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A word from the Chairman  
of the Board of Directors  
Bank CenterCredit Joint Stock Company

B. R. Bayseitov

Dear Stockholders,  
Despite positive changes in the economics of our country, last year was marked by a continued decrease of banking sector activity. The loan capital of banks decreased while the amount of bad and doubtful debt grew significantly.

The financial market's negative tendencies badly impacted our Bank's activity. As a consequence of the loan capital decrease and the necessity of certain provisions in 2010, the Bank showed a negative financial result of 30.7 billion tenge. At the same time, the Bank showed excess liquidity, which, on the one hand, testified to its trustworthiness but, on the other, decreased its efficiency index.

In 2010, Bank assets grew by 5.5%, and Bank CenterCredit's share in total assets of

the bank system of Kazakhstan reached 10.1%. Deposits by individuals increased by 17.2% and exceeded the average country rate by 1%. The Bank's share in total deposit funds grew to 14.9%.

The Bank is one of the leaders in extending credit to small and medium-sized enterprises in Kazakhstan.

Despite external difficulties, the Bank is highly respected by its clients, members of society, financial partners and stockholders. Currently, active work on optimization and automation of business processes is underway, and a number of projects with Kookmin Bank are being implemented. All this will allow the Bank to provide services on an international level, helping us to become a leading bank.

I would like to emphasize that the availability of significant working balances, the support of Kookmin Bank as our strategic investor, and our high-level staff make us confident that all existing barriers will be overcome. The year of 2011 will be devoted to the development of loan capital, improvement of business processes, development of new banking products to supply needs of businesses, and promoting recovery and further development of the economics of Kazakhstan.

B. Bayseitov

Chairman of the Board of Directors  
Bank CenterCredit JSC

## Board of Directors

**Bakhytbek Rymbekuly Bayseitov**  
Chairman

**Vladislav Sedinovich Li**  
Member of the Board

**Suh Ki Youl**  
Member of the Board

**Dzhumageldi Rakhishuly Amankulov**  
Member of the Board

**Yang Cheon Sik**  
Member of the Board, Independent Director

**Galina Nikolayevna Shalgimbayeva**  
Member of the Board, Independent Director

**Nurtai Shaikhiuly Irkegulov**  
Corporate Secretary



Executive Board

**Vladislav Sedinovich Li**  
Chairman of the Executive Board

**Oh Ki Hong**  
Deputy Chairman

**Maksat Kabykenuly Alzhanov**  
Deputy Chairman

**Lee Nam Kyu**  
Deputy Chairman

**Shim Moo Gill**  
Deputy Chairman

**Bulan Adilkhanuly Adilkhanov**  
Deputy Chairman

**Murat Meirkhanuly Abishev**  
Financial Department

**Erzhan Asylbekuly Asylbek**  
Credit Risks Department

**Lyudmila Fedorovna Butyrina**  
Department of Records  
and Operations Support

**Galina Donnerovna Von**  
Human Resources

**Aset Radylkanuly Dautbayev**  
Corporate Finance Department

**Denis Vladimirovich Davydov**  
Retail Business Department

**Erlan Amirbekuly Ermakhanov**  
Problem Loans Department

**Dilyara Faridovna Ermakova**  
International Relations Department

**Timur Zhaksylykuly Ishmuratov**  
Treasury Department

**Galiya Kanatovna Kainarbekova**  
Accounting Department

**Marat Tuleugazyuly Kenzhekhanov**  
IT Department

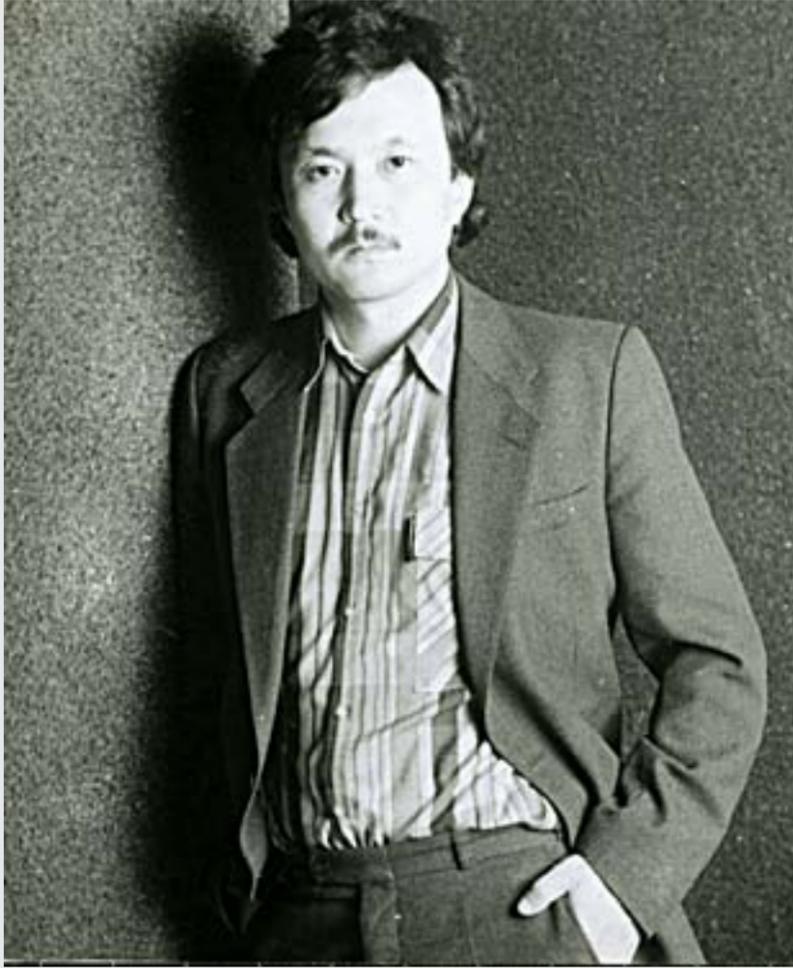
**Vladimir Aleksandrovich Savchenko**  
Legal Department

**Bakhytzhhan Bakhadiruly Tastanbekov**  
Security Department

**Svetlana Nikolayevna Nikolayeva**  
Business Processes Department

**Harm Yeong Tak**  
Bank Card Department

**Kulyash Izmagzamkyzy Shayakhmetova**  
Administrative Department



## Amanzhol Aituarov

*Director, Screenwriter*

### Biography

Born on June 13, 1957, in Almaty. In 1979 graduated from the Metallurgical Department of Kazakh State Polytechnic Institute. In 1986 completed studies at the Russian State Institute of Cinematography (mentored by Sergey Soloviev). Screenwriter for his own films.

### Director

1989 *Touch* (Kazakhstan);  
1992 *Journey to Nowhere* (Kazakhstan);  
2005 *The Steppe Express* (Kazakhstan, together with Satybaldy Narymbetov).

### Screenwriter

1989 *Touch*, written jointly with B. Sarygulov;  
1992 *Journey to Nowhere*, written jointly with N. Segizbayev.

### Awards

1990 International Festival of the Three Continents in Nantes, Viewers' Acclaim Award (*Touch*);  
1993 San Remo International Film Festival.





1989

Director and Picture:  
Amanzhol Aituarov  
Touch

Awards:

1990 International Festival of Three Continents in  
Nantes, Viewers' Acclaim Award;  
1993 San Remo International Film Festival

Description:

This film is a parable about the way destiny brings together two travelers – a blind girl and a pilgrim. It is about healing love, about betrayal, about commitment for the sake of finding a new home for a wandering orphan. Using minimal scenery and costumes, the film director creates an authentic feeling of the Middle Ages, when numerous nomadic tribes crisscrossed the steppes of Asia. In the film, everything is real and everything is fantasy, starting with the girl, who is endowed with the gifts of a healer, and the spirits of ancestors roaming the cemetery. Behind the fascinating kaleidoscope of the landscapes travelled, one can see vivid reflections of the visible world in a magic mirror of feelings and fascinating new encounters in a modern city. Panoramic shots of wide spaces, extended lines of rhythmic sounds, internal fears and the inaction of heroes are displayed in the context of conflict between the times of savage social mores and people's inner feelings.

## CORPORATE GOVERNMENT

The annual meeting of stockholders of Bank CenterCredit JSC approved the 2009 Board of Director's annual report and annual financial report, made decisions on distribution of net income and passed amendments to Methods of Determining Bank CenterCredit JSC Share Value.

In December of 2010 the conclusion of the extraordinary gathering of stockholders done by absentee vote was reached. A representative of Kookmin Bank, Mr. Ki Youl Suh, was unanimously elected to be a member of the Board of Directors of Bank CenterCredit JSC.

In 2010 the Board of Directors made 22 protocol decisions and passed 298 resolutions on priority directions of the Bank's activity related to the jurisdiction of the Board.

On 13 October 2010 the Board of Directors approved the Rules on General Conditions for Operations at Bank CenterCredit JSC.

Members of the Board take an active part in the work of Bank committees, sessions

of the Executive Board and other organs of the Bank.

The Board supervises four committees: the Committee for Asset and Liability Management (CALM), the Credit Committee, the Audit Committee and the Committee for Appointments and Rewards. In 2010 CALM held twelve scheduled and four extraordinary sessions and considered 116 issues, including balance prognosis, resources allocation and financing (rates, capacity, currency and time-limits), recommendation on provisions, and stress testing.

The Credit Committee held 90 sessions and considered 828 issues, including providing and changing loan conditions for individuals and companies, establishing credit limits, etc.

Four sessions of the Audit Committee were held during the reporting period in order to effectively control the process of submitting financial reports and its credibility, to supervise internal control, to monitor auditing processes (both internal and external) and to properly

exercise risk management of the Bank and its subsidiaries.

The Committee for Appointments and Rewards under the Board of Directors of Bank CenterCredit JSC held seven sessions on HR issues.

In 2010 the Executive Board of Bank CenterCredit JSC had 48 meetings, including 20 meetings concerning reporting purposes. For the reporting period, they made 781 decisions.

Major principles and standards of management of Bank CenterCredit JSC, including relationships between the Board of Directors and the Executive Board, stockholders and executive authorities, as well as decision-making rules and procedures, are determined by the Corporate Management Code of Bank CenterCredit JSC.

## STOCKHOLDERS AND BANK CAPITAL

According to agreements made earlier, on 25 February 2010 the strategic partners of Bank CenterCredit JSC, namely Kookmin Bank Co Ltd and International Finance Corporation (IFC), consummated an agreement on participating in the capital stock of the Bank. According to the agreement, Kookmin Bank and IFC acquired both existing and new shares of the Bank. As a result, Bank CenterCredit has been strongly supported by new stock capital of 17.2 billion tenge (equivalent to \$116 million USD).

As of 1 January 2011 the number of ordinary shares reached 162,456,800; the number of convertible preferred stocks reached 39,249,255, and the charter capital paid was 69.751 billion tenge.

Share in charter capital, % as of 1 January 2011



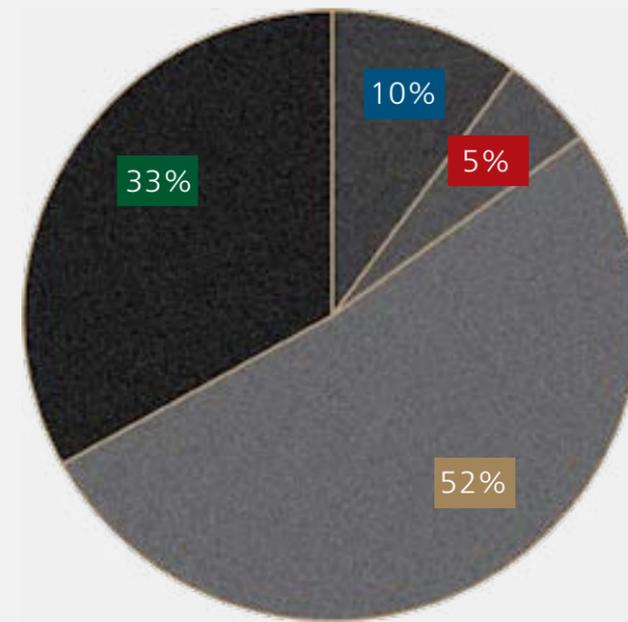
As of 1 January 2011 the owned capital of the Bank was 134.409 billion tenge.

### Stockholders holding 5% of stocks and more are:

Kookmin Bank Co Ltd.	41,9%
B.R. Bayseitov	25,1%
IFC	10%

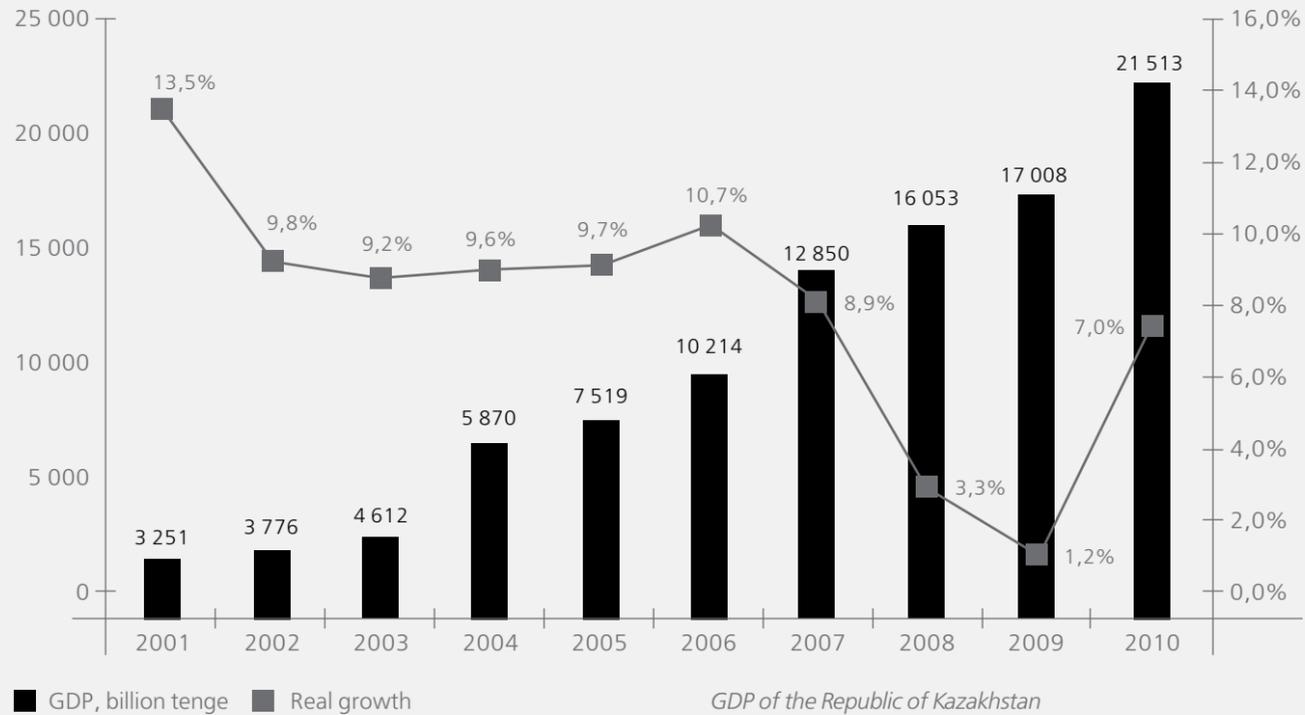
### Owned capital structure KZT, billion

Charter capital	69 751
Subordinated debt	43 910
Perpetual Eurobonds	13 173
Previous assets	7 575



Charter capital	69.751
Subordinated debt	43.910
Perpetual Eurobonds	13.173
Previous assets	7.575

## 2010 DEVELOPMENT OF ECONOMICS AND BANKING SECTOR SURVEY



### Macroeconomic Survey

Since the beginning of 2010 the economy of Kazakhstan has shown relatively high growth rates. The GDP grew by 7% and reached 21.513 trillion tenge, which is 2.2 trillion higher than estimated figures. The growth of the economy was stimulated by a positive situation in the foreign market for energy supplies and metals and antirecessionary programs of the government, as well as measures to create a basis for post-recessionary industrial and innovative development. In the structure of the GDP of Kazakhstan, production accounts for 44.1% and services accounts for 52.9%. The predominance of the service industry in the GDP of Kazakhstan was noted in 2002.

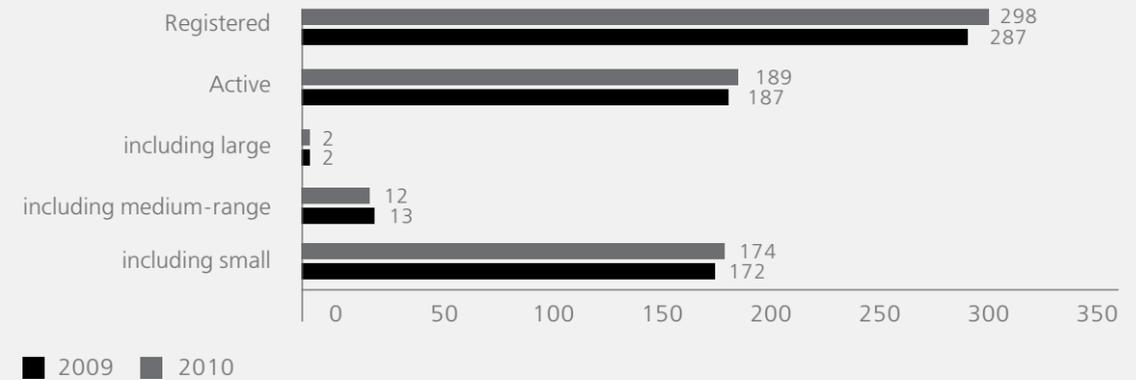
This tendency is comparable to the structure of world GDP.

Inflation reached 7.8% in 2010, compared to the previous year's 6.2%. The inflation level was influenced by the increase of food prices.

According to preliminary results, the production volume was 11.7568 trillion tenge, showing a 10% growth. In production structure, the processing industry increased by 18.4%, which exceeds the growth rates of the minerals industry (5.3%) by three and a half times. Agricultural production volume decreased by 11.7%. Because of climatic conditions, crop production decreased by 22.7%, while livestock farming increased by 2.9%.

Last year the construction sector showed insignificant growth. The volume of construction projects increased by 1% and totaled 1.9 trillion tenge.

## Corporate entities in RK (thousands)



The number of active corporate entities was 187,161 as of 1 January 2011 (compared to 188,000 on 1 January 2010), which shows a decrease of 0.9% compared to last year's results. In 2010 Kazakhstan's position in the World Bank's Doing Business ratings increased by 15 places to the 59th position. Also, in 2010 Kazakhstan was at the top of the list of 10 countries that improved their business environments.

According to the report of the Ministry of Finance of the Republic of Kazakhstan, as of 1 January 2011 state budget income was 4.2991 trillion tenge, which represents a growth of 22.6%. Utilization of the budget reached the level of 4.4572 trillion tenge.

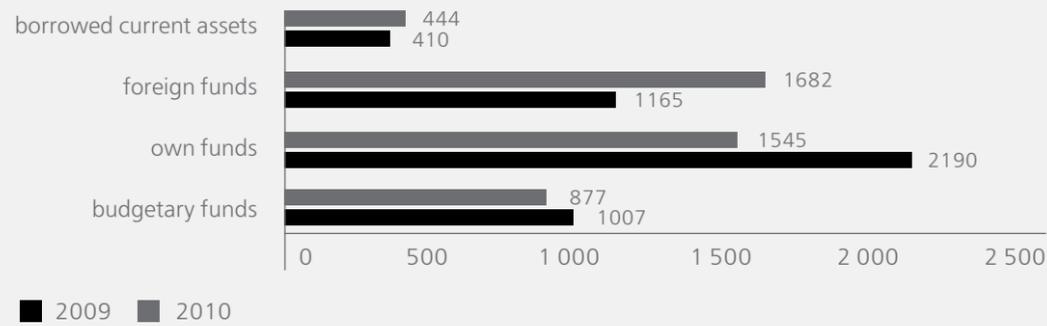
Budget deficits reached 527.3 billion tenge or 2.5% of the GDP (compared to 3.1% in 2009).

On 23 December 2010, Standard & Poor's increased the long-term credit rating of the Republic of Kazakhstan from BBB to BBB+, resulting in a rating of "Stable". The major factor of Kazakhstan's increased credit rating is the balanced policy of the Cabinet that helped to maintain creditworthiness after the default of several banks. In addition, Standard & Poor's increased the long-term credit ratings in foreign and

national currencies of the Kazakhstan Development Bank to BBB and BBB+ respectively. A "Stable" rating reflects trust in the Government of the Republic of Kazakhstan in issues of improving the economic and financial situation of the country.

The most serious factors that impacted the dynamics and environment of Kazakhstan's financial markets are:

- state anti-recessionary measures aimed at supporting different sectors of economics, especially second-tier banks
- successful completion of banking sector restructuring (BTA Bank, Alliance Bank and Temir Bank)
- positive influence of high prices for exported energy resources in the world minerals markets
- functioning of Customs Union of Russia, Kazakhstan and Belarus.



Implementation of investment projects promoted investment activity in economics. In 2010 a decrease of investments in fixed capital slowed down. In general, during the year 4.8 trillion tenge were invested in economics. 45.9% of investments were done at the expense of the funds of companies.

In 2010 the purchasing capacity of the population increased. Retail turnover (excluding the foodservice industry) increased by 19.4% to 3.014 trillion tenge.

Growth of the production sector of the economy, as well as the favorable state of the foreign market, promoted an increase in foreign trade turnover of 24.3%, totaling \$89 billion USD. Last year the export of goods increased by 37.1% compared to 2009 and was valued at \$59.2 billion USD. Energy supplies made up the greatest share of the exports (71.7%) and metals and metal products accounted for 12.6%. For the reporting period, more than 67.5 million tons of oil and condensed fluid were exported, which accounted for 64% of export earnings. Imports were valued at \$29.7 billion USD and grew by 4.8%.

Imports of food commodities grew by 9% or, in monetary terms, \$81 million USD. At the same time, imports of machinery and equipment (which comprises 43.2% of total imports) decreased by 14%, imports of mineral fertilizers decreased by 15.7% and imports of ferrous metal pipes decreased by 69.9%. A positive foreign trade balance was about \$29.5 billion USD, compared to \$14.8 billion USD in 2009.

The results of the Customs Union functioning are seen in the fact that in 2010 exports of Kazakh production to Russia grew by 35.9% and exports to Belarus grew 1.6 times.

At the same time, imports from Russia and Belarus were 23.7% and 24.5% respectively. The volume of foreign trade with the Customs Union countries increased by 28.1% and was valued at \$16.5 billion USD, which is 18.5% of the total commodity circulation of Kazakhstan.

Cumulative assets of the banking sector of Kazakhstan in 2010 grew by 4.1% and were valued at 12.0315 trillion tenge compared to 11.5573 trillion tenge in 2009.

For the last four years, there has been a decrease in the ratio of cumulative assets of the GDP. Last year, that indicator showed 55.9%. Bank loans to the economy in 2010 barely exceeded 35.3% of the GDP. Loans of second-tier banks to the economy made up 42.1% of the GDP.

Indicators	2001 r.	2002 r.	2003 r.	2004 r.	2005 r.	2006 r.	2007 r.	2008 r.	2009 r.	2010 r.
GDP, billion tenge	3 251	3 776	4 612	5 870	7 519	10 214	12 850	16 053	17 008	21 513
Assets to GDP, %	25,0	30,6	36,3	45,8	60,0	86,9	90,1	74,1	68,0	55,9
Loans to GDP, %	15,9	19,1	23,6	30,9	40,7	58,7	69,0	57,6	56,7	42,1
Capital to GDP, %	3,8	4,3	5,1	4,6	5,9	8,6	11,1	9,0	-5,8	6,1
Deposits to GDP, %	15,0	18,6	21,1	27,4	33,9	46,2	50,0	28,6	35,3	31,7

Loan capital of second-tier banks has decreased by 5.9% to 572.9 billion tenge since the beginning of the year. Standard loans fell to 59.9 billion tenge (-2.4%), problem loans grew to 616.4 billion tenge (14.5%), and bad debt went down to 1.1294 trillion tenge (-38.3%). Provisions for loans, given by second-tier banks, fell to 825.7 billion tenge (-22.7%). Among all sectors of the economy, the biggest loan recipients are trade (26.2%), construction (25.4%), industry (14.5%) and the nonmaterial sphere (23.3%). Cumulative liabilities of second-tier banks have decreased by 14.5% to 1.8217 trillion tenge since the beginning of 2010. Within the liability structure, deposits of legal entities increased by 12.5% to 507.9 billion tenge, deposits of individuals increased by 16.2% to 313.6 billion tenge, deposits of special-purpose affiliates decreased by 98.6% to 1.7702 trillion tenge, and deposits of other banks or organizations exercising some kinds of banking operations decreased by 56% to 699 billion tenge.



The cumulative liability of commercial banks as of 1 January 2011 was 10.7152 trillion tenge (1 January 2010 – 12.5368 trillion tenge), including 23.9% or 2.5625 trillion (1 January 2010 – 33.6% or 4.2108 trillion) in loans to non-residents. Cumulative liability has decreased by 39.1%, or 1.647 trillion tenge, since the beginning of 2010.



## Abai Karpykov, *Director, Screenwriter, Producer*

### Biography

Born on February 6, 1955, in Taldykorgan region, Kazakhstan. In 1977 graduated from the Department of Document Handling of the Moscow Historical Archives Institute. In 1987 graduated from the Russian State Institute of Cinematography (mentored by Soloviev).

### Director

1986 A Bus in Rush Hour (USSR);  
1986 One and a Half Pieces (USSR);  
1989 Bakhyt – First Blood (USSR);  
1989 Little Fish in Love (USSR);  
1990 Chamber Concerto,  
Eight Years Later (USSR);  
1991 The Blown Kiss (USSR);  
1996 The One Who is More Tender  
(Russia/Kazakhstan);  
1999 Fara (Russia/Kazakhstan);  
2005 Hunting an Elk (Russia).

### Screenwriter

1986 A Bus in Rush Hour (USSR);  
1986 One and a Half Pieces (USSR);  
1989 A Fish in Love (USSR), written  
jointly with B. Ryakhovsky;  
1991 The Blown Kiss (USSR), written  
jointly with I. Poberezhsky;  
1996 The One Who is More Tender (Russia/  
Kazakhstan), written jointly  
with L. Ahinzhanova.

### Awards and Prizes

1990 International Golden Fleece Festival in  
Tbilisi, Special Award (Little Fish in Love);  
1991 Film Journalists' Award "For a film that  
defines the movie style of the year"  
(The Blown Kiss);  
1999 The Window on Europe Film Festival in  
Vyborg, Special Jury Prize (Fara);  
1999 Listapad International Film Festival in  
Minsk, Special Prize (Fara).



1989

Abai Karpykov  
Little Fish in Love

Awards:

1990 International Golden Fleece Festival  
in Tbilisi, Special Prize

Description:

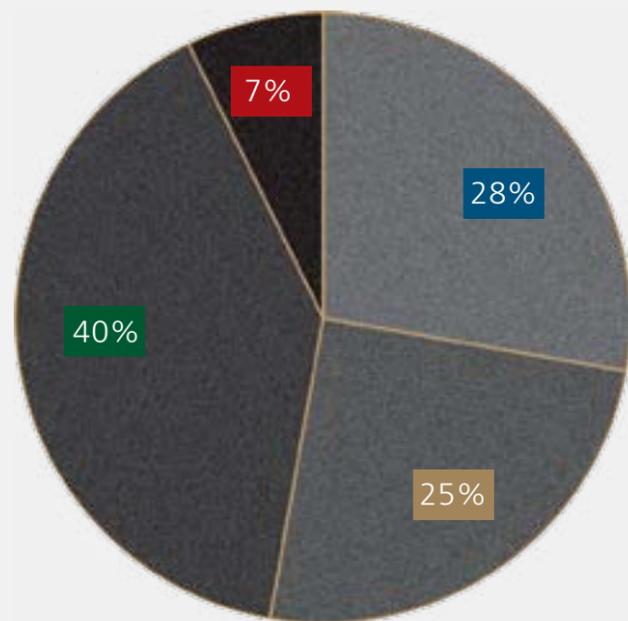
The journey of the main character from a provincial town to visit his older brother, a musician living in the city, is enveloped in strange meetings, conversations and fleeting sensations. All of this occurs without a binding main idea, without stages of plot formation or character development. And yet, it is absolutely coherent, skillfully assembled from many pieces of an impression of time. The director recalls how he was offered to make a movie about the Central Asian mafia: "I imagined a group of mobsters stepping out of boring Lada cars and dividing among themselves old wornout Soviet banknotes, completely worthless in any other place on earth." He, by contrast, wanted to show a real person of flesh and blood, who was, at the same time, sort of "suspended in the air" — the condition of many in that period of change. Hence, the film has a hint of impressionism and irony. It is a film in the form of a video clip, seeming to lack the next step in the plot. In 1990, all of this was totally new. The movie communicates and savors the relaxing atmosphere of the ethno-cultural "cocktail" of Almaty. Film critics wrote about the "social weightlessness" of the main character, and for good reason. In the realm of movies "social weightlessness" became the aesthetic parallel to concepts such as "internal emigration," reflecting the emergence of a new hero, one who is totally free internally. The film also heralded an era of a new language of communication, where things are not hidden, but uncovered. Such were the new methods of this liberated and modern Kazakh director, for whom the whole experience of European cinema is well known, desired, and is part of his soul. The moviemakers who were part of this "Kazakh new wave" were the first in the old Soviet Union to experience this openness of borders and intertwining of cultures.

According to financial reporting of the Bank for 2010, Bank CenterCredit occupies fourth place in the amount of cumulative assets and fixed capital.

For the reporting period, Bank CenterCredit increased its assets by 5.5%, which is the equivalent of 1.2246 trillion tenge. In 2010 the Bank showed a negative financial

result in the amount of 30.7 billion tenge.

Deposits of individual clients of BCC grew by 17.2% in 2010. Cumulative deposits of individual clients of all second-tier banks increased by 16.2%. The assets of the Bank comprise 14.9% of the total market of individual client deposits.



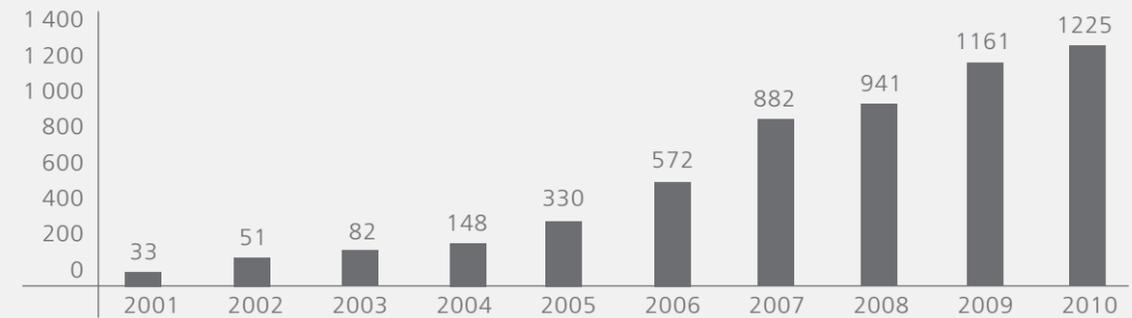
Structure of Loan Capital

The Bank is one of Kazakhstan's leaders in lending to small to medium-range businesses. No change in credit policy is expected in 2011; however, the loan capital for small to medium-range businesses is expected to be increased.

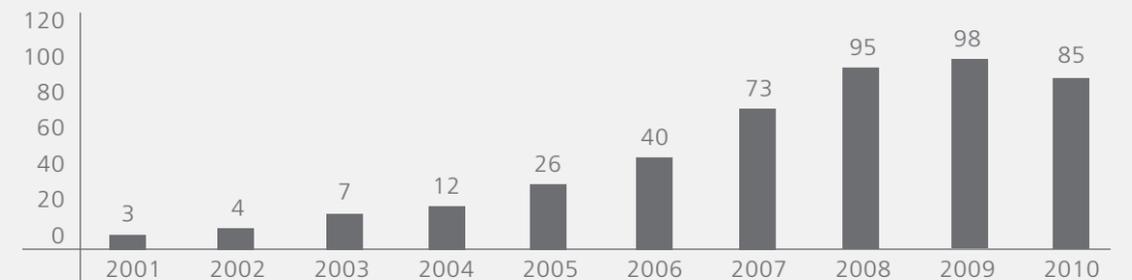
*About 25% of the loan portfolio consists of large corporate clients. Even though there is a natural reduction in financing the construction sector, the Bank remains active in such branches of the economy as trade and services.*

In 2010 the number of bank cards of Bank CenterCredit grew by 25.7%. The Bank broadened the number of services which could be paid with a card. The following bank cards have been added: Maestro, MasterCard Standard, MasterCard Gold and MasterCard Platinum. A new type of card has been introduced – Gift Cards.

In 2010 the Bank's assets grew by 5.5% and reached the level of 1.2246 trillion tenge. The portion of assets of Bank CenterCredit JSC in cumulative assets of the banking system of Kazakhstan reached 10.1%.



In 2010 the Bank's capital decreased by 13.3%, and as of 1 January 2011, it was 84.8 billion tenge. In 2010 banks had conservative lending activity; second-tier banks focused on improvement of their credit capital. As a result, the structure of lending capital changed: the portion of problem loans increased by 14.5%, and the portion of bad debts decreased by 38.3%. The leading factor of income decrease in 2010 required the Bank to create additional provisions against the loan capital.



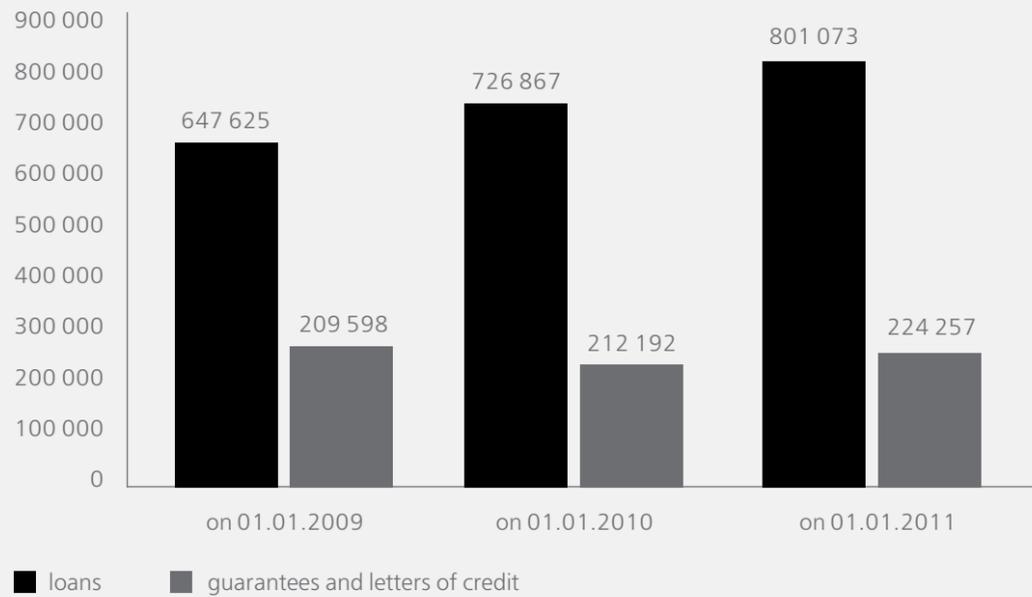
Sources of Information:

1. Agency for Regulation and Supervision of the Financial Market and Financial Organizations.
2. Statistics Bulletin of the National Bank of the Republic of Kazakhstan.
3. "Social and Economic Development of Kazakhstan" from Informational and Analytic Magazine of the Agency for Statistics.
4. Ministry of Economic Development and Trade of the Republic of Kazakhstan. "Report of Minister Zh. S. Aitzhanova at the 22 February 2011 Cabinet Session."
5. Ministry of Finance of RK.

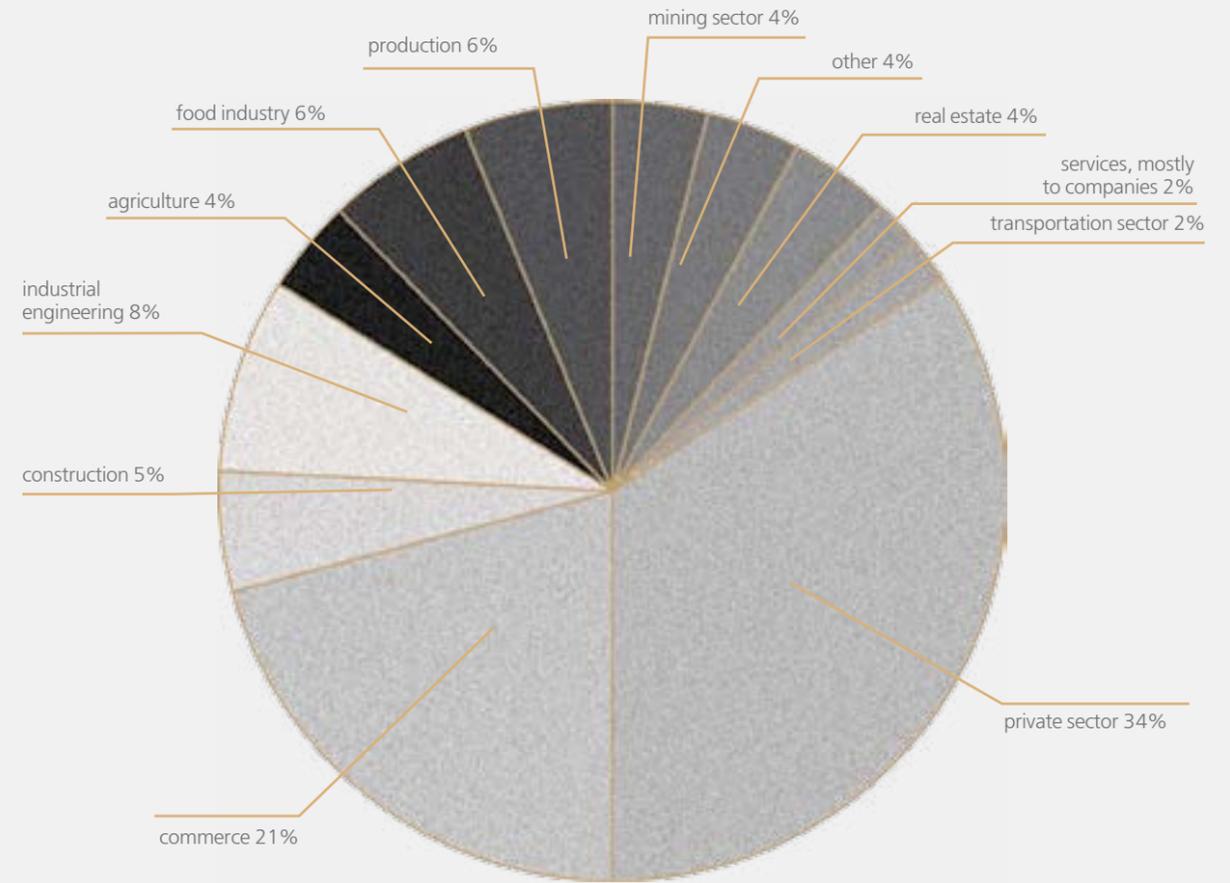
**Information on credit capital of Bank CenterCredit JSC as of 1 January 2011**

In 2010 loanable funds of the Bank grew by 10% and by the end of the year reached 801.1 billion tenge. The structure of the loan capital did not change significantly. Last year, in general, turned out to be very difficult for the banking system and this fact deteriorated the quality of loans. The amount of reserves of Bank CenterCredit

JSC grew from 9% to 13% in 2010, and in absolute terms was 106 billion tenge (according to IAS). NPL level increased from 3.5% to 10% (according to IAS). Thus, the Bank has formed adequate reserves to cover possible risks. These indicators point to the ability of the Bank to cover loan damages.



Crediting different sectors of the economy, the Bank holds to the principle of diversification to prevent a negative impact of one sector on the Bank's activity. The highest ratio in loan funds belongs to the following economic sectors: commerce, construction, food industry and agriculture. They comprise 50% of the cumulative loan capital. Individuals make up 34%.



The Bank takes an active part in state programs to support small to medium-range business which are executed through the Damu Business Development Fund and the Samruk-Kazyna National Welfare Fund, as well as local executive authorities. The Bank also participates in the budgetary program of the Ministry of Agriculture of the Republic of Kazakhstan called "Subsidizing interest rates (interest) on loans given by second-tier banks to companies involved in processing agricultural products to replenish their working capital." In 2010, the Bank started giving loans according to the state program "Road Map of Business 2020." Collaboration continued with the international programs of lending to small to medium-range businesses directed by the German Development Bank (DEG), Asian Development Bank, International Finance Corporation (IFC), European Bank for Reconstruction and

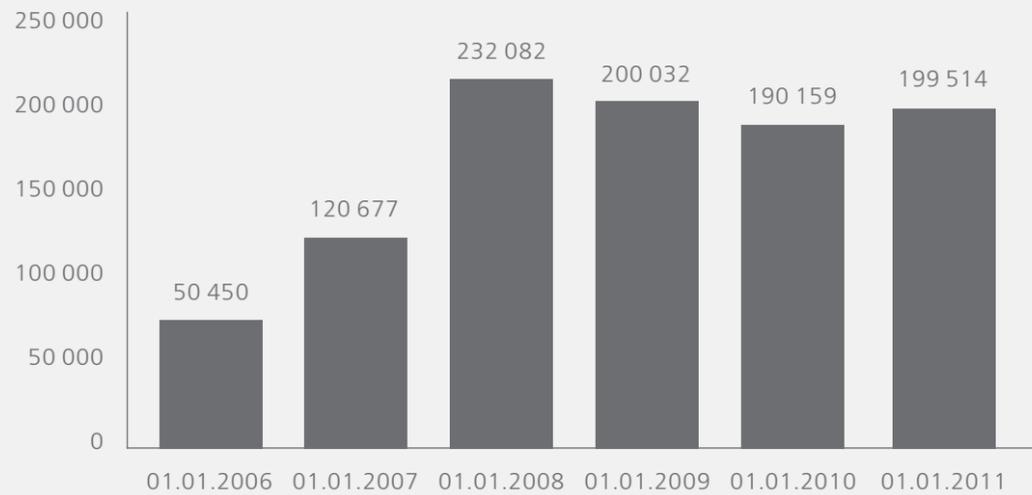
Development (EBRD) and German Governmental Program (GTZ).

In cooperation with State Food Corporation, the Bank continues implementing projects related to financing the local agricultural community.

Mortgage lending is continued both according to our own program and also according to the program of the Kazakhstan Mortgage Company.

Retail banking includes 70,942 loans per annum, as of 1 January 2011.

Retail banking capital of individuals comprised 199.514 billion tenge (as of 1 January 2011) and increased by 4.92% compared to 2010.



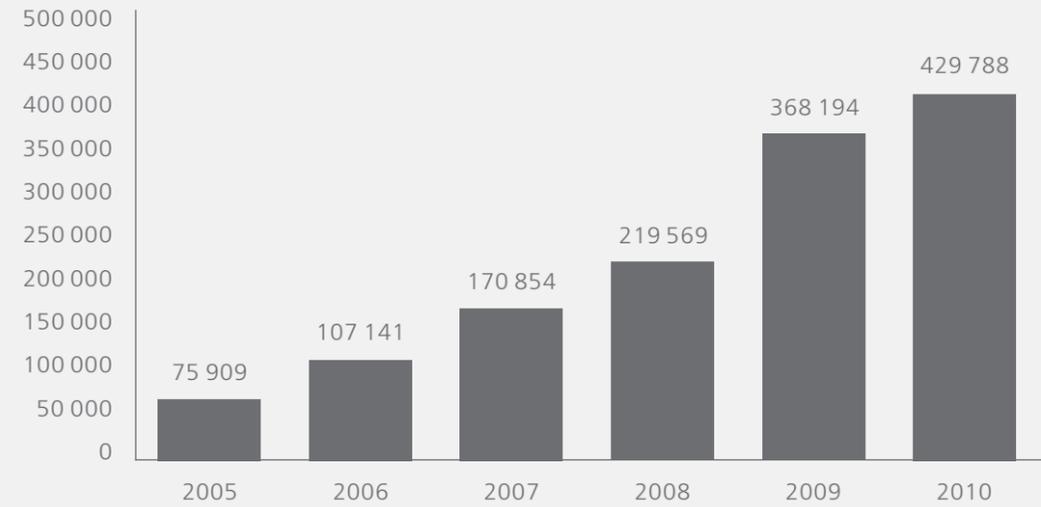
Dynamics of Retail Banking (million tenge)

In 2010, 18,160 retail loans were provided totaling 51.476 billion tenge; of them 5,525 were mortgages totaling 29.366 billion tenge, and 12,635 were retail loans totaling 22.110 billion tenge.

**New Technology.**

In 2010 the Bank, together with Experian Company (Great Britain) and the support of strategic partner Kookmin Bank, implemented a pilot program of introducing a scoring system for retail banking products. Through the implementation of the NBSM system all applications are now processed automatically. A system of document circulation for loan applications of individuals was introduced that allows control of the process of loan application. A statistical model of credit scoring based on the data of the Bank was developed. The Bank has plans to

extend the scoring system on loans to individual entrepreneurs and also to create a system for scoring and assessing current loans of the Bank (behavioral scoring) that can be a basis for lending, developing credit policy and for cross-selling of banking products. One of the goals of the Bank is to use implemented innovations in the process of remote service to clients via the Internet.



Growth dynamics of deposits of corporate entities (million tenge)

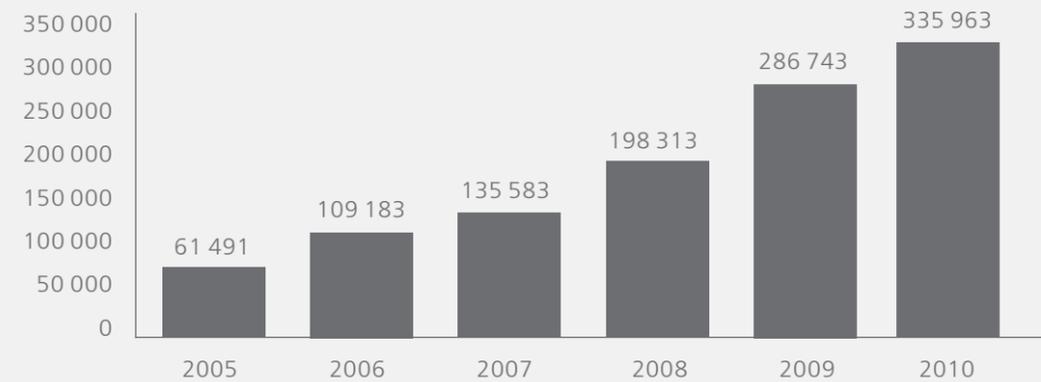
In 2010 deposits of corporate entities grew by 16.73% or 61.594 billion tenge in comparison to 2009, and as of 1 January 2011 totaled 429.788 billion tenge.

Deposits of Individuals (DOI)

Bank CenterCredit JSC occupies the third place among second-tier banks in Kazakhstan in the volume of deposit capital.

Compared to 2009, bank account balances of individuals consisted of 335.963 billion tenge in 2010, which entails growth of 17.16% or 49.219 billion tenge. The number of checking accounts increased by 30.77% or 37,516, totaling 159,421.

The portion of the Bank in the deposit market as of the end of 2010 was 14.92%.



Bank account balance of individuals

The strategy of developing international relations is aimed at the development and strengthening of cooperation with foreign financial institutions, as well as broadening a range of services and products in the sphere of trade financing, international holdings, etc.

During the reporting period, the Bank continued its interaction on existing projects with international financial institutions, including European Bank for Reconstruction and Development (EBRD), FMO, DEG, International Finance Corporation (IFC), ADB, CITI OPIC and EADB. The general volume of resources provided by these institutions was \$500 million USD.

The volume of loans from the European Bank for Reconstruction and Development (EBRD), as of the end of the reporting year, was more than \$126 million USD. Bank CenterCredit participates in the following programs of EBRD: Financing Micro, Small and Medium-range Companies Program; Trade Financing Program; Agricultural Equipment Leasing Program; Mortgage Program; and Energy Effectiveness and Renewable Energy Financing Program. The general volume of resources received by the Bank from the International Finance Corporation (IFC) was \$180 million USD. Since 2005, the Bank has released and placed five issues of Eurobonds totaling \$1.3 billion USD, of which \$200 million USD were redeemed in 2008. Since 2006, Eurobonds have been released through an affiliated company, CenterCredit International B.V. In April of 2010 the Bank announced a change

of issuer (CenterCredit International B.V.) by guarantor (Bank CenterCredit). The following Eurobonds were issued: bonds to the sum of \$500 million USD with coupon 8.625% to be redeemed in 2014, bonds to the sum of \$300 million USD with coupon 8.00% to be redeemed in 2011 and Eurobonds to the sum of 25 billion tenge with coupon 8.25% to be redeemed in 2011. Change of issuer and release of Eurobonds to the KASE list allowed the Bank to practice tax economy.

Relationships with other financial institutions in the CIS, Kazakhstan and abroad are being developed. During the reporting period, the Bank extended its network of correspondents, having added seven banks in 2010.

It is necessary to mention that in December of 2010 the Bank was recognized as Bank of the Year by The Banker, a monthly financial magazine. The magazine is owned by The Financial Times Ltd. Bank CenterCredit competed with representatives from more than 140 countries and six regions. In order to win the honor, participants had to demonstrate high profitability, as well as unique strategic advantage.

The stability and credibility of the Bank were acknowledged by international rating agencies.

#### Moody's Investor Service

Prognosis: negative  
Deposit rating: Ba3/NP  
Rating of financial stability: E+

#### Fitch Ratings

Long-term issuer default: B  
Short-term issuer default: B  
Prognosis: stable  
Individual rating: D/E  
Support rating: 5

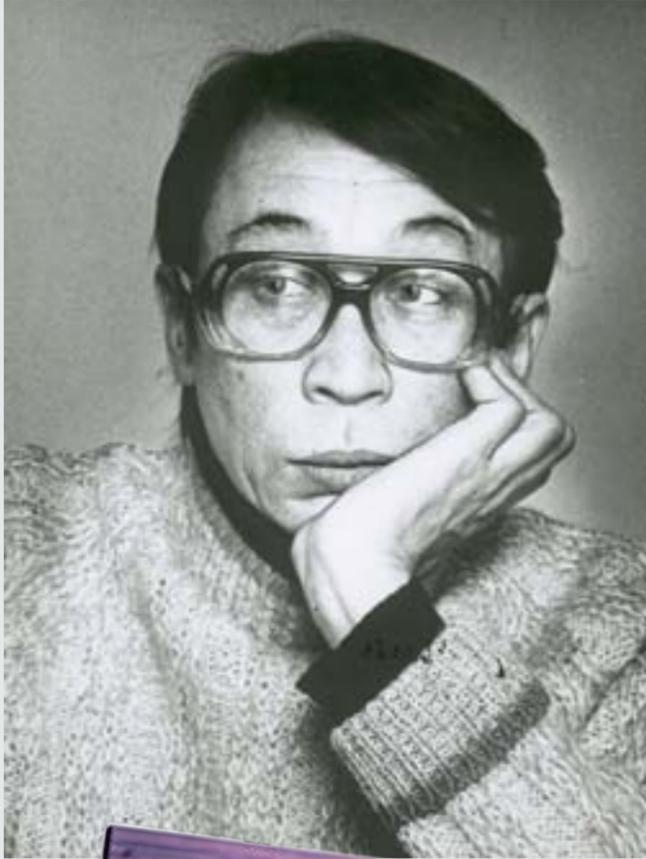
## Documentary credit operations and trade financing

Documentary credit operations and trade financing are one of the Bank's priorities in international activity. Total amount of issued deals of documentary credit operations and trade financing in 2010 was over \$245 million USD, consisting of:

- foreign letters of credit – over \$148 million USD
- foreign warrants – over \$25 million USD
- pre-import and pre-export funding instruments – \$72 million USD

The Bank is an active participant in the Trade Facilitation Programme of EBRD and IFC. A significant part of issued trade funding instruments (about \$158 million USD) was guaranteed by the above-mentioned institutions.

In addition, in 2010 the Bank processed export documentary credit operations (letters of credit, warrants, collection of payments) to the sum of over \$172 million USD.



## Saken (Satybaldy) Narymbetov, *Screenwriter, Director, Writer*

### Biography

Born March 7, 1946, in the village of Achisay, Turkestan district, Shymkent region. Graduated from the Screenwriting Department of the Russian State Institute of Cinematography (1969). In 1984 completed the Higher Courses for Scriptwriters and Directors at the Soviet State Committee for Cinematography (mentored by G. Danelia).

### Director

1987 Provincial Son-in-Law (USSR);  
1990 Hamlet of Suzak, or Mamaia Kero (USSR);  
1994 The Biography of a Young Accordion Player (Kazakhstan);  
1998 OMPA (Kazakhstan);  
2002 Leila's Prayer (Kazakhstan);  
2005 The Steppe Express (Kazakhstan, together with Amanzhol Aytuarov);  
2008 Mustafa Shokai (Kazakhstan).

### Screenwriter

1972 Shock and Sher;  
1990 Hamlet of Suzak, or Mamaia Kero, written jointly with Alexander Borodyansky, Eldor Urazbaev;  
1993 The Recent Cold;  
1994 The Biography of a Young Accordion Player, written jointly with Iztule Izmagambetova;  
1998 OMPA;  
2002 Leila's Prayer, written jointly with A. Tarazi, R. Mukanov;  
2008 Mustafa Shokai, written jointly with A. Tarazi, E. Tursunov, S. Bodrov Sr.

### Awards

1996 State Award of the Republic of Kazakhstan;  
1994 Special Children's Film Contest Jury Prize in Berlin;  
1996 Georges and Rita Sadoul Award, Paris;  
1996 Arsenal Grand Prize, Riga (The Biography of a Young Accordion Player).



1994

Director and Picture:  
Satybaldy Narymbetov  
The Biography of a Young Accordion Player

Awards:

1996 State Award of Kazakhstan;  
1994 Special Children's Film Contest  
Jury Prize in Berlin;  
1996 Georges and Rita Sadoul Award, Paris;  
1996 Arsenal Grand Prize, Riga.

Description:

This film is a recollection about an old house, of life in a post-war mining village in southern Kazakhstan. Two years in prison was the price the young character's father had to pay for welcoming starving Japanese POWs into his home. That childhood was full of hunger, danger, fights ... and the accordion. This simple story about the little joys in life brought about numerous declarations of love by the world cinema. Film critics noted that in the movie children's experiences are mixed with emotions generated by watching many movies. The film, with its seemingly natural running time, is pieced together using famous quotes and jokes from the movies. However, this is done so genuinely and masterfully, that it doesn't draw attention to itself.

## OPERATIONS ON STOCK AND INTERBANK MARKETS

Bank CenterCredit JSC is a primary dealer in short-term banknotes of the National Bank of Kazakhstan and treasury notes of the Ministry of Finance of RK and is a securities broker at the Kazakhstan Stock Exchange.

In 2010 the Bank held first place among the members of KASE in operations activity in the "Repo" market sector.

Titles	Volume as of the end of 2009	Volume as of the end of 2010
Securities, total	214 949	271 850
Including:		
Governmental securities	195 648	250 375
Non-governmental securities	19 301	21 475

*million tenge*

The Bank continues to be one of the leaders in the foreign exchange market, being one of the most active market-makers in interbank trading. In 2010 the Bank held third place among the members of KASE in operations activity in the "Foreign Exchange" market sector.

### Dynamics of Major Indicators of the Bank on Currency Operations:

Indicator	2009	2010
Volume of transactions USD/KZT	USD 18.6 billion	USD 22.5 billion
Volume of transactions RR/KZT	RR 18.1 billion	RR 24.9 billion
Volume of transactions EUR/USD	EURO 2.2 billion	EURO 2.6 billion
Volume of transactions EUR/KZT	EURO 716.6 million	EURO 844.8 million
Volume of transactions USD/RR	USD 647.9 million	USD 709 million

*million tenge*

## Custodial Activity

In the framework of custodial activity, the Bank provides services in stock-taking and keeping its clients' assets.

### Bank CenterCredit JSC Custodial Activity:

Clients	2009, million tenge	2010, million tenge
Pension Funds	54 060	61 387
Investment fund	7 032	5 236
Corporate entities	60 310	79 611
Corporate entities on document storage	28 180	26 798
Corporate entities as bondholders	115 000	88 500
<b>TOTAL:</b>	<b>264 582</b>	<b>261 532</b>

### Internet Banking

The Internet Banking system provided to corporate entities for remote service is successfully used by clients for banking transactions.

Bank CenterCredit increased document circulation through the Internet Banking system by 60% from the amount of outgoing payments of corporate entities in 2010. The number of companies connected to Internet Banking increased by 16% and reached 17,000.

### Home Banking System

Home Banking system is a system of remote service for individual clients. Account management is done online at a client's convenience.

At the end of 2010, the client base of Home Banking was 9,190 users. During 2010 the average amount of payments and transfers done through Home Banking accounted for over 5% of the total number of deposit operations by individual clients.

In 2010 the entire affiliate network of the Bank implemented the possibility of providing Home Banking service with the digital signature (DS) of the National Bank's Kazakhstan Center for Interbank Payments (KCIP).

### Western Union International Money Transfer System

Bank CenterCredit JSC was the first official representative of Western Union in

Central Asia and has been offering international money transfer for individuals since 1998.

The Western Union international system is a fast and trustworthy method of money transfer without opening a bank account. In addition to Western Union's Will Call Transfers (wires between individuals), the Bank also arranges Quick Pay payments (from individuals to companies connected to WU) and Quick Cash (payments from companies to individuals).

As of 31 December 2011, Bank CenterCredit JSC had 812 points of service. Sub-representatives of our Bank are Alliance Bank, AMB, Eurasian Bank, Delta Bank, TAIB Kazakhstan Bank, Danabank, Sberbank Russia, and Tsesnabank. In 2010 these were joined by Positive Bank, Alliance Bank, Astana-Finance, Temir Bank and VTB Bank.

Since 2003 Bank CenterCredit JSC has been a participant of a special contest among Western Union's 500 best points of service in Europe, the Middle East, Africa and South Asia. In 2010, our branch in Taraz became a member of the Club-500.

### Quick Transfers

Quick Transfers system is a product of the Bank. It has been functioning since July of 2000. This system allows individuals to transfer money in Kazakhstan without opening a bank account. The uniqueness of the system grows from its speed, achieved with the help of Internet technology and the corporate network of the Bank.

The record speed of a transfer was recorded at two seconds. Users of the system are notified on their mobile phones of the status of the transfer.

In 2010 the amount of money transfers by individuals in Kazakhstan through Quick Transfers exceeded 7 billion tenge. In 2010 there were 128,000 transfers made through the system.

### SMS Banking

SMS banking is a new service announced in August of 2010. It allows clients to be notified with messages, information and warnings relative to floating and deposit accounts. SMS banking makes all transactions transparent and increases the trust level of clients toward the Bank.

At the end of 2010 there were over 5,000 clients registered in the system.

### Quick Earnings

The Quick Earnings system allows companies connected to the system to quickly collect all their earnings in the territory of Kazakhstan and get online information of current transactions and gains. Currently, over 2,000 corporate entities in all regions of Kazakhstan use the Quick Earnings system.

In 2010 the Quick Earnings system processed 3.1 million transfers and deposited over 94.5 billion tenge in corporate clients' accounts.

### Contact

Bank CenterCredit JSC began the Contact transfer system in July of 2001.

The Contact system allows individuals to wire money in US dollars, euros and rubles in CIS countries and abroad without opening a bank account.

In 2010 the Contact system offered transfers from individuals to companies as a new service.

### Traveler's Checks Operations

The Bank began partnering with American Express (AE) in the sphere of traveler's checks in 1995 and has increased sales volume ever since, promoting this financial instrument in the banking market of Kazakhstan.

Currently it is possible to purchase AE traveler's checks in all points-of-sale of the Bank, as well as cash them in local or foreign currency. In addition, the Bank accepts all the checks issued by other commercial banks.

According to a policy change by American Express, there are some limitations in traveler's checks sales. During one day, individuals may purchase AE traveler's checks valued at no more than \$25,000 USD in one transaction or several interconnected transactions. This daily limit was enforced at all points-of-sale of the Bank.

Since the beginning of 2010, traveler's checks have been sold to the sum of \$15 million USD and 5 million euro. The total amount is \$22.3 million USD.

Despite the negative sales market dynamics, the Bank is the leader among secondtier banks of Kazakhstan and third among the CIS banks.

### Inquiry and Communication Services and Phone Banking

The Call Center of BCC received over 2.5 million calls from clients, including 328,645 calls on banking consultation at a service level of 77:20 (77% of clients were connected within 20 seconds). The connection failure was 4.5%, at 10 second answer speed.

The Call Center implemented 120 auto-poll campaigns of BCC clients (including individual clients, corporate clients and private entrepreneurs) and got 28,667 answers.

1,633 service quality applications were received and forwarded on through communication channels by the Bank.

The BCC's Automatic Call Center answered 1,582,336 external calls (inquiries and calls to internal numbers).

The Contact Center sent over 65,000 personal letters of consultation and information on new services of BCC. There were 43 campaigns of mass e-mailing to clients of different categories. The total number of sent letters was about 160,000. A number of sections of the BCC website were updated. Monitoring of business news and publications about BCC on external websites was conducted. There were 232 surveys of foreign economic activity of Kazakhstan processed and published.

The TBS (Telephone Banking System) registered over 15,000 new clients (individual clients, corporate clients and private entrepreneurs). By the end of 2010, there were 50,000 TBS clients. In 2010 there were 376,932 uses of TBS, including 244,831 transactions. Client activity by TBS reached 40.6%.

Bank CenterCredit is among the four leading banks in Kazakhstan in the number of issued bank cards and in developing an acquiring network.

As of 1 December 2010 the Bank's market share in circulation of bank cards was 7.8%. The number of issued cards in 2010 was 285,165 cards. Compared to the beginning of 2010, the amount of cards increased by 25.7%. As of 1 January 2011, the number of cards in circulation reached 653,535.

The amount of transactions via ATM grew by 58% and totaled over 188.6 billion tenge. Turnover in trade network grew by 58% and was 2.8 billion tenge.

The number of cashless payments in the BCC network in 2010 was 1,684,440 transactions, and the volume of payments equaled 12.3 billion tenge.

Compared to 2009, the self-service network of the Bank expanded. The number of ATMs is 666. In commercial and service companies, 1,033 POS-terminals were established: 408 POS-terminals function in the Bank's affiliates.

In 2010 the bank made a significant effort to enlarge the card product line. The Bank underwent certification of emission and ATM-acquisition in the international MasterCard Worldwide payment system. The card product line was replenished by cards such as Maestro, MasterCard Standard, MasterCard Gold and MasterCard Platinum. The Gift Card was added as a new type of card.

In 2010 credit/debit card business processes were improved and an automatic card scoring system was implemented.

The Bank focused on developing the functional ability of bank cards and on expanding the service line of remote self-service (cash-in ATMs).

Bank CenterCredit JSC has a team of qualified specialists that has over 22 years of activity in the financial market.

The average age of our personnel is 33 years. At the end of 2010, the number of employees was 4,760 people, including 890 individuals at corporate headquarters and 3,870 individuals at branch offices. The number of employees in affiliate offices totals 81.3% of all personnel. Eighty percent of all personnel have a higher education. Twenty three employees in headquarters and 17 employees in branch offices have MBA degrees.

The process of staff recruitment in the Bank is based on promoting employees inside the system on a competitive basis as career advancement.

The Bank partners with higher education institutions of Kazakhstan whose students and graduates have internships in the Bank's network. Young specialists, upon successful completion of their internships, are accepted as employees.

The Bank practices professional development of its employees by means of seminars, trainings and distance education on an ongoing basis. During the current reporting year, staff development was initiated with our strategic partner, Kookmin Bank, in the context of technology integration.

Last year 4,047 people were involved in trainings. Eight hundred and twenty five employees had short-term trainings or language training in Kazakhstan and abroad; 2,752 people were trained at corporate educational centers of the

Bank; 470 were trained in regional educational centers of the affiliate network. Distance education aimed at the professional competence of employees is being developed at a high speed. Assessment of training effectiveness was implemented in order to develop a system of training and to form an Institute of Internal Trainers.

The Bank pays special attention to the development of the state language. In accordance with the "Regulation on Arrangement of Record Management in the State Language at Bank CenterCredit JSC," all forms, contracts, advertisement materials and information on products and services are offered to our clients in Kazakh and Russian. The Bank provides all remote services, bank transactions, payments and inquiries in the state language.

In order to strengthen the corporate culture, in 2010 the Code on Business Ethics was introduced. According to the Code, employees follow the values of the Bank: honesty, professionalism, efficiency, and respect toward clients, colleagues and partners.

Following the corporate tradition, the Bank participates in the social life of our country. Celebrating the 65th Anniversary of the Great Patriotic War, the Bank arranged meetings with those retired Bank employees, as well as with Bank clients, who are veterans of war and labor.

The Bank participated in providing humanitarian aid to the Children's Public Fund and also provided financial help to the people who suffered the consequences of flooding in Eastern Kazakhstan and Almaty Province.

The Bank invested 72 million tenge in developing its corporate network, invested 75 million tenge in computer equipment, and 247 million tenge in server equipment. The module "On Counteraction to Money Laundering and Financing Terrorism" was developed as a tool for the tax inspectorate. A Financial Consolidation system was developed. This system helps the consolidated reporting with affiliate companies BCC – Moscow LLC, Center Leasing LLP, Capital Pension Savings Fund JSC, and BCC Invest JSC. In accordance with the plans of the National Bank of RK, BCC migrated to 20-digit

accounts. Together with Kookmin Bank, the "Unified Corporate Data Storage" project is being implemented.

In order to strengthen IT services, the HelpDesk system was installed; implementation for affiliates is planned. A Unified Monitoring System was started. This system is designed to provide constant automatic monitoring of all IT services of the Bank.

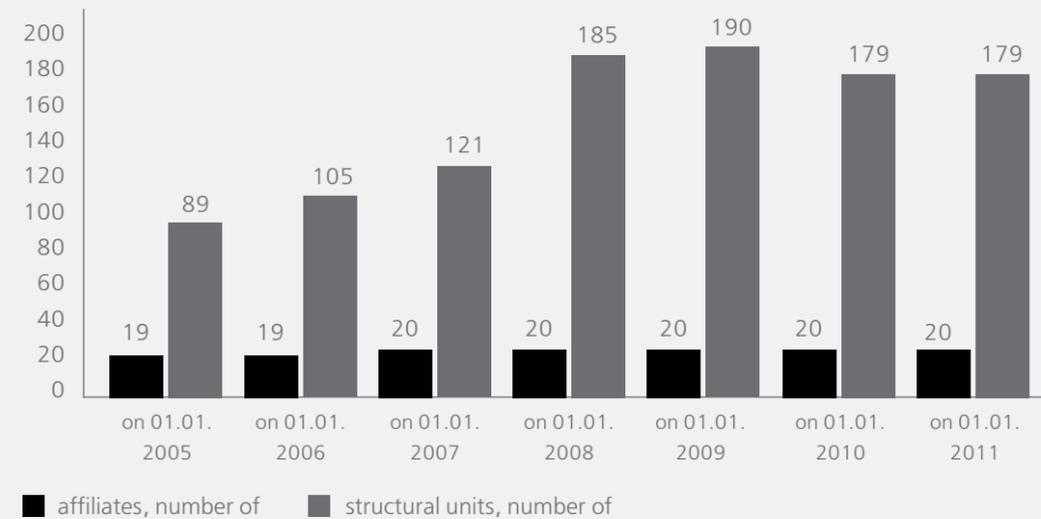
BANK'S SALES NETWORK

BCC's Sales Network includes 20 branches and 179 structural units of affiliates as of 1 January 2011.

Structural units of affiliates are in the following formats:

- VIP-center – 1;
- Center for Financial Services – 38;
- Retail Service Centers – 40;
- Cashier Departments – 100.

The Bank has affiliates in all regional centers and large cities of Kazakhstan. Thus, affiliates and structural units are located in more than 50 populated places of Kazakhstan. About 90% of structural units of affiliates, whatever format they may have (VIP-center, CFS, RSC or CD), provide the full range of banking services.





## Serik Aprymov,

*Director, Screenwriter, Producer*

### Biography

Born on October 28, 1960, in Aksuat, Semipalatinsk Region, Kazakhstan. In 1979 graduated from Almaty Industrial College. In 1989 graduated from the Russian State Institute of Cinematography (mentored by Soloviev).

### Director

1986 The Two Were Riding a Motorcycle (USSR);  
1987 Hypnotist (USSR);  
1989 Final Stop (USSR);  
1992 Asleep in a Dream (Kazakhstan);  
1998 Aksuat (Russia/Kazakhstan);  
2000 Three Brothers (Kazakhstan/Japan);  
2004 Hunter (Kazakhstan).

### Screenwriter

1989 Final Stop (USSR);  
1992 Asleep in a Dream (Kazakhstan);  
1995 Abai (Kazakhstan/France), written jointly with L. Ahinzhanova and A. Baranov;  
1998 Aksuat (Russia/Kazakhstan);  
2000 Three Brothers (Kazakhstan/Japan), written jointly with M. Karbozov;  
2004 Hunter (Kazakhstan).

### Producer

2000 Three Brothers (Kazakhstan/Japan), produced with S. Siniyu;  
2004 Hunter.

### Awards and Prizes

1987 All-Soviet Union Film Festival, Prize for Best Short Film (The Two Were Riding a Motorcycle);  
1987 All-Soviet Union Youth Film Festival in Kiev, Grand Prize (The Two Were Riding a Motorcycle);  
1989 All-Soviet Union Youth Film Festival in Kiev, Grand Prize (Final Stop);  
1990 The Debut Film Festival in Moscow, Prize for the Best Full Feature Debut (Final Stop);  
1990 Kazakhstan Contest Show in Almaty, Grand Prize (Final Stop);  
1993 Contest Show "Kazakh Cinema Today" in Almaty, Prize for Best Film in Contest Show (Asleep in a Dream);  
1998 Eurasia International Film Festival in Almaty, Special Jury Prize (Aksuat);  
2000 The Kinoshock Open Film Festival in Anapa, Special Jury Prize "For Depth of Nostalgic Experience, Created by the Means of Cinema" (Three Brothers);  
2004 The Kinoshock Open Film Festival in Anapa, Prize for Best Director (Hunter);  
2004 The Nika Award for Best Film from the CIS and Baltic States (Hunter);  
2004 International Film Festival for Africa, Asia and Latin America in Milan, First Prize (Hunter).



2004

Director and Picture:  
Serik Apymov  
Hunter

Awards:

2004 The Kinoshock Open Film Festival in Anapa, Best Director Award;  
2004 The Nika Award for Best Film from the CIS and Baltic States;  
2004 International Film Festival for Africa, Asia and Latin America in Milan, First Prize.

Description:

Erkin, a young boy who is wanted by the police, is forced to live with the Hunter, away from "civilization." Alongside him, viewers are completely immersed in the purity of nomadic existence. There are many pieces to the puzzle of nomadic life — the constant need to be on guard against predators, absolute unity with nature, the mysterious fortune-telling use of stones, swift running horses, and even sex on a horse. In a duel between a wolf and the Hunter, the wolf is victorious. This happens because the Hunter is left alone when the boy goes to jail for tearing up a store. Four years later Erkin returns to his village and, upon learning of the death of the Hunter, decides to take his place and becomes the next Hunter. Because of its ethnographic beauty and other-worldly ritualism, the film brings the viewer into close proximity with the nameless hero, the Hunter, allowing us to become one with him and identify ourselves with this enigmatic Asian man. And so, the values and traditions of the ancient steppe, which are so important to the film director, become the shared heritage of humanity.

### Bank CenterCredit Invest JSC

Joint Stock Company Bank CenterCredit (BCC) Invest is a professional participant in the Republic of Kazakhstan's securities market and meets all legal requirements. BCC Invest is an investment company designed to assist its clients in achieving their investment goals.

*The company's operating principles are founded on financial stability, high quality of service and active participation in the stock market.*

*The BCC Invest JSC offers its clients the following services:*

- Brokerage services (including securities trading and market maker services)
- Financial consultancy
- Nominee shareholder services
- Underwriting services
- Corporate finance and financial consulting services (including issuance and placement of securities, funding companies, bringing securities to the organized financial market, debt restructuring, mergers and acquisitions, syndicated bonds, project financing, evaluation of company internal costs, etc.)
- Investment portfolio management (determining strategy for asset management, investment trends by economic sector and issuer, and analytical guidance)
- Information analysis (financial market trends forecast, currency rate and security recommendations for management; financial indicators and company valuation; securities portfolio analysis)

#### 2010 Operating Results:

- Equity capital increased by 19% to 1.610 billion tenge. BCC Invest JSC is wholly owned subsidiary of the BCC JSC.
- Assets: According to international stan-

dards, the total assets of the company are valued at 2,189,705,000 tenge, an increase of 34% over 2009.

- Assets under management, as of 01 January 2011, were the Razumny Balance IMIF and the Orient Investments JSC Incorporated High-Risk Investment Fund. These investment funds totaled 775 million tenge.

- The CenterCredit Razumny Balance IMIF, under the management of BCC Invest JSC, was established in 2007. The 2010 annual rate of return for CenterCredit Razumny Balance IMIF was 12%. The rate of return since the inception of the Fund is 12.5%. The 2010 net profit was 262.035 million tenge.

### Capital Pension Savings Fund JSC

Capital Pension Savings Fund (PSF) JSC is a subsidiary of BCC JSC.

Capital PSF has been operating in the pension services market since October 2001. Its activities include collecting pension taxes, making pension payments and the management of pension assets.

Our success is based on our reliability, integrity and competence, and ensures a secure future for each of Capital PSF's depositors.

**Business Values** The goals of Capital PSF are showing respect and caring for people, as well as creating the best experience in pension services.

#### 2010 Operating Results of the Fund:

- Pension assets – 110.610 billion tenge (increased by 33%)
- Number of depositors – 379,113 (increased by 9.7%)

- Amount of payments – 4.844 billion tenge, including 2.273 billion tenge in 2010
- Charter capital – 1.982 billion tenge (increased by 32%)
- Ownership capital – 3.225 billion tenge (increased by 44%)
- Amount of pension assets – sixth place in the system

In 2010, the number of Capital PSF depositors increased by 33,651 (9.7%) and totalled 379,113.

**Capital PSF increased pension assets in 2010 by 27.6 billion tenge** and amounted to 110.6 billion tenge on 1 January 2011. Pension assets increased by 33.2%. The Fund is the sixth largest pension fund in the country, according to the value of pension assets. At the beginning of 2011, pension savings per depositor equalled 291,700 tenge.

The increased pension assets for Capital PSF were the result of pension contributions of more than 17.6 billion tenge. Transfers from other pension funds amounted to 6.8 billion tenge. The net investment profit for accounts of depositors was 5.2 billion tenge.

**The nominal profit index (K60) over a 5-year period equals 53.4 points**, which exceeds the weighted profitability average of 43.55 by 22.7%.

As of 1 January 2011, the nominal profit index (K2) of Capital PSF was 5.83 and exceeded the weighted nominal profit average of 4.39 by 1.44 points. As of 1 January 2011, 64.93% of the Fund's pension assets were placed in highly reliable government securities of the Republic of Kazakhstan. Corporate bonds accounted for 31.45% of the portfolio.

**The investment portfolio of pension assets of Capital PSF as of 1 January 2011 includes the following:**

- Securities issued by the National Bank of Kazakhstan and the Ministry of Finance of Kazakhstan (government securities) – 64.9%
- Non-state securities issued by organizations in Kazakhstan – 31.2%
- Non-state securities of foreign organizations – 0.3%
- Securities of international financial organizations – 2.0%
- Deposits in the National Bank and second-tier banks of Kazakhstan – 1.5%
- Assets in investment accounts and other assets – 0.1%

In September 2010, Capital Fund was awarded an A rating (high degree of reliability) by Expert RA Kazakhstan. This rating is an objective and independent assessment of the Fund's activity. The factors that caused a positive impact on the Fund were the low risk level of the investment portfolio, high profitability index within three to five years, and stable profitability of pension assets. Increased ownership capital was also considered a positive attribute.

The Fund furnishes its services in all regions of the Republic. The doors of 53 regional offices of Capital PSF are open to its depositors. The discount Capital Club is also developing successfully. At present, it has more than 350 partners that are offering discounts from 3% to 50% to depositors of Capital PSF.

In 2010 Capital PSF was fulfilling the prudential requirements of the Agency on Financial Control (AFC). As of 1 January 2011, the ownership capital of the Fund reached 3.22 billion tenge, an increase of 0.99 billion tenge, year over year.

Center Leasing LLP, subsidiary  
of Bank CenterCredit

1) Measures implemented to increase the leasing portfolio in 2010:

Agriculture

- Joint trip with the company Borusan Makina to northern Kazakhstan (Astana, Petropavlovsk, Kokshetau, Kostanai) to meet with agricultural companies;

- Co-branded product created together with Borusan Makina (financing by EBRD, subsidized by Borusan Makina);

- Participation in the International Agricultural Exhibition in Astana with distributors Challenger, John Deere, Class;

- Held a company seminar for several subsidiaries of BCC;

- Road construction;

- Consulted with participants for the construction of the Western Europe to Western China highway;

- Met with official distributors of Hyundai and Caterpillar, making joint proposals for clients

Commercial proposals were sent to clients of BCC and to non-durable goods manufacturers. Proposals totaled 1,543 companies, with 234 companies responding.



Clients (loan portfolio)  
for 01 January 2011:

Bank BCC - Moscow is a subsidiary of BCC JSC and was established in December 2007.

The Bank has a stable base of clients, a highly qualified staff, and has developed products for small and medium enterprises.

In September 2010 the Bank joined the deposit insurance system and obtained a Bank of Russia license for receiving funds from individuals. Soon after obtaining their license, the Bank created a wide range of bank products and services for individual clients.

The international rating agency, Fitch Ratings, awarded the Bank a long- and short-term foreign and national currency default rating of B. The support rating is 4 and the national long-term rating is BBB. The forecast is "stable."

In 2010, Bank BCC - Moscow became an authorized Bank of the Small Business Credit Assistance Fund of Moscow. The Bank also became a participant in the program conducted by the Warranty Fund of the Moscow Oblast for Small and Medium Business Credit Assistance. The status of an authorized bank for these funds gives additional options to the cli-

ents of the Bank, as most of them are involved in small and medium businesses.

The Bank became a participant of the state program for financial support of small and medium business implemented by the Russian Bank for Development. A credit agreement was signed with the Russian Bank for Development, and according to this 5-year agreement, the Bank will receive funds for loans to small and medium businesses.

In 2010 the Bank granted loans of more than 1.5 billion rubles to small and medium businesses. The average individual loan was more than 10 million rubles. The guarantee limits of the Moscow Fund for SME participants reached 375 million rubles.

**CONFIRMATION BY THE MANAGEMENT IN REGARD TO RESPONSIBILITY FOR PREPARATION AND APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010**

The following confirmation, which should be considered together with the description of the responsibilities of the independent auditors, contained in the report of independent auditors on pages 2-3, was made to separate the responsibilities of the auditors and the management in regard to the consolidated financial statements of Bank CenterCredit Joint Stock Company and its subsidiary companies (hereinafter "Group").

The management of the Group is responsible for preparation of consolidated financial statements that should give a true and fair view of the financial condition of the Group as of 31 December 2010, consolidated results of its activity, movement of funds and changes in the capital for the year ended on this date in accordance with the International Financial Reporting Standards (hereinafter "IFRS"). While preparing consolidated financial statements, management is responsible for the following:

- selection of appropriate accounting principles and their consistent usage;
- application of well grounded estimates and calculations;
- complying with the requirements of IFRS; and
- preparation of consolidated financial statements, with the assumption that the

Group will continue its activity in the foreseeable future, except for cases when such an assumption is unwarranted.

The management is also responsible for:

- development, implementation and maintenance of the Group's internal control system;
- maintenance of an accounting system that reflects the financial condition of the Group with a sufficiently accurate rate to satisfy the IFRS requirements;
- maintenance of accounting records in accordance with the laws of Kazakhstan;
- taking action to protect the Group's assets;
- detection and prevention of acts of fraud, mistakes and other wrongdoings.

This consolidated financial statement for the year ended 31 December 2010 was approved on 17 February 2011 by the Managing Board of the Group.

On behalf of the Managing Board of the Group:

\_\_\_\_\_  
V.S. Lee  
Chairman of the Managing Board

17 February 2011  
Almaty

\_\_\_\_\_  
G.K. Kainarbekova  
Chief Accountant

17 February 2011r.  
Almaty

To the stockholders and Board of Directors of the Bank CenterCredit Joint Stock Company:

**Opinion on the Consolidated Financial Statement**

We have finished the audit of the enclosed consolidated financial statement of Bank CenterCredit Joint Stock Company and its subsidiaries which contains the financial results as of 31 December 2010. The report includes the profit and loss statement and the balance sheet. The report also contains the disclosure of basic principles for accounting policy and other explanations.

**Responsibility of Management**

Management is responsible for the preparation and faithful presentation of the consolidated financial statement in accordance with the International Financial Reporting Standards. Management is also responsible for creating an internal control system which is required for the preparation of financial statements. These statements should not have any substantial distortions resulting from illegal acts or errors.

**Responsibility of Auditors**

Our responsibility is to give our opinion about the authenticity of this financial statement based on our audit. We conducted this audit in accordance with International Auditing Standards. Auditors must comply with the required standards and also plan and conduct audits in a manner which gives sufficient assurance that the financial statements are accurate. The audit includes procedures that are necessary for obtaining auditing evidence in regard to numbers and comments in financial statements. The choice of procedures is based on the professional opinion of the auditor, evaluating the risk of substantial distortions resulting from illegal acts or errors. The evaluation of such risks includes reviewing the system of internal control for the preparation and authentication of the financial statements, and developing auditing procedures applicable in given circumstances, but not expressing an opinion about the effectiveness of the system of internal control. The audit also includes an evaluation of the accounting policy, the assumptions allowed by management, and the financial statement presentation in general.

We believe that the evidence we have collected serves as a sufficient and appropriate basis for expressing our opinion.

**Opinion**

In our opinion, this consolidated financial statement authentically, and in all major aspects, reflects the financial condition of the Bank CenterCredit Joint Stock Company and its subsidiaries as of 31 December 2010, and also its operational results and movement of its funds for the year ended on this day in accordance with the International Financial Reporting Standards.

Deloitte LLP  
State license for rendering  
audit services in the Republic  
of Kazakhstan №0000015,  
series MΦЮ - 2, issued by  
the Ministry of Finance of the  
Republic of Kazakhstan on  
13 September 2006

Andrew Weekes  
Audit Partner,  
Certified Accountant  
Certificate of Social Practice  
78586,  
Australia

Nurlan Bekenov  
Qualified Auditor of the Republic of Kazakhstan  
Qualifying Certificate №0082,  
issued on 13 June 1994,  
General Director  
Deloitte LLP

17 February 2011  
Almaty

## BANK CENTERCREDIT JOINT STOCK COMPANY

CONSOLIDATED REPORT ABOUT PROFITS AND LOSSES  
FOR THE YEAR ENDED ON 31 DECEMBER 2010

(in millions of Kazakhstan tenge, except earnings per share which is expressed in tenge)

	Notes	Year ended on 31 December 2010	Year ended on 31 December 2009
Interest income	4,29	94,792	111,636
Interest expenses	4,29	(80,047)	(75,251)
<b>NET PERCENTAGE PROFIT BEFORE ALLOWANCE FOR RESERVES FOR DEVALUATION OF ASSETS SUBJECT TO INTEREST</b>		14,745	36,385
Reserve formation under depreciation of assets subject to interest	5	(38,547)	(32,940)
<b>NET INTEREST (EXPENSES) /INCOME</b>		(23,802)	3,445
Net income /(loss) from operations with financial assets and obligations, reflected by fair value through profits or losses	6	1,382	(10,521)
Net realized loss from disposal and depreciation of investments, available for sale	7	(942)	(2,349)
Net profit from operations with foreign currency	8	2,351	8,194
Net income from early redemption of obligations	9	-	28,453
Income from services and commissions received	10	15,718	13,564
Expenses from services and commissions paid	10	(1,298)	(1,199)
Reserve formation under depreciation from other operations			
Other types of income	5	(574)	(11,938)
		32	56
<b>NET NON-INTEREST INCOME</b>		16,669	24,260
<b>OPERATING (LOSS) PROFIT</b>		(7,133)	27,705
<b>OPERATING EXPENSES</b>	11, 29	(23,845)	(20,050)
<b>OPERATING (LOSS)/PROFIT BEFORE TAXES</b>		(30,978)	7,655
Compensation/(expense) from profit tax	12	309	(4,203)
<b>NET (LOSS)/PROFIT</b>		(30,669)	3,452
Related to:			
Parent Bank shareholders		(30,785)	3,335
Minority ownership shares		116	117
		(30,669)	3,452
<b>(LOSS)/PROFIT PER SHARE</b>			
Basic (tenge)	13	(192.55)	23.1
Diluted (tenge)	13	(192.55)	23.1

On behalf of the Managing Board of the Group:

V.S. Lee  
Chairman of the Managing Board

17 February 2011  
Almaty

G.K. Kainarbekova  
Chief Accountant

17 February 2011  
Almaty

## BANK CENTERCREDIT JOINT STOCK COMPANY

CONSOLIDATED STATEMENT OF CUMULATIVE PROFIT FOR THE YEAR  
ENDED ON 31 DECEMBER 2010

(in millions of Kazakhstan tenge)

	Year ended on 31 December 2010	Year ended on 31 December 2009
Net (loss)/profit	(30,669)	3,452
<b>OTHER CUMULATIVE PROFIT /(LOSS)</b>		
Net change of fair value of investments, available for sale	764	(944)
Difference in exchange rate originated during recalculation of foreign operations	(172)	515
<b>OTHER CUMULATIVE PROFIT/(LOSS)</b>	592	(429)
<b>TOTAL CUMULATIVE (LOSS)/PROFIT</b>	(30,077)	3,023
Related to:		
Parent Bank shareholders	(30,193)	2,906
Minority ownership shares	116	117
<b>TOTAL CUMULATIVE (LOSS)/PROFIT</b>	(30,077)	3,023

On behalf of the Managing Board of the Group:

V.S. Lee  
Chairman of the Managing Board

17 February 2011  
Almaty

G.K. Kainarbekova  
Chief Accountant

17 February 2011  
Almaty

## BANK CENTERCREDIT JOINT STOCK COMPANY

CONSOLIDATED REPORT ABOUT CHANGES IN OWNERSHIP CAPITAL FOR  
THE YEAR ENDED ON 31 DECEMBER 2010  
(in millions of Kazakhstan tenge)

	Notes	Year ended on 31 December 2010	Year ended on 31 December 2009
<b>ASSETS:</b>			
Cash and cash equivalents	14	209,163	245,429
Financial assets reflected by fair value through profits and losses	15	13,495	10,404
Investments available for sale	16	100,176	164,536
Investments retained until redemption	17	163,812	44,166
Funds in banks, loans granted to clients and banks	18	1,649	700
Claims for current tax on profits	19,29	699,456	665,515
Claims for deferred tax on profits		2,162	228
Other assets	12	1,693	254
Basic assets and intangible assets	20	10,538	8,061
Cash and cash equivalents	21	22,414	21,282
<b>TOTAL ASSET</b>		<b>1,224,558</b>	<b>1,160,575</b>
<b>OBLIGATIONS AND CAPITAL</b>			
<b>OBLIGATIONS:</b>			
Means and loans of banks and financial organizations	22	146,921	191,048
Means of clients and banks	23,29	796,382	676,191
Issued debt securities	24	153,891	154,954
Other obligations	25	6,969	3,516
Junior bonds	26	35,614	37,244
Total obligations		<b>1,139,777</b>	<b>1,062,953</b>
<b>CAPITAL:</b>			
Capital related to shareholders of the parent Bank:			
Charter capital	27	69,841	52,710
Fund for revaluation of investments available for sale		754	(10)
Fund/(deficit) of exchange rate differences		(25)	147
Undistributed profit		13,307	44,092
Total capital, related to shareholders of the parent Bank		<b>83,877</b>	<b>96,939</b>
Minority ownership shares		<b>904</b>	<b>683</b>
Total capital		<b>84,781</b>	<b>97,622</b>
<b>TOTAL OBLIGATIONS AND CAPITAL</b>		<b>1,224,558</b>	<b>1,160,575</b>
Balance cost of one ordinary share (tenge)	13	436	661
Balance cost of one privileged share (tenge)	13	300	300

On behalf of the Managing Board of the Group:

V.S. Lee  
Chairman of the Managing Board

17 February 2011  
Almaty

G.K. Kainarbekova  
Chief Accountant

17 February 2011  
Almaty

## BANK CENTERCREDIT JOINT STOCK COMPANY

CONSOLIDATED REPORT ABOUT CHANGES IN OWNERSHIP CAPITAL FOR  
THE YEAR ENDED ON 31 DECEMBER 2010  
(in millions of Kazakhstan tenge)

	Charter capital	Fund for re- valuation of investments available for sale	Fund/ (deficit) of exchange rate differ- ences	Undistrib- uted profit/ (loss)	Total capital, related to shareholders of the parent Bank	Minority own- ership shares	Total capital
<b>31 December 2008</b>	52,684	934	(368)	40,757	94,007	606	94,613
Net profit	-	-	-	3,335	3,335	117	3,452
Net change of fair value of investments, available for sale	-	(944)	-	-	(944)	-	(944)
Difference in exchange rate originated during recalculation of foreign operations	-	-	515	-	515	-	515
Net cumulative (loss)/ profit	-	(944)	515	3,335	2,906	117	3,023
Repurchase of own shares	(10)	-	-	-	(10)	-	(10)
Issuance of ordinary shares	16	-	-	-	16	-	16
Issuance of privileged shares	20	-	-	-	20	-	20
Changing of minority ownership shares	-	-	-	-	-	(40)	(40)
<b>31 December 2009</b>	52,710	(10)	147	44,092	96,939	683	97,622
Net (loss)/profit	-	-	-	(30,785)	(30,785)	116	(30,669)
Net change of fair value of investments, available for sale	-	764	-	-	764	-	764
Difference in exchange rate originated during recalculation of foreign operations	-	-	(172)	-	(172)	-	(172)
<b>Net cumulative profit/ (loss)</b>	-	764	(172)	(30,785)	(30,193)	116	(30,077)
Repurchase of own shares	(1)	-	-	-	(1)	-	(1)
Issuance of ordinary shares	5,377	-	-	-	5,377	-	5,377
Issuance of privileged shares	11,755	-	-	-	11,755	-	11,755
Changing of minority ownership shares	-	-	-	-	-	105	105
<b>31 December 2010</b>	69,841	754	(25)	13,307	83,877	904	84,781

On behalf of the Managing Board of the Group:

V.S. Lee  
Chairman of the Managing Board

17 February 2011  
Almaty

G.K. Kainarbekova  
Chief Accountant

17 February 2011  
Almaty



## BANK CENTERCREDIT JOINT STOCK COMPANY

CONSOLIDATED REPORT ON THE MOVEMENT OF FUNDS FOR THE YEAR  
ENDED ON 31 DECEMBER 2010  
(in millions of Kazakhstan tenge)

	Year ended on 31 December 2010	Year ended on 31 December 2009
<b>MOVEMENT OF FUNDS FROM OPERATING ACTIVITIES:</b>		
Interest income received by financial assets, reflected by fair value through profits or losses	959	1,280
Interest income received by investments available for sale	3,214	2,962
Interest income received by investments retained before redemption	5,218	4,892
Interest income received by funds in banks	794	2,532
Interest income received by loans granted to clients and banks	68,224	72,550
Penalties received by loans granted to clients	1,291	1,710
Interest expense paid from funds and loans of banks and financial organizations	(9,545)	(13,251)
Interest income paid from funds of clients and banks	(51,853)	(37,443)
Interest expense paid from debt securities	(16,171)	(19,247)
Interest expense paid from junior bonds	(2,928)	(4,137)
Income received by services and commissions received	15,693	13,626
Expenses paid from services and commissions paid	(1,413)	(1,392)
Other income received	32	56
Operating expenses paid	<u>(25,738)</u>	<u>(18,774)</u>
<b>(Outflow)/inflow of cash from operating activities until change of operating assets and obligations</b>	<b>(12,223)</b>	<b>5,364</b>
Change of operating assets and obligations		
(Increase)/decrease of operating assets:		
Financial assets, reflected by fair value through profits or losses	(1,688)	698
Funds in banks	(944)	3,719
Loans granted to clients and banks	(42,507)	31,995
Other assets	(1,949)	(9,659)
Increase/(decrease) operating obligations:		
Funds and loans of banks and financial organizations	(43,769)	16,321
Funds of clients and banks	120,834	234,722
Other obligations	<u>6,077</u>	<u>(325)</u>
Inflow of cash from operating activity before taxes	23,831	282,835
Tax on profit, paid	<u>(3,065)</u>	<u>(2,110)</u>
Net inflow of cash from operating activity	<u>20,766</u>	<u>280,725</u>

## BANK CENTERCREDIT JOINT STOCK COMPANY

CONSOLIDATED REPORT ON THE MOVEMENT OF FUNDS FOR THE YEAR  
ENDED ON 31 DECEMBER 2010  
(in millions of Kazakhstan tenge)

	Notes	Year ended on 31 December 2010	Year ended on 31 December 2009
<b>MOVEMENT OF FUNDS FROM INVESTMENT ACTIVITY:</b>			
Revenues from selling investments available for sale		357,600	185,323
Purchasing investments available for sale		(494,293)	(318,435)
Revenues from redemption of investments retained until redemption		529,442	42,790
Purchasing investments retained until redemption		(448,292)	(3,807)
Purchasing basic assets and intangible assets		(3,391)	(2,326)
Revenues from selling basic assets		<u>568</u>	<u>48</u>
Net outflow of cash from investment activity		<u>(58,366)</u>	<u>(96,407)</u>
<b>MOVEMENT OF FUNDS FROM FINANCIAL ACTIVITY:</b>			
Revenues from increasing charter capital in the form of common and preferred shares		17,132	36
Repurchase of own shares		(1)	(10)
Revenues from issued debt securities		(11,232)	-
Redemption of debt securities		2,871	2,745
Repurchase of debt securities		-	(33,830)
Redemption of junior bonds		(2,000)	(1,500)
Revenues from issuance of junior bonds		-	<u>3,500</u>
Net inflow/(outflow) of cash from financial activity		<u>6,770</u>	<u>(29,059)</u>
Impact of foreign currency rate change on cash and its equivalents		(5,436)	(33,113)
<b>NET (DECREASE)/INCREASE OF CASH AND ITS EQUIVALENTS</b>		<b>(36,266)</b>	<b>122,146</b>
<b>CASH AND ITS EQUIVALENTS, as of beginning of year</b>	14	<u>245,429</u>	<u>123,283</u>
<b>CASH AND ITS EQUIVALENTS, as of end of year</b>	14	<u>209,163</u>	<u>245,429</u>

On behalf of the Managing Board of the Group:

V.S. Lee  
Chairman of the Managing Board

17 February 2011  
Almaty

G.K. Kainarbekova  
Chief Accountant

17 February 2011  
Almaty



**February**

Bank CenterCredit JSC, Kookmin Bank Co Ltd, and the International Finance Corporation (IFC) completed a partnership agreement with BCC capital.

**April**

Bank CenterCredit announced a change of issuer (CenterCredit International B.V.) by guarantor (Bank CenterCredit) under the following Eurobonds: bonds to the sum of \$500 million USD with coupon 8.625% to be redeemed in 2014, bonds to the sum of \$300 million USD with coupon 8.00% to be redeemed in 2011 and Eurobonds to the sum of 25 billion tenge with coupon 8.25% to be redeemed in 2011. Change of the issuer and release of Eurobonds to the KASE list allowed the Bank to practice tax economy.

**May**

Bank CenterCredit was nominated as Most active Issuing Bank in Kazakhstan in 2009 under Trade Facilitation Programme by EBRD. The award was received on May 15, 2010 in Zagreb, Croatia.

Annual general meeting of the Bank's shareholders was conducted. Shareholders approved the Bank's report for 2009 and annual financial statements, made decisions about distribution of the net profit and made changes in "The techniques for valuation of Bank CenterCredit JSC shares, when they are purchased by the Bank."

A presstour was conducted to the enterprise of Zhetusu-Agro, a BCC client, in the town of Shengeldi, Kapshagai, for members of the media under the auspices of Damu, a state program for funding business development.

The rating agency, Expert RA Kazakhstan, assigned an A+ (very high rating of solvency) to

Bank CenterCredit JSC. Also, the bonds of the Bank of the first (НИИ КЗР01Y05D212), second (НИИ КЗР02Y10D210) and third (НИИ КЗР03Y15D217) release, without backing under the Second bond program of Bank CenterCredit JSC, received an A+ (very high rating of reliability).

**August**

A new service, SMS banking, was announced. It allows the receipt of SMS notifications, warnings and information messages in regard to checking and savings accounts.

**September**

Capital PSF JSC received an A rating (High rating of reliability) by the rating agency Expert RA Kazakhstan.

The Chairman of the Managing Board for Bank CenterCredit, Vladislav Lee, met with the chief executives of the leading business media of Kazakhstan and discussed important issues related to the plans of BCC and the condition of the market.

The Board of Directors approved the Regulations on general conditions of conducting operations in Bank CenterCredit JSC.

**November**

The number of bank cards issued by Bank CenterCredit exceeded 500,000.

**December**

The results of the extraordinary general meeting, conducted by absentee voting, were summarized. By the decision of the shareholders, Mr. Suh Ki Youl was appointed a member of the Board of Directors.

The Bank was declared a winner in the competition for The Bank of the Year by The Banker, a UK monthly business magazine on international finance.

Movies made in Kazakhstan in the late 1980s and during the first decade of independence are one of the country's most striking cultural phenomena. During this period of massive change in politics, society and the economy, through the complete collapse of the mechanisms of the old Soviet system of art, Kazakhstan alone was able to launch a movie industry that was completely open to change, and at the same time, left intact the entire huge stock of ideas, innovations, craftsmanship and style of the old cinematic school. In Kazakhstan the resurrected film industry did not commit the folly of rejecting, as outdated and false, all the old forms, and didn't simply switch from polished Soviet propaganda films to all-gore productions. On the contrary, it was the generation of filmmakers of the 90s who, with rare honesty, reflected everything that was happening around them. They showed the difficult reality of changing times, and did so naturally, with skills perfected by generations of cinematographers. These films helped a new nation to begin to realize its place in history, both on national and global levels. They offered a natural interweaving of ethnic and cultural heritage into the fabric of modernity, which led to the presentation of the country as a unique and promising commonwealth of peoples of different nationalities and cultures. The spontaneously created term "new Kazakh wave" harkened back to the French "new wave," to Truffaut and Godard, but also heralded the appearance of cinematic masters of a new kind who went on to prove that modern Kazakhstani cinema is all about individuals who, besides being talented, were able to be themselves, who championed and defended their right to create in their own unique ways. They are worthy, bright, self-sufficient personalities who managed to create movies in very difficult circumstances and to be on par with the olympic gods of Western cinema. Before the 90s Kazakh cinema had its own unique form and was almost unknown abroad (only Kanymbek Kasymbekov's Shock and Sher had previously won an award at an international festival). Today, however, Kazakhstani cinema occupies a worthy place on the cinematic world map. It has gained critical acclaim from viewers and critics in many parts of the world. The "new wave" brand of Kazakh cinema is rather vague but includes those who were mentored by Sergey Soloviev – Ardak Amirkulov, Darezhan Omirbaev, Rashid Nugmanov, Serik Aprymov, Abai Karpykov – and cinema directors who graduated from the Russian State Institute of Cinematography – Yermek Shynarbaev, Amanzhol Aytuarov and Talgat Temenov, as well as more mature directors like Satybaldy Narymbetov. The styles of today's films are as diverse as their directors. They are marked by a type of filming which is tuned to the "realtime" broadcasting of swift reality. They have a way of patiently following the actors but also showing spontaneity. They have an idea of the world as a game, without rules and names. They have a way of relying on the aesthetics of video clips. Having taken into consideration all these factors, in order to choose truly iconic films from the rich and diverse film library of the period, two main criteria were examined – international recognition and structural principle. Movies were selected that most clearly communicated enduring images of today's cinema, those meaningful values – the home, the way, and the passionate pursuits of human beings for love and greatness.

The photos included in the annual report are from personal archives.



## Alexander Baranov,

*Director, Screenwriter*

### Biography

Born on March 20, 1955 in Koktal, Taldykorgan region, Kazakhstan. In 1985 graduated from the Screenwriting Department of the Russian State Institute of Cinematography (mentored by N. Figurovsky and A. Balikhin). Since 1985 has worked at Kazakhfilm Studio.

### Director

1988 Three (USSR), with B. Kilibaev;  
 1989 Woman of the Day (USSR), with B. Kilibaev;  
 1990 Tick (USSR), with B. Kilibaev;  
 1996 Shanghai (Kazakhstan);  
 1997 New Year's Story (Russia);  
 2003 Plot of Land (Russia);  
 2005 The Gromovs (Russia);  
 2006 Enchanted Plot of Land (Russia).

### Screenwriter

1985 Damir and Dina (USSR), written jointly with B. Kilibaev;  
 1987 Who Are You, Rider? (USSR), written jointly with B. Kilibaev;  
 1988 Together (USSR), written jointly with B. Kilibaev;  
 1988 Darkhan (USSR), written jointly with B. Kilibaev;  
 1988 Needle (USSR), written jointly with B. Kilibaev;  
 1988 Three (USSR), written jointly with B. Kilibaev;  
 1989 Woman of the Day (USSR), written jointly with B. Kilibaev, A. Pavlov;  
 1990 Tick (USSR), written jointly with B. Kilibaev;  
 1992 Death Valley (Kazakhstan);  
 1993 And I Saw in a Dream (Kazakhstan), written with L. Ahinzhanova;  
 1995 Abai (Kazakhstan/France), written with L. Ahinzhanova, S. Aprymov;  
 1996 Shanghai (Kazakhstan);  
 2000 Airborn Troops (Kazakhstan);  
 2001 Gold of Ugra (Russia), written jointly with R. Efremova, E. Kuznetsova;  
 2001 Open Season 2 (Russia);  
 2005 The Gromovs (Russia), written jointly with B. Kilibaev.

### Awards

1988 All-Soviet Union Youth Film Festival, Kiev, Grand Prize (Three);  
 1988 The Debut Film Festival, Moscow, Grand Prize (Three).



1996

Director and Picture:  
Alexander Baranov  
Shanghai

Description:

Once upon a time a group of people lived in run-down houses in the heart of Almaty. They lived together happily, as one community, singing songs together, slaughtering pigs together (regardless of religious differences) and drinking moonshine. Then one day their country disappeared from the map, and the decision was made to eliminate their neighborhood as well. Some of the residents decided to leave for Germany; some were given new houses to move into. And so, the community called "Shanghai" ceased to be. The viewers witness the last seven days of its existence. The film is full of folkloric charm, some tall tales, funny songs and frightening stories. The essence of seven "juicy" and "fascinating" stories, as narrated by the film director, leaves no viewer untouched. Suddenly ordinary residents are transformed into gigantic figures, and an earthquake, as a metaphor for the collapse of the USSR, does not divide, but rather brings people together. The Communal House stands like an invincible fortress.

