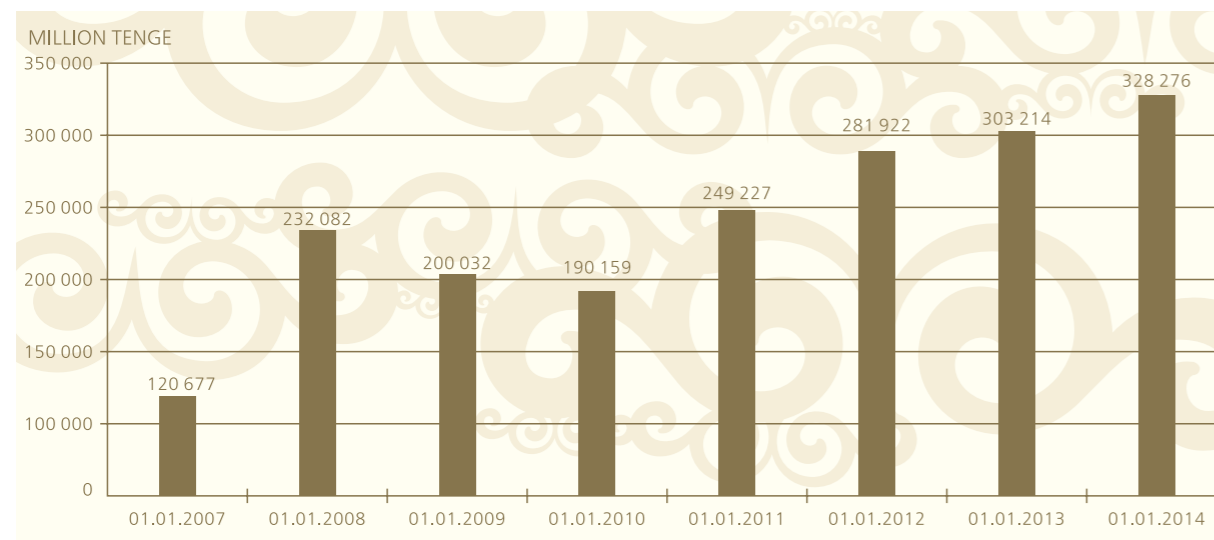
The loan portfolio for lending to individuals as of January 1, 2014, includes 96,776 loans, totaling 328.276 billion tenge. Compared to 2012 the portfolio increased by 8.3%.

The number of loans disbursed in 2013 was 24,807, with a total amount of 116.845 billion tenge, including:

- 5,555 loans given as mortgage credit loans, totaling 36.352 billion tenge;
- 14,002 loans given as consumer loans, totaling 47.067 billion tenge;
- 3,245 loans given for crediting individual entrepreneurship, totaling 27.565 billion tenge;

- 5.862 billion tenge given out for crediting vehicle purchases, a growth of 125% compared to 2012.

LOAN PORTFOLIO DYNAMICS ON CREDITING INDIVIDUALS (MILLION TENGE)



INNOVATIONS

Since 2008 BCC has been one of the most active participants of various government programs for business support. In 2013 BCC achieved success in its implementation of the program called "Road Map of Business – 2020", being recognized as the best bank for guaranteeing and subsidizing loans. As of January 1, 2014, BCC had received 4.024 billion tenge in subsidies and 75 guarantees totaling 1.194 billion tenge from Damu Business Development Fund JSC.



In 2013 BCC became the first bank to finance pilot projects. Specifically, the informational website www.startme.kz was created for promoting the "DAMU Start Up" product within the framework of the collective set of products jointly created with Damu Business Development Fund JSC. Visitors to this site can familiarize themselves with the main conditions of the available products and file electronic applications to BCC.

Also in 2013 BCC distributed 267 loans, totaling over 5.205 billion tenge, through a program of the Ministry of Agriculture called "Reimbursement of Interest on Loans (Leasing) for Support of Agricultural Business". Over 323 million tenge in subsidies were received.

DEPOSITS

BCC has taken fourth position among the country's second-tier banks in terms of the volume of deposit portfolio.

The share of BCC in the market of deposit facilities as of the end of 2013 was 8.8%.

Compared to the numbers of 2012, the balances of deposit accounts of individuals in 2013 totaled 349.865 billion tenge and cash outflow totaled 56.077 billion tenge.

In 2013 the "PIN PAD" project was implemented, allowing customers to perform expense and receipt transactions on bank accounts in any BCC branch throughout Kazakhstan.

DEPOSITS OF LEGAL ENTITIES

In 2013 interest rates of deposits of our business clients were increased in order to remain competitive with the market.

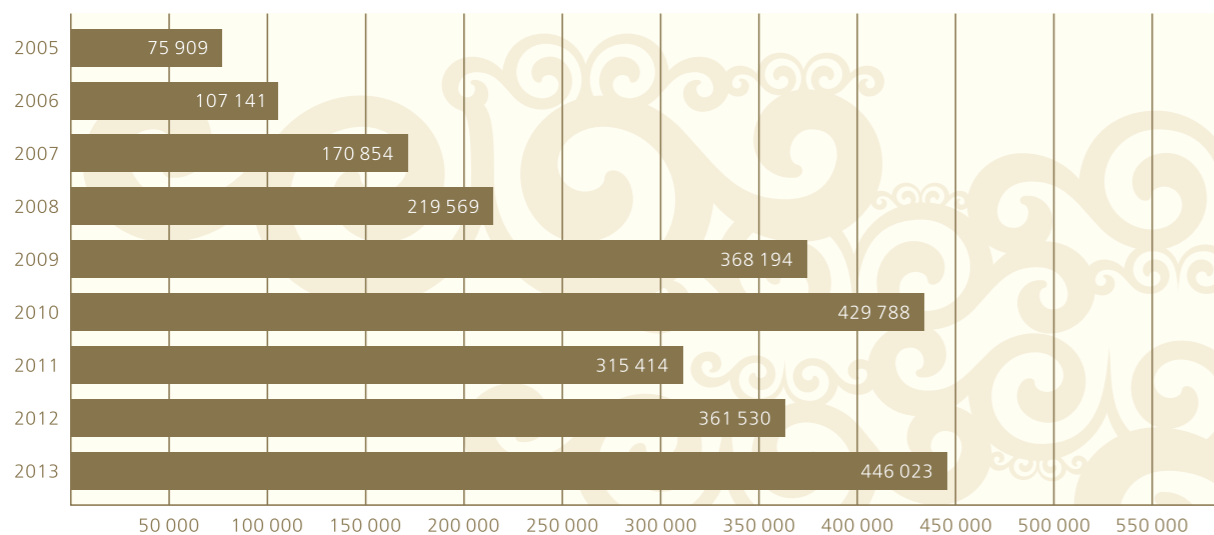
In March 2013 BCC conducted an inventory of agreements with our business clients concerning bank deposits.

Additional (9-month) terms were approved for the "Savings Plus" deposit.

In December 2013, BCC implemented optimization of bank deposits by closing deposits with little weight and a lack of demand by clients, including the "Advantage", "Long-term", "Rentier" and "Champion Plus" accounts, in order to improve the quality of the set of deposit products for our business clients.

In order to reduce interest risk, the minimum term for deposits was reduced from ten to three years. In addition, the terms of the deposits "On Demand", "Short-term" and "Escrow Account" were revised.

GROWTH DYNAMICS OF DEPOSITS OF LEGAL ENTITIES (IN MLN. TENGE)



INTERNATIONAL RELATIONS

BCC has positioned itself as a bank that is progressing with steady and sure steps. This has allowed it to strengthen its position in the international financial market each year. BCC's international business strategy is aimed at developing and strengthening cooperation with foreign financial institutions, and also broadening the range of services and products provided in the spheres of trade and project financing, documentary operations, international loans, etc.

During the accounting year, BCC continued to actively cooperate with the world financial institutions for development, including the European Bank for Reconstruction and Development (EBRD), FMO (Netherlands), DEG (Germany), the International Financial Corporation (IFC), the Asian Development Bank (ADB), OPIC (USA) and the Eurasian Development Bank (EADB). This long-term cooperation with international organizations is affirmation of the financial stability of BCC, the transparency of its activities and its reliability to its clients and partners. In the course of 2013 BCC successfully discharged its liabilities and, as of December 31, 2013, the balance of resources committed by these institutions totaled 49 million US dollars.

BCC has maintained long-term correspondent relations with financial institutions in CIS countries, Kazakhstan and abroad. This has significantly contributed to expansion in the area of trade and financial transactions by our clients.

Sustainable development, stable financial status and the solvency of BCC have been noted by international rating agencies. As of December 31, 2013, BCC had the following credit ratings: Fitch B+, Moody's B2 and S&P B+.

BCC'S RATINGS AS OF DECEMBER 31, 2013

Fitch Ratings	Moody's Investor Service	Standard&Poor's
Long-term rating: B+	Long-term rating: B2	Long-term rating: B+
Short-term rating: B	Short-term rating: NP	Short-term rating: B
Support ratings: 5 Stability rating: b+	Financial stability rating: E+ Long-term rating on national scale: B1.kz	Rating on Kazakhstan national scale: kzBBB
Forecast: stable	Forecast: stable	Forecast: stable

In its 2013 results the international agency Global Finance Review recognized BCC as "The Best Kazakhstan Bank of 2013 for Small and Medium Business".



AMULETS IN EVERYDAY LIFE

Under the influence of artistic and ceremonial traditions, tumars became popular in both agricultural and urban environments.

After the acceptance of Islam by the Kazakhs, tumars began to include a little piece of paper with the text of a prayer from the Qu'ran, written in readable or stylized Arabic script. Wearers believed that the tumar provided protection by means of a holy word, thus utilizing a combination of both ancient pagan deities and Allah. The tumar has now become an Islamic amulet, having a direct relation to the main tenant of the Islamic religion while maintaining a connection to the memories of earlier magical concepts.

Amulets were designed not only for people to wear, but also to be placed in the home or on livestock. For example, women would decorate the shanyrak (the upper dome-like portion of a yurt) with bright multicolored tassels known as shashaks, which would hang from the dome like twinkling stars. Also, a richly embroidered carpet amulet known as a tuskiiz with owl feathers sewn on its side was hung on the circular walls of the yurt. Traditionally, a newborn camel was protected and hidden from strangers. Later, a special brightly-colored bridle would be made with a tumar attached for the purpose of protecting the calf from the evil eye. Even today this tradition still persists in western Kazakhstan.

A MODERN LEATHER TUMAR
of triangular shape.





OPERATIONS IN STOCK AND INTER-BANK MARKETS

BCC, as a primary dealer in buying short-term notes of the National Bank of Kazakhstan and treasury bonds of the Ministry of Finance of Kazakhstan, provides brokerage service for purchasing and selling government securities on the Kazakhstan Stock Exchange.

In 2013 BCC was one of the leaders in the market of repo operations and in the market of government and non-government securities. BCC finalized deals for both government and non-government securities in internal and external markets.

BCC continues to be in one of the leading positions in the internal currency market, remaining as one of the most active market makers in terms of inter-bank trade between USD and KZT. Special emphasis has been given to the improvement of cooperation with corporate clients, the development of technology and the improvement of the quality of services for currency transactions in internal and external markets.



CUSTODIAL ACTIVITIES

Within the framework of its custodial activities, BCC provides services for registering and storing clients' assets.

ASSETS OF BCC CUSTODIAL CLIENTS

Clients	2012, in billion tenge	2013, in billion tenge
Accumulated pension funds	85.135	0
Investment funds	20.693	6.082
Legal entities	132.910	183.525
Document storage for legal entities	0	0
Bondholder representative services for legal entities	38.500	29.500
TOTAL:	277.238	219.107



PRODUCTS AND SERVICES

CONTACT

BCC has been performing operations through the Contact payment system since July 2001.

Contact allows individuals to transfer money in US dollars, euro and Russian rubles to CIS countries and abroad without opening a bank account. In some countries payments can be picked up through Contact without an address. This system allows payments to be credited to bank accounts, through a mobile wallet.

Since 2010 the Contact system has offered a service for accepting payments from individuals without requiring a bank account for the benefit of legal entities, operators and service providers who have contract relations with Contact.

WESTERN UNION

BCC was the first official representative of the international company Western Union in Central Asia and has provided this international payment service to individuals since 1998.

Aside from payment services to individuals through Western Union, BCC also accepts payments through Quick Pay (payments from individuals for the benefit of legal entities connected to Western Union) and Quick Cash (payments from legal entities for the benefit of individuals).

As of December 31, 2013, BCC's agency network consisted of 996 service points.

Thirteen Kazakhstani banks are sub-representatives of BCC, including Alliance Bank, ATF Bank, Temirbank, Tsesnabank, Eurasian Bank, Sberbank, VTB Bank (Kazakhstan), Delta Bank, Astana-Finance Bank, PNB Kazakhstan (Dana Bank), TAIB Kazakh Bank, Kassa Nova Bank and Bank RBK.

EXPRESS PAYMENT

Express Payment is an in-house development of BCC and has been functioning since July 2000.

This system allows individuals to make payments throughout Kazakhstan without opening a bank account. The uniqueness of this system lies in its instantaneous speed of delivery of payment. This is achieved using Internet technologies and BCC's corporate network. Currently the record speed for a payment is two seconds.

In 2013 the volume of payments made by individuals within Kazakhstan using the Express Payment system exceeded 4.1 billion tenge. Over 60,000 payments were made in 2013 using this system.

PRODUCTS AND SERVICES

QUICK REVENUE

The Quick Revenue service provided by BCC allows quick collection of payments throughout Kazakhstan for the benefit of companies connected to this system, allowing them to have up-to-date information about incoming payments in real time.

In 2013 the number of self-service channels for receiving payments through the Quick Revenue system was increased. In particular, a function was implemented which allowed for payments for the services of legal entities to be made through StarBanking and through terminals by depositing cash or transferring cash from accounts.

Currently Quick Revenue's services are being used by over 2,120 legal entities in all regions of Kazakhstan. In 2013 over 3.3 million payments were accepted and over 104.7 billion tenge was credited to the accounts of legal entities through the Quick Revenue system.

REMOTE PHONE / E-MAIL / WEB / FAX SERVICES TO CUSTOMERS

CallCenter (Sales and consultation related to banking products. Telephone +7 (727) 244 30 00):

– In 2013 this department executed 4,958,074/3,650,404 inquiries and queries in regards to service quality. (Hereafter the figures for 2012 are shown after the slanted line for comparison). These inquiries were received through various technical channels of communication with clients, including 637,571/425,386 telephone inquiries / client queries, at Service Level (SL) 74:20/64:20 (note: 74%/64% of clients reached BCC within 20 seconds). An average of 2.85%/10.37% of calls to BCC's CallCenter were missed calls, and the speed of response by a CallCenter operator was 12/15 seconds (note: subscriber engaged in dialog with a free CallCenter operator within 12 seconds after a telephone connection).

AutoCallCenter (Group, outgoing auto calls to clients, automatic telephone directory service, automatic redials from external telephone subscribers to internal telephones of the BCC financial group, round-the-clock continuous service. Telephone +7 (727) 244 32 44):

– BCC conducted 1,200 / 847 campaigns using outgoing group automatic calls to bank clients.

In total, within the year there were 734,994 / 498,624 call attempts using mass calls, with an average positive result (percent of answered calls) of 69% / 50% in 2013. There was a complete redesign of the algorithm used for outgoing group automated calls:

– 86,633 / 84,326 client inquiries were processed in round-the-clock mode by the automatic banking directory service.

– 1,644,057 / 1,480,313 commutations (switching) from external subscribers were conducted through the BCC's Automatic Telephone Center (ATC) to internal telephone numbers of BCC's financial group.

Telephone Banking System (TBS is a confidential universal telephone service,

offering continuous round-the-clock service in Kazakh, Russian and English. Telephone: +7 (727) 244 30 30):

– There were 744,447 / 696,087 client inquiries using the Telephone Banking System (TBS), including 443,732 / 430,618 TBS transactions between the accounts and cards of TBS users in automatic mode.

ContactCenter (Written individual and mass correspondence with clients by e-mail/web/fax communications. E-mail: hotline@bcc.kz):

– Throughout the year there were 312 / 60 campaigns, sending mass, personal and corporate e-mail letters, in standardized formats, on various subjects to certain categories of clients. The total number of letters sent was 4,867,813 / 835,367.

In-house templates of letters were used in documentary correspondence (using up to 100 different templates).

There were 973 queries received and sent for processing through the branch network of BCC from bank clients regarding service quality and suggestions on the improvement of banking service on the whole.

NUMBER OF CLIENTS (INDIVIDUALS AND LEGAL ENTITIES)

Number of clients	Large business	Small business	Medium business	Micro-business	VIP	Mass segment	Middle	Medium affluent
1 653 519	1 046	4 615	2 500	71 381	7 286	1 544 306	16 080	6 246

On February 1, 2013, implementation of the Collector CallCenter BCC project was begun, using the resources of intern-operators, combined with classes on primary training in the banking sector.

BCC Authorization Center (Support for holders of Visa/MasterCard. Telephone: +7 (727) 244 77 77):

– 482,761 / 353,340 incoming telephone inquiries / queries for cardholders were processed and 2,100 / 1,727 incoming queries were processed through voice mail. 13,110 outgoing telephone queries to cardholders were processed related to the monitoring of dubious card transactions.

HelpDesk (technical support through phone / e-mail / web channels) for users of Internet banking products (internet banking, home banking, StarBanking, the Barcode hardware-software system) (For legal entities. Telephone: +7 (727) 244 30 44):

– Processed in one year a total of 140,576 / 72,508 (nearly a two-fold increase) incoming inquiries / queries from clients regarding technical issues.

ContactCenter EEA (Business news / reviews of external economic activities,



PRODUCTS AND SERVICES

information support for BCC staff and certain corporate clients):

- 235 / 233 RK reviews on external economic activity were composed and sent to users / subscribers.

Expansion of communications in 2013 for BCC's clients:

- **Web communications** for visitors of www.bcc.kz ("Free call from the website" service).

- A chat channel was added for the service "Authorization Center: Support for Holders of BCC Payment Cards".



PAYMENT CARDS AND REMOTE BANKING SYSTEMS

As of January 1, 2014, BCC's market share in terms of cards in circulation was 5.9%. The number of cards issued in 2013 exceeded 250,000 cards. Compared to the end of 2012, the growth in the volume of cards in circulation was 20%.

Turnover in the sales network increased by 65% and totaled 6 billion tenge. The volume of non-cash payments through BCC cards in 2013 was more than 23.2 billion tenge.

The number of operating Automatic Teller Machines is 740 units. The number of POS-terminals placed at trade and service enterprises is 3,598.

In 2013 BCC successfully finished its pilot project to implement a network of self-service terminals in Almaty branches, allowing clients to pay for different types of service (communication, utilities, studies, etc.), repay loans, replenish an account, make charitable contributions, etc., without needing to go to a counter.

In 2013 there was a significant expansion of remote management capabilities for StarBanking accounts: new service providers were connected, security was reinforced and the quality of the system interface's work was refined. About 113,500 clients were connected within the year.

In 2013 there was a 30% growth in the number of clients using the Internet Banking remote management system for the accounts of legal entities.

The process of migrating clients to the new Internet Banking system with an updated interface and functionality is completed.

The system's security features have been significantly enhanced:

- The use of OTP-devices was implemented, allowing the use of a one-time-only password for making a transaction.

- The use of USB-tokens (crypto-tokens), designed for safe storage of electronic digital signatures (EDS), was implemented.



GENERIC TOTEMS AND AMULETS

Some amulets are closely related to ancient totems – representative symbols from nature that contain spiritual significance. Sacred features were often attributed to some animals and birds. For example, animals such as sheep and mountain goats were generic totems for the Kazakhs. For that reason images of twisted or stylized horns or sheep’s heads can be seen on pieces of jewelry.

Extraordinary spiritual characteristics were also attributed to some birds. For many nationalities, including Kazakhs, the image of a bird symbolized happiness, freedom, goodness and striving towards a bright future. Kazakhs honored owls, golden eagles, falcons, steppe eagles and swans. The owl was considered a sacred bird. Perhaps such beliefs were related to the way an owl stays awake at night and is therefore capable of protecting people from the evil spirits whose activities occur during the hours of darkness.

To protect against the evil eye and curses, a bundle of owl feathers was usually tied to the cradle of a newborn baby. Owl feathers were used to make headdresses for children. They were also sewn on the side of the tuskiiz wall-carpets, as well as hung on necks of dombras, the traditional Kazakh folk instrument, in order to protect akyns, the Kazakh poets and storytellers, from evil.

Attributed with strong protective power, owl feathers known as uki played a significant role in wedding preparations that included a ceremony known as uki-tagu or “the attaching of the uki.” On the day that a wedding was arranged between a Kazakh couple’s families, the groom’s relatives would give presents to the bride’s relatives and attach the uki to her headwear, which signified her engagement. The uki-tagu ceremony still exists today with some variations.

UKI-AMULET
Bundles of owl feathers known as the uki-amulet.





PERSONNEL

The number of BCC personnel as of the end of 2013 was around 4,000.

Of the total number, 80% are employees of the regional network. The branch network is oriented to selling products and providing operating service to clients; 2,871 employees are engaged in the front office activities. This is more than 73% of the total number of BCC personnel, a 2.5% increase from the beginning of the year. Personnel turnover among the employees of the branch network was reduced by 0.5% compared to the same period of the previous year.

At the end of the year, 861 employees were working in regional centers doing credit analysis and operational support.

The average age of BCC's employees is 33, and 89% of all employees have a higher education.

In 2013 the Board of Directors approved BCC's social and personnel policies.

In order to comply with BCC's personnel policy, specifically as relates to facilitating an optimal balance between the quantity of employees and the quality of employees in accordance with existing business needs, BCC provides equal professional and career opportunities for every employee, based on competence, efficiency, professionalism, initiative and the creative approach to work shown by the employee. Preference is given to internal candidates during the recruitment process for vacant positions.

When filling entry-level positions, BCC places emphasis on attracting young and talented workers. In 2013 the training institute prepared 234 candidates for entry-level positions in operations and credit activities. Out of 136 candidates for cashier positions, 75 were hired to vacant positions, and out of 98 candidates for credit specialist positions, 51 were hired.

In order to comply with BCC's social policy, the HR department has focused on the professional development of employees, and the detection and retention of highly efficient workers. A resolution of Management approved a set of criteria for determining such categories of workers, and several measures were developed for their retention.

One of the most important strategic instruments for the retention and motivation of BCC employees is training. As one of the strategic tasks for 2013, the training process was optimized and taken to a new level of quality. The concept of improvement through an "internal trainers" institute was developed and implemented. HR and business subdivisions collaborated and implemented competence cards for workers, identifying preferred directions of activity, and on the basis of these developed TRM cards (catalogues of distance learning courses).

Over the past year 536 learners completed trainings with external providers; 535 learners completed internal trainings, as well as 2,358 in regional classes.

The training system is constantly being improved, with a special emphasis being put on the development of distance learning. In 2013, 18 additional distance learning courses were added into the software. By the end of the year the total resource base of distance learning courses designed for the development of professional competence consisted of 67 courses. Of these, 49 courses were developed by BCC employees and

18 courses were purchased. The schedule for the development and implementation of distance learning courses for 2014 was drawn up in accordance with TRM cards. This will improve the quality of preparation of BCC's employees.

Fifty employees of the head office and branches completed a four-week training at Kookmin Bank, Seoul, the Republic of Korea, focusing on transferring the strategic partner's technologies and business processes.

BCC has its Translation Division which has been successfully operating, providing translation of written documents into the state language (Kazakh), English and Korean, as well as offering simultaneous translation of meetings of the Management and collegial bodies into English and Korean.

The Translation Division has been a connecting link between BCC and its strategic partner Kookmin Bank, providing maximal language support in order to remove language barriers and create favorable conditions for effective operational interaction of the strategic partners within the frame of large projects that are important for BCC. These includes "Implementation of Basel II", "Financial Consolidation with KB", "SOX", and also "IT Strategy for Creating the New Colvir System".

BCC gives priority to the implementation and development of the use of the national language in its activities. The state language is actively used in record keeping and in the automated banking data system (ABDS). BCC's clients have the opportunity to receive information about the Bank's products in the state language and in Russian simultaneously.

INFORMATION TECHNOLOGIES

In order to provide a high level of uninterrupted service, the project “Back-up Channels of Communication” was implemented. This IT project involved optimization through shifting several systems to new software versions, modernization of the server and optimization of databases. All IT services are controlled centrally through the HelpDesk system, which provides constant monitoring of the satisfaction level of internal users. The high level of security for card transactions is done through annual maintenance in order to maintain compliance with the safety standards of PCIDSS. In a 2013 audit BCC received a certificate of compliance with these standards.

In 2013 BCC successfully completed a number of large projects:

- BCC is constantly working on reinforcing the security of client operations. The PIN-PAD project was implemented in order to reinforce the security of individuals’ transactions. During each account transaction a verification is conducted by entering a password through a PINPAD. ONETIMEPASSWORD (OTP) is used during every operation in order to reinforce measures for preventing illegal payments for legal entities using the Internet Banking system.
- In order to expand the range of self-service channels, BCC recommends that its clients make payments for services using self-service terminals.
- In 2013 a project for automating documentary operations and funding operations was implemented with the purpose of real-time control of these operations.
- The Electronic Credit File system was implemented in order to provide prompt service and credit file management.
- BCC observes the requirements of current legislation to comply with the standards of International Accounting Standards (IAS) in credit modules and in the system of calculating provision.
- Also, in order to comply with regulatory requirements that were introduced in 2013, improvements were implemented in the following modules of the banking system: Financial Monitoring, Export-Import Currency Control, Tax Accounting, Credit Register, and the System for Electronic Interaction with Tax Departments.
- The Financial Consolidation module was developed in order to provide a consolidated report to Kookmin Bank.
- The head office in the new building of the Almaty Financial Center was equipped with modern and high-technology equipment (Wi-Fi, teleconferencing, SBR, etc.).

Within the framework of its IT strategy, BCC adopted in 2013 a strategic resolution about the transition to an industrial banking solution. In the future this will allow new products and services to be brought to the market in a short timeframe while providing high-level security in handling client operations. Also, the first stage of a gap analysis project was finished, and based on its result a decision was adopted to begin the main part of the project.

BCC SALES NETWORK

The sales network of BCC as of January 2014 includes 20 branches and their 128 subdivisions.



The subdivisions of the branches are as follows:

- Operational Divisions – 20
- VIP-Center – 1
- Financial Services Centers – 28
- Retail Service Centers – 30
- Payment Processing Centers – 49

BCC has branches in all oblast centers and large cities of the Republic of Kazakhstan. Altogether the branches and their subdivisions are located in 38 communities throughout Kazakhstan.

The subdivisions of BCC, irrespective of their type (Operational Divisions, VIP-Center, FSC, RSC, PPC), provide a full range of banking services: payment processing, lending activities, deposits, current accounts, remittance operations, payment cards, guarantees, safe deposit boxes and others.



THE UKI-AYAK PENDANTS

Kazakhs also have a special interest in pendant amulets known as uki-ayak that were sewn onto women's headwear to ward off evil. Usually these jewelry items consisted of several sections connected to one another, differing in shape and design.

The magical or protective functions in these talismans were considered to be in the owl's talons which were mounted in silver. In addition, the triangular shape of the plates, which were part of the tumar, were considered to be of special significance.

Bundles of owl feathers, or uki, are still very popular among Kazakhs today. One can find them attached as a type of special talisman inside automobiles, on dombras and also on wall carpets inside homes.

UKI-AYAK PENDANT-AMULET
The pendant, known as the uki-ayak, is made in a traditional style with the upper part crafted in the form of a traditional tumar with a large transparent insert made of glass at the center, and finer inserts made of turquoise along the edges. The base of the lower part is composed of large decorated owl claws with several pendants inlaid with coral beads and round inserts made of red glass on extended chains.





BCC – INVEST JSC

Not every company can boast of its good results, success and increasing demand for its services in these modern times of stiff competition, crises and fluctuations in sentiment in virtually all spheres of market activity.

2013 was not the easiest year for the stock market of Kazakhstan and its professional participants. The creation of the United Pension Fund significantly reduced the number of institutional investors. This led to a loss of liquidity on the stock market and reduction of commission profit. In spite of losing APF as a client, BCC - Invest JSC managed to retain the same volume of commission profit as the previous year, as well as rise from 5th place to 3rd place in terms of its assets and capital.

In spite of the unfavorable conditions on the local stock market, international markets regained their maximum levels and showed significant growth in 2013 (the S&P 500 index increased by more than 25% in the 12 months of 2013). The portfolio profitability of BCC - Invest is higher than average market indexes. The CenterCredit - Smart Balance unit investment fund (UIF) continues to occupy first place in terms of the volume of assets among open public unit investment funds and second place in terms of profitability.

BCC - Invest is a professional participant in the securities market of Kazakhstan, having all legally approved licenses and permissions. BCC - Invest is a 100% subsidiary of BCC.

The results of BCC - Invest's activities in 2013:

- Net profit was 213 million tenge.
- Own capital increased by 9.5% and totaled 2.2 billion tenge.

The CenterCredit – Smart Balance investment fund showed profitability of 13.2%. This achieved a strategic goal – showing greater profitability than that of a deposit account. Average profitability since the time of establishment of the fund (May 2007) is 11.5% interest annually.

The structure of assets of the CenterCredit – Smart Balance fund consists of over 70% reliable high-yield bonds. The remaining 30% is invested in stocks of growing companies and in the raw material assets of gold and oil.

In order to increase retail sales, BCC Invest is pursuing client loyalty and top level quality. To this end they are currently restructuring business training processes.

As part of the People's IPO promotion, advertisement of the website www.ipo-prosto.kz has been resumed. (For reference: The first participant of the KazTransOil program has shown and continues to show successful results. Investors that purchased nationally issued shares earned about 62%. Dividends received in this period totaled 10.34% after which the price of the share itself increased by 51.70%. Also at the end of 2012, an IPO (initial public offering) of Kcell was conducted, allowing many investors to earn almost 79%. The value of the share increased by 68.42% and dividends yielded 10.26%.)

In spite of these high figures, the profit growth of current shares and dividend payments is not going to stop at this point. By BCC's estimate, the dividend yield for the above-mentioned shares in the first half of 2014 will amount to 16% annually. The anticipated increase in the price of these shares, by BCC's estimate, will be 20–25% on average.



CAPITAL APF (ACCUMULATIVE PENSION FUND) JSC

Capital Accumulative Pension Fund JSC (hereafter, Fund) is a subsidiary of BCC that worked in the financial market of Kazakhstan from 2001 until November 18, 2013. The Fund performed the following types of licensed activities:

- bringing in pension contributions and making pension payments
- investment management of pension accruals

According to the new law of the Republic of Kazakhstan "About Pension Maintenance", issued on June 21, 2013, reform of the accumulative pension system of Kazakhstan began on July 3, 2013, namely:

1) by resolution № 747 of the government of Kazakhstan, issued July 31, 2013, the United Accumulative Pension Fund was created, having the status of a governmental non-commercial stock company (hereafter – "UAPF");

2) the institute of private accumulative pension funds was abolished;

3) private accumulative pension funds were ordered to transfer pension assets under their management to UAPF;

4) the validity of licenses of accumulative pension funds and organizations conducting investment control of pension assets ceased to be effective after signing the final certificate of delivery-acceptance of pension assets and liabilities, and the licenses were to be returned to the authorized body.

In execution of the abovementioned law, the Fund:

1) on November 18, 2013, stopped all types of licensed activities and transferred all pension assets and liabilities to the disposition of UAPF;

2) on February 18, 2014, signed the final certificate of delivery-acceptance of pension assets and liabilities under the contracts on retirement insurance.

Thus, both of the Fund's licenses ceased to be effective on February 19, 2014: the Fund no longer operates as an accumulative pension fund and organization conducting investment control of pension assets.

On February 24 and 28, 2014, both of the Fund's licenses were returned to the authorized body.

As of November 18, 2013 (the date of transfer of the pension assets and liabilities to UAPF):

The pension assets of the Fund totaled **208,136,176 tenge**.

The number of depositors (of mandatory and voluntary pension tax) was **463,364 people**.

The market share of the volume of pension assets was **5.71%** (as of November 1, 2013).

As of January 1, 2014:

1) Charter capital is **2 billion tenge**.

2) Own capital is **5,892,946 tenge**.



BANK BCC-MOSCOW LLC

Bank BCC-Moscow LLC (hereafter “Bank”) is a subsidiary company of BCC, founded in December 2007 and registered in the city of Moscow, the Russian Federation.

The Bank is a multi-field credit organization, providing different types of service to its corporate and retail clients within Russia. In the course of its work BCC-Moscow has built a team of qualified personnel, developing and implementing products for small and medium enterprises and retail businesses.

In 2013 the Bank strengthened its positions in risk management and corporate administration and improved its organizational structure in order to deal with the wide range of matters its clients face, both individuals and legal entities. The Bank is actively developing and upgrading the quality of its services to clients, particularly those having business relations with partners in South Korea and Kazakhstan. Mutually open correspondence accounts of the Bank can be found in Kookmin Bank and in several Kazakhstani banks to help develop the abovementioned directions.



INDEPENDENT AUDITORS' REPORT

**To the shareholders and to the Board of Directors
of the joint stock company Bank CenterCredit:**

We have conducted an audit of the enclosed consolidated financial statement of the joint stock company Bank CenterCredit and its subsidiary companies. This audit includes a consolidated report on the financial situation as of December 31, 2013, a consolidated report on profits and losses, a consolidated report on other total income, a consolidated report on changes in capital and a consolidated report on the movement of cash for the year ended on this day, as well as remarks consisting of basic regulations of accounting policies and other explanatory information.

RESPONSIBILITY OF MANAGEMENT FOR THE CONSOLIDATED FINANCIAL STATEMENT

Management bears responsibility for the compilation and fidelity of this consolidated financial statement in accordance with International Accounting Standards, and also for internal monitoring systems which management considers necessary for compiling a consolidated financial statement without material misstatements due to unfair actions or errors.

RESPONSIBILITY OF THE AUDITOR

Our responsibility is to express an opinion about the fidelity of this consolidated financial statement on the basis of our audit. We have conducted this audit according to International Auditing Standards. These standards require compliance with ethical norms and also planning and conducting the audit in such a way that there is reasonable confidence that the consolidated financial statement has no material misstatements.

The audit includes procedures of conduct with the purpose of obtaining audit evidence, confirming the figures in the consolidated financial statement, and disclosing its information. The choice of procedures depends on the professional judgment of the auditor, including a risk assessment of material misstatements in the consolidated financial statement due to unfair actions or errors. In the process of this risk assessment the auditor reviews the system of internal control for compilation and the fidelity of the consolidated financial statement in order to develop audit procedures which fit the circumstances, but not for the purpose of expressing an opinion about the system of internal control. The audit also includes an appropriate assessment of accounting policies used and the validity of accounting valuations made by Management, as well as an assessment of the presentation of the consolidated financial statement on the whole.

We believe that the audit evidence received by us is sufficient and appropriate for expressing our opinion.



OPINION

In our opinion, the consolidated financial statement gives in all essential aspects a true and fair view of the financial situation of the joint stock company Bank CenterCredit and its subsidiary companies as of December 31, 2013, and also the results of their activities and movement of cash in the year, ended on this day, according to International Accounting Standards.

IMPORTANT CIRCUMSTANCES

We call attention to Remark 4 of the consolidated financial statement, which shows the adjustments of comparative indexes for the year, ended on December 31, 2012. Our opinion does not contain a reservation in regards to this.

Andrew Weekes
Engagement Partner
Certified Accountant
Public Practice Certificate 78586
Australia



LCC "Deloitte"
Government license
for conducting audit activity
in the Republic of Kazakhstan
№0000015, series МФЮ - 2,
issued by the Ministry of Finance
of the Republic of Kazakhstan
on September 13, 2006

February 25, 2014
Almaty

Nurlan Bekenov
Qualified Auditor
of the Republic of Kazakhstan
Certificate of Competence № 0082
Dated June 13, 1994
Managing Director
LLC "Deloitte"



**BANK CENTERCREDIT
JOINT STOCK COMPANY**

**CONSOLIDATED REPORT ON PROFIT AND LOSS
IN THE YEAR ENDED ON DECEMBER 31, 2013**
(in million tenge, except (loss)/profit for share, expressed in tenge)

	Remarks	Year, ended on December 31, 2013	Year, ended on December 31, 2012
Interest profits	5,28	85,269	73,631
Interest expenses	5,28	(49,610)	(54,154)
NET INTEREST INCOME PRIOR TO FORMATION OF RESERVES UNDER DEPRECIATION OF ASSETS, TO WHICH INTEREST IS ADDED		35,659	19,477
Formation of reserves under depreciation of assets, to which interest is added	6	(27,779)	(11,932)
NET INTEREST PROFIT		7,880	7,545
Net profit from operations with financial assets and liabilities, recorded by fair value through profits and losses	7	13	634
Net realized (loss)/profit from investments, available for sale		(3)	94
Net loss from repurchase of issued debt securities	23	-	(1,483)
Net profit from operations with foreign currency	8	4,491	3,849
Profits from services and commissions received	9	22,524	20,059
Expenses from services and commissions paid	9	(1,886)	(1,797)
Formation of reserves under depreciation from other operations	6	(1,256)	(1,400)
Other expenses		(123)	(18)
NET NON-INTEREST PROFIT		23,760	19,938
OPERATING PROFIT		31,640	27,483
OPERATING EXPENSES	10,28	(29,345)	(26,882)
OPERATING INCOME PRIOR TO TAXATION		2,295	601
Expenses on income tax	11	(1,982)	(251)
NET PROFIT		313	350
Related to:			
Shareholders of parent Bank		(31)	222
Minority ownership shares		344	128
		313	350
(LOSS)/EARNINGS FOR ONE SHARE			
Basic (tenge)	12	(0.19)	1.10
Diluted (tenge)	12	(0.15)	1.10

On behalf of the Management Group:

V.S. Lee
Chairman of Bank Management
February 25, 2014
Almaty

Ki Kwon Oh
Managing Director
February 25, 2014
Almaty

Nurgaliyeva A.T.
Chief Accountant
February 25, 2014
Almaty

The remarks are an integral part of this consolidated financial accounting report.





DECORATIVE FUNCTION OF TUMARS

The small stone and glass inserts on tumars and pendant amulets were used not only for decorative finishing, but also were interpreted as being “protective eyes.” Carnelian, coral and turquoise were the favorite stones of choice for the Kazakhs. Every stone possessed certain symbolism and also magical and healing characteristics.

Coral, used often in amulet jewelry, was to promote well-being and an abundant posterity. Its red color symbolized blood, fire, energy, sun and warmth. Turquoise was also very popular. It brought happiness, success and even reflected the wearer’s state of health. In the event of illness, turquoise was thought to change its color.

TUMAR

The one-piece tumar is decorated with carnelian stone, which symbolizes a “guardian eye” that offers protection from the evil eye. Attached are dozens of additional punched pendants that resemble grain – a classic symbol of the wish for fertility, abundance and future generations.





BANK CENTERCREDIT JOINT STOCK COMPANY



CONSOLIDATED REPORT ON FINANCIAL POSITION AS OF DECEMBER 31, 2013 (in million tenge)


	Re- marks	December 31, 2013	December 31, 2012 (Revised)	January 1, 2012 (Revised)
ASSETS:				
Cash and its equivalents	13,28	141,511	134,054	121,815
Required reserves	13	16,645	15,075	26,956
Financial assets, recorded by fair value through profits and losses	14	27,253	25,178	16,331
Investments, available for sale	15	53,931	57,549	86,369
Investments, withheld prior to repayment	16	15,846	26,373	20,778
Cash in banks	17	3,994	2,036	6,010
Loans, granted to clients and banks	18,28	783,895	789,096	764,806
Assets on current income tax		1,436	2,148	2,713
Assets on deferred income tax	11	1,132	2,036	2,008
Other assets	19	22,685	11,058	10,747
Purchase of fixed assets and intangible assets	20	25,154	23,214	23,384
TOTAL ASSETS		1,093,482	1,087,817	1,081,917
LIABILITIES AND CAPITAL				
LIABILITIES:				
Cash and loans of banks and financial institutions	21,28	89,436	106,176	106,176
Cash of clients and banks	22,28	806,553	790,550	727,334
Issued debt securities	23	49,045	65,204	121,565
Other liabilities	24	8,544	5,520	6,642
Junior bonds	25	53,034	33,249	33,392
TOTAL LIABILITIES		1,006,612	1,000,699	995,109
CAPITAL:				
Capital, related to shareholders of parent Bank:				
Charter capital	26	69,826	69,798	69,797
Revaluation fund for investments available for sale		(258)	32	666
Fund for differences in currency rates		(325)	(26)	(619)
Special reserve	3	-	3,723	1,633
Undistributed profit		16,077	12,385	14,253
TOTAL CAPITAL, RELATED TO SHAREHOLDERS OF THE PARENT BANK		85,320	85,912	85,730
Minority ownership ratio		1,550	1,206	1,078
TOTAL CAPITAL		86,870	87,118	86,808


	Re- marks	December 31, 2013	December 31, 2012 (Revised)	January 1, 2012 (Revised)
TOTAL LIABILITIES AND CAPITAL		1,093,482	1,087,817	1,081,917
Book value of one ordinary share (tenge)	12	452	452	449
Book value of one privileged share (tenge)	12	300	300	300

On behalf of the Management Group:


V.S. Lee
Chairman of Bank Management
February 25, 2014
Almaty




Ki Kwon Oh
Managing Director
February 25, 2014
Almaty


Nurgaliyeva A.T.
Chief Accountant
February 25, 2014
Almaty

The remarks are an integral part of this consolidated financial accounting report.

BANK CENTERCREDIT JOINT STOCK COMPANY

CONSOLIDATED REPORT ON CHANGES IN CAPITAL IN THE YEAR ENDED ON DECEMBER 31, 2013

(in million tenge)

	Charter capital	Revaluation fund for investments, available for sale	Fund for differences in exchange rates	Special reserve	Undistributed profit	Total capital, related to shareholders of the parent Bank	Minority ownership shares	Total capital
December 31, 2011	69,797	666	(619)	1,633	14,253	85,730		86,808
Net profit	-	-	-	-	222	222	128	350
Other cumulative loss after income tax	-	(634)	593	-	-	(41)	-	(41)
Transfer to special reserve	-	-	-	2,090	(2,090)	-	-	-
Sale of own shares (Remark 26)	1	-	-	-	-	1	-	1
December 31, 2012	69,798	32	(26)	3,723	12,385	85,912	1,206	87,118
Net (loss)/profit	-	-	-	-	(31)	(31)	344	313
Other cumulative loss after income tax	-	(290)	(299)	-	-	(589)	-	(589)
Transfer from special reserve (Remark 3)	-	-	-	(3,723)	3,723	-	-	-
Sale of own shares (Remark 26)	28	-	-	-	-	28	-	28
December 31, 2013	69,826	(258)	(325)	-	16,077	85,320	1,550	86,870

On behalf of the Management Group:

V.S. Lee
Chairman of Bank Management
February 25, 2014
Almaty

Ki Kwon Oh
Managing Director
February 25, 2014
Almaty

Nurgaliyeva A.T.
Chief Accountant
February 25, 2014
Almaty

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BANK CENTERCREDIT JOINT STOCK COMPANY

CONSOLIDATED REPORT ON THE MOVEMENT OF CASH IN THE YEAR ENDED ON DECEMBER 31, 2013

(in million tenge)

	Year ended on December 31, 2013	Year ended on December 31, 2012 (Revised*)
MOVEMENT OF CASH RECEIVED FROM OPERATION ACTIVITIES:		
Interest received	64,819	76,038
Interest paid	(48,899)	(53,863)
Profits, received from services and commissions received	20,099	20,089
Expenses paid on services and commissions paid	(1,738)	(2,033)
Other expenses paid	(49)	(18)
Operation expenses paid	(24,570)	(26,279)
Inflow of cash from operation activities prior to change of operating assets and liabilities	9,662	13,934
Change of operating and liabilities:		
Required reserves	(1,570)	11,881
Financial assets, indicated by fair value through profits and losses	(2,002)	(8,140)
Funds in banks	(1,941)	3,966
Loans given to clients and banks	2,100	(39,174)
Other assets	(11,827)	757
Funds and loans of banks and financial institutions	(16,510)	25
Funds of clients and banks	14,965	61,142
Other liabilities	2,567	(1,729)
(Outflow)/inflow of cash received from operation activities prior to taxation	(4,556)	42,662
Income tax (paid)/reimbursed	(366)	286
Net (outflow)/inflow of cash received from operation activities	(4,922)	42,948
MOVEMENT OF CASH RECEIVED FROM INVESTMENT ACTIVITIES:		
Income from selling investments, available for sale	27,211	113,165
Purchase of investments, available for purchase	(23,797)	(86,758)
Income from repayment of investments withheld prior to repayment	14,105	9,889
Purchase of investments, withheld prior to repayment	(3,682)	(13,630)
Purchase of fixed assets and intangible assets	(5,660)	(2,098)
Income from sale of fixed assets	235	10
Net inflow of cash from investment activities	8,412	20,578



MAIN EVENTS OF BCC IN 2013

JANUARY – Contact system extended opportunities for payments to China and Vietnam. It has become possible to receive money transfers at reduced rates at 120 branches of the Bank of China, in over 3,400 offices of ICBC (the Industrial and Commercial Bank of China), at 147 branches of the Vietnam International Bank and at 760 branches of VIETINBANK.

FEBRUARY – The rating agency Expert RA confirmed BCC's credit rating as being a "High credit level" with a rating forecast of "Stable".

MARCH – BCC was granted the status of "PCI Compliant" by international standards, confirming the stability and reliability of the bank's card payment systems.

APRIL – A general meeting of BCC's shareholders was conducted during which resolutions were made to approve a report by BCC's Management on the results of activities in 2012, to approve the 2012 consolidated annual financial report of BCC, and to approve the procedures for distributing BCC's 2012 net profit.

MAY – The international rating agency Fitch Ratings confirmed the long-term IDR of the bank in foreign and national currencies with a rating of B+, with the national long-term rating of the bank being A-(rus). Forecasts for all three ratings are "Stable". Also, Fitch Ratings confirmed the short-term rating of BCC-Moscow in foreign currency as a B and support rating of 4.

JULY – BCC launched an advertising campaign called "Just like 25 years ago...", dedicated to the 25th anniversary of BCC. Employees of BCC actively participated in the campaign, contributing retro-photos for use in the preparation of advertising materials for the bank.

SEPTEMBER – BCC celebrated its 25th anniversary. The Chairman of Kookmin Bank Kon Ho Lee arrived to pay his first official visit. During the month employees of BCC's head office moved to a new building in the Almaty Financial District at the address Al-Farabi Avenue 38. The "FastSmall" product for express-financing of small businesses was launched.

OCTOBER – Oh Ki Kwon from Kookmin Bank was appointed as an independent director and member of the Board of Directors of BCC.

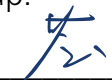
DECEMBER – BCC was recognized by Damu Business Development Fund JSC as the best bank in terms of implementation of the "Road Map of Business 2020" program in 2013. BCC launched a social project jointly with Miloserdiye (Mercy) PF to raise funds in support of children with complex diseases. All who wanted to contribute could send cash through automated teller machines (ATMs), the StarBanking system, service terminals or payment offices. Conversion to International Accounting Standards (IAS) was completed.


	Year ended on December 31, 2013	Year ended on December 31, 2012 (Revised*)
MOVEMENT OF CASH RECEIVED FROM FINANCIAL ACTIVITIES:		
Revenues from selling bought out own shares (Remark 26)	28	1
Repayment of debt securities	(18,910)	(56,122)
Revenues from issued debt securities	2,447	2,221
Revenues from junior bonds	18,305	-
Net inflow /(outflow) of cash from financial activities	1,870	(53,900)
Impact of change in foreign currency rate on cash and on cash equivalents	2,097	2,613
NET INCREASE OF CASH AND CASH EQUIVALENTS	7,457	12,239
CASH AND CASH EQUIVALENTS, as of beginning of year (Remark 13)	134,054	121,815
CASH AND CASH EQUIVALENTS, as of end of year (Remark 13)	141,511	134,054

*Revised. See remark 4.

On behalf of the Management Group:


V.S. Lee
Chairman of Bank Management
February 25, 2014
Almaty


Ki Kwon Oh
Managing Director
February 25, 2014
Almaty


Nurgaliyeva A.T.
Chief Accountant
February 25, 2014
Almaty

The remarks are an integral part of this consolidated financial accounting report.

