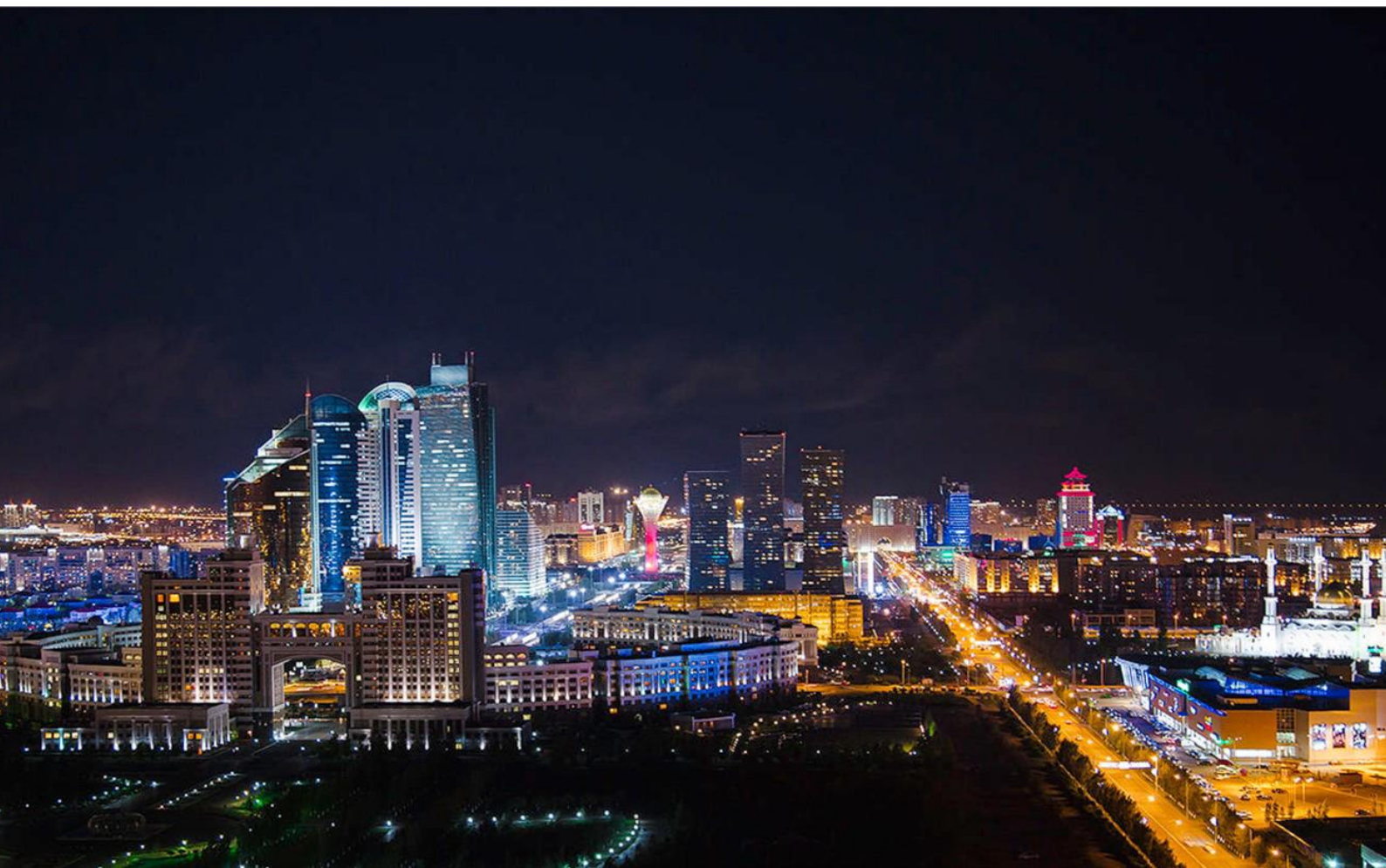




All Eyes On Astana

DECEMBER 2018





We are pleased to present a short update on the progress being made in the Astana International Finance Centre (AIFC). AIFC is a member of **Z/Yen's Vantage Financial Centres** programme. The aim of this update is to provide readers with news about the exciting progress being made by the city of **Astana** in attracting more financial services activity to the area.

The AIFC operates within a special legal regime based on Common Law, which regulates the legal relationships between AIFC participants and third parties and is aimed at the development of the financial market. The AIFC has set itself six key priorities:

- to establish a transparent legal regime based on the best world practices;
- to create a regulatory regime corresponding to the recognized world standards;
- the stock exchange should correspond to the best world practices;
- to create a favourable environment conducive to the recognized professional managers' arrival on the AIFC site;
- to support sustainable economic growth and green finance development;
- to become a centre for local expertise, contributing to the growth and development of the country's human capital, creating a favourable environment for attracting leading world experts.

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Kazakhstan – the land of opportunities

Kazakhstan is a country with a centuries' long history and strong cultural past. Located at the heart of Eurasia, Kazakhstan has always been at the core of global development. Being at the crossroads of the world's oldest civilizations, its land historically served a pivot role in Eurasian continent intersecting social and economic, cultural and ideological links between East and West, North and South. During the course of history, various ancient states have emerged and developed on its territory.

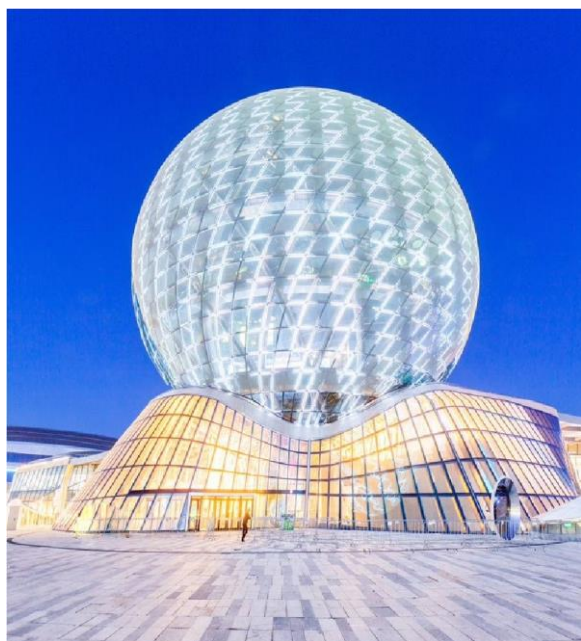


Today, Kazakhstan continues to be a prominent participant on the global stage. Being among the top ten largest countries, Kazakhstan is globally known as a geologically diverse land with immense stocks of natural resources. It is ranked among the richest countries in the world for its reserves of uranium, chromium, zinc, copper, oil and natural gas reserves among many others. Long seen as the commodity rich country, Kazakhstan's offerings today lie far beyond its natural resources.

Within a quarter of the century since its independence, Kazakhstan has deservedly become reputed as a regional leader. Kazakhstan is an upper-middle income country and has managed to achieve a six-fold increase in GDP per capita to approximately US\$9,000. It is one of the fastest growing economies and is above the world average growth rate of 4%.

Kazakhstan has succeeded in increasing its economy five times with total country wealth exceeding \$110 billion. Over the years of independence Kazakhstan attracted US\$200 billion of foreign investment, accounting for nearly 70% of the total volume of foreign investments in Central Asia. Kazakhstan's economic growth prospects and strong macroeconomic fundamentals have been reflected in its sovereign ratings by all major credit agencies, which rank Kazakhstan as one of the best rated countries among Eurasian Economic Union member states.

The country is also a major player on the geopolitical scene with an active role in several multinational organisations of great importance. Being part of the Eurasian Economic Union, Kazakhstan shall become the "financial gateway" to Eurasia and a hub for financial intermediation. It is committed to enhance the investment climate across the region. Kazakhstan has set a goal of creating favourable environment for commercial trades with its neighbouring countries as a member of Shanghai Cooperation Organisation. Being the centrepiece of the land-based component of the New Silk Road, Kazakhstan is demonstrating its full support to the Belt and Road Initiative, which is oriented at enhancing trade and economic relations between Europe and Asia.



Utilizing its fundamental advantages of political stability, dynamic economy and impressive growth prospects, Kazakhstan has embarked on the journey of further liberalisation, diversification and improvement of its business attractiveness. The country is currently executing a privatization program of state-owned assets with high intrinsic value and growth potential, ensuring an equal opportunity to all investors, both local and international. Eased access, highly secured minority investors rights and attractive business environment translated into the country's advancement in the World Bank's ease of doing business ranking, which has placed Kazakhstan among top 30 out of 190 nations this year.

The country has been at the forefront of innovations and reforms, facing the challenges and confidently setting ambitious goals. The current plan to join the top 30 most-developed countries is outlined in One Hundred Concrete Steps programme.

The vision of H. E. President Nursultan Nazarbayev for the country's long-term development is already proving itself by delivering results. This gives an extra margin of safety for the future to its citizens and comfort to international community dealing with Kazakhstan.

Astana—The Place To Be



Astana is a young and fast-growing capital city of Kazakhstan. It has cemented its role as a political and cultural centre of the country. Now it is also developing as a financial hub.

In a short span of 20 years Astana has definitely made its mark on the world map. It has a solid track record of successfully hosting major global events. Astana welcomed the participants of OSCE Summit, Organisation of Islamic Cooperation, 4th Congress of the leaders of world and traditional religions, 7th Asian winter games, and World Fair Expo 2017 to name a few.

The capital is often referred as a city of the future. Rapidly developing, the city is full of opportunities for those willing to work, experience new roads, and grow. This is evident from increasing number of locals and expatriates relocating to Astana.



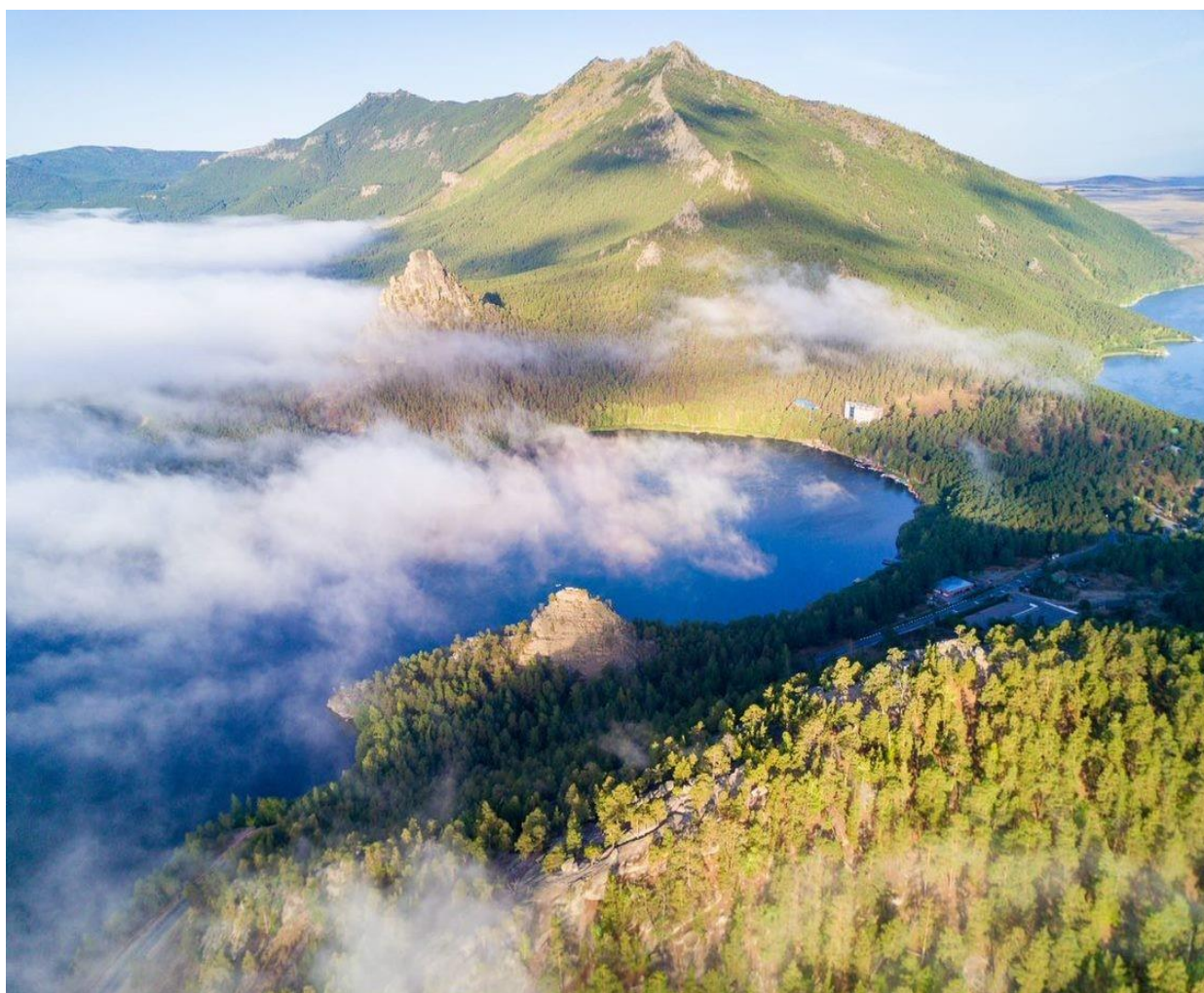


Astana aims to become home for the best talents supporting their career development and promoting the best working environment, not to mention very high standards of living. Astana preserves the spirit of eastern traditions and western progressiveness. It is felt in urban architecture and people's attitude.

Astana keeps you busy and entertained whether you want just a cosy walk along the riverside, to see the breath-taking iconic structures and futuristic buildings, chill in the parks, or experience cultural life in museums or theatres. It is also a growing shopping spot presented by the

world-famous brand chains and local labels. Astana will definitely surprise even spoilt aesthetes and gourmands offering artist-built roof-top restaurants and boutique cafes serving the best food of several different cuisines.

However, Astana is not just about “traditional city experience”: there are some outstanding natural spots just outside of the city. To the north of Astana is a wonderful district, a real oasis, named Borovoye, often referred as Kazakh Switzerland. The steep contours of rock, each with a legend to its name, that rise from a blanket of pine trees make for great hiking with stunning views over the lakes. Another unique nature charm to the northwest of Astana is the Korgalzhyn State Nature Reserve that has recently attracted a nomination for UNESCO World Heritage Site status. The vast area, a combination of virgin steppe and lakes, is home to dozens of the birds’, and the pink flamingo, in particular, that are the real attraction. Astana should undoubtedly be on the itinerary of your preferred travel destinations if you want an exciting new experience.



AIFC - A Year Of Firsts

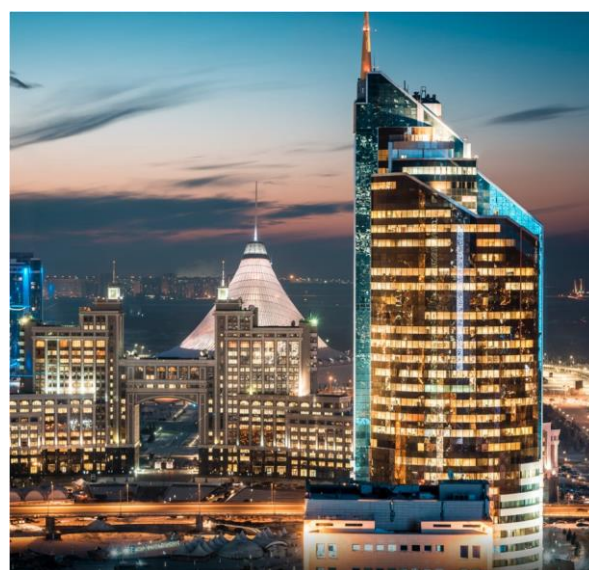
What was viewed as an unrealistic idea three years ago, the establishment of a best in class financial centre in Astana, today has become a reality. Located in the territory of 4,000 acre in Astana, Astana International Financial Centre (AIFC) is the first of its kind in the region. There are no other centres within 3,500 km, that can offer the same conditions for the finance industry.

The pioneering spirit that led to the founding of AIFC conducted the preparatory work for the official centre launch earlier this year. AIFC's major focus has been to build the Centre's fundamental blocks, which guarantee resilience, security, and efficiency of its underlying systems.

AIFC has introduced a common-law framework designed to deliver the most favourable environment for business growth. To ensure the commitment and political will at the highest level, AIFC's special status was formalized in the Constitutional Statute of Kazakhstan and even reflected in the latest amendments to the Constitution. The AIFC Court, represented by eight globally recognized judges and chaired by former Chief Justice of England and Wales Lord Woolf, provides an extra margin of safety and confidence for the global community. The market players at AIFC also have access to the AIFC International Arbitration Centre, which enables an effective solution of international business disputes.

Central to AIFC's model is Astana Financial Services Authority (AFSA), an independent regulatory authority, whose underlying principles are based on fairness, transparency, and efficiency to ensure the integrity of the whole financial industry ecosystem. AFSA accommodates AIFC's efforts to continuously adapt to the evolving global financial world by introducing innovative new regulations that cater to market trends and industry needs.

Another component of success for Astana is the quality of its people. AIFC spends significant time and efforts to build a critical mass of highly skilled professionals by promoting and supporting continuous professional education needed to stand out in a global market in terms of both hard and soft skills. It is almost one year since the official launch of AIFC and it has managed to maintain strong growth momentum. It is worth mentioning some of the most notable events for AIFC during its first anniversary.



The Grand Opening Ceremony

Astana Finance Days (AFD) is the most remarkable regional event of 2018 as it was hosted to celebrate two historical milestones: the 20th anniversary of Astana and the official launch ceremony of the Astana International Financial Centre. AFD was held as an international financial conference, multi-day forum, and it focused on finance and capital markets.



AFD gathered more than 150 speakers and 5,000 participants from different countries in the Kazakh capital. Heads of states and major international companies, Nobel and Pulitzer Prize laureates, politicians and world experts were attending the event.

The ceremony was attended by President of the Republic of Kazakhstan, Chairman of the Board at JP Morgan Chase International, Chairman of the Eurasian Economic Commission Board, President of the Islamic Development Bank Group, Vice President of the World Bank Group, Nasdaq Dubai Chairman, President of Sberbank among many other significant figures.

All participants gave positive feedback and now appreciate what AIFC has to offer. This gives us confidence that the financial centre is going in the right direction.

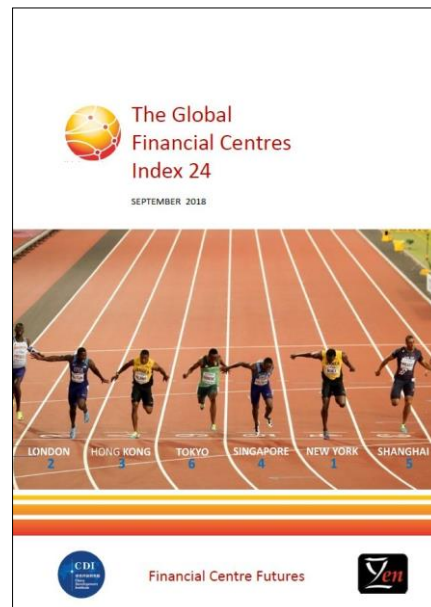
International Comparisons

Astana and The Global Financial Centres Index (GFCI)

In March 2007 Z/Yen released the first edition of the GFCI, which continues to provide evaluations of competitiveness and rankings for the major financial centres around the world.

The GFCI is updated every March and September and receives considerable attention from the global financial community. The index serves as a valuable reference for policy and investment decisions. The 24th edition of the GFCI (GFCI 24) was published in September 2018.

The GFCI measures the competitiveness of financial centres across five broad areas—the Business Environment, Human Capital, Infrastructure, Financial Sector Development and Reputation.



The GFCI 24 is compiled using over 130 instrumental factors. These quantitative measures are provided by third parties including the World Bank, The Economist Intelligence Unit and the United Nations. The instrumental factors are combined with over 30,000 financial centre assessments provided by respondents to an online questionnaire.

Astana first appeared in the GFCI early in 2018 in GFCI 23. It was ranked 88th. In GFCI 24 it had climbed to 61st out of 100 financial centres in the world. This is a very significant achievement for such a new financial centre. Astana's ranking where it is today is an indication of a well planned and executed launch of the financial centre.

Centre	GFCI 24		GFCI 23		Change in	Change in
	Rank	Rating	Rank	Rating	Rank	Rating
Tallinn	52	620	79	559	▲27	▲61
Astana	61	599	88	548	▲27	▲51
Warsaw	66	592	45	620	▼21	▼28
Istanbul	68	590	76	562	▲8	▲28
Budapest	71	584	89	547	▲18	▲37
Prague	74	581	71	567	▼3	▲14
St Petersburg	80	575	91	531	▲11	▲44
Moscow	83	571	83	555	0	▲16
Riga	87	565	87	551	0	▲14
Cyprus	91	560	72	566	▼19	▼6

AIFC was also marked very high in GIFA 2018, the most respected Islamic finance awards program in the world, in the nominations for Islamic Finance Advocacy Award, Human Capital Development Initiative Award and Upcoming Personality in Islamic Finance (Policy Development).

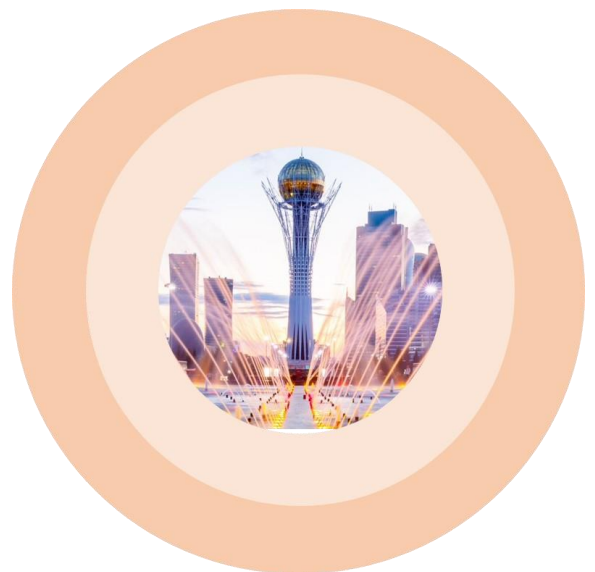


Institutional and Regulatory Environment

From the very beginning, AIFC has been committed to setting very high international standards and exercising best practices in each area of its business activity. This commitment is evident from several notable accessions to highly reputable organisations.

AFSA joined International Organization of Securities Commissions (IOSCO) as an associate member. It is also a member of the International Association of Insurance Supervisors, voluntary organization of insurance supervisors and regulators from more than 200 jurisdictions.

AFSA holds membership in IFSB, Islamic Financial Services Board and Accounting and AAOIFI, Auditing



Organization for Islamic Financial Institutions. These memberships allow to create fair and transparent environment for Islamic financial and capital markets' development.

Business Growth

Within just a year, strong demand is being seen from companies wanting to do business in AIFC. Today, there are almost 100 firms registered as AIFC participants. Most notably, a third of these firms come from different parts of the world, proving AIFC's attractiveness for foreign participants from China, UK, USA, Singapore, UAE, Finland, Hong Kong, Russia, and Ukraine.



Perhaps most significantly – the high frequency of company registration during a short period of time, demonstrates increasing trend and huge potential of AIFC.

Market Activity

The most notable market activity on AIX, AIFC stock exchange, was the IPO of Kazatomprom, the largest uranium producer in the world. This was a remarkable deal for AIFC since it has attracted a great demand from local and international investors evident. Kazatomprom is the first company to go public from the long list of companies defined under a very significant state privatization program. Many of the Kazakh flagship companies including Kazakhtelecom, KazMunayGas, Air Astana are the next in line for IPOs on AIX. AIX has also been chosen as a platform for the very first euro-denominated bonds issuance by Kazakhstan's Ministry of Finance. The total demand for Eurobonds exceeds 3.3 billion euros, indicating the high confidence and interest for the issuance.

Beside planned IPOs of the named companies, AIX's pipeline for the next year includes issuances of corporate bonds, green bonds, sukuk, and infrastructure bonds among many others.

Established Network

In a short time since establishment, AIFC has managed to successfully nurture a relationship with the global leaders in financial sector. Close collaboration with Shanghai Stock Exchange and Nasdaq as well as with Goldman Sachs and Silk Road Fund turned into strategic partnership of these companies with AIX, AIFC stock exchange. It is worth noting that the very first portfolio investment of the Silk Road Fund was in Kazakhstan.

AIFC also partners with key global players in each field of its core pillars: with Islamic Bank and Asian Development Bank for supporting Islamic industry; with EBRD for developing green finance; with Microsoft, IBM, Amazon, Mastercard, Visa, NASDAQ, BitFury to name a few for building the correct ecosystem for the FinTech industry.

Partnering with such organisations will not only allow AIFC to benefit from the longstanding experience of the industry leaders, but also contribute to the long-term success of the AIFC.

Human Capital

Human capital is the most valuable asset of each company. AIFC is also committed to this vision. By promoting, training, and supporting continuous education, AIFC strives to build critical mass of highly experienced and professionally competitive people.



Among the educational programs promoted by AIFC are the highly respected and globally acknowledged international certifications, such as CFA, ACCA, FRM, ERP, CISI, AAIOFI, and other. AIFC is very proud by the active involvement and high interest of wider public evidenced by the numbers: 3900+ attendees of various educational events, 1000+ re-trained people, more than 500 students of AIFC at training programs, and around 200 grant holders who will take international certification exams.

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AND



<https://aifc.kz>

The AIFC is a financial hub in Kazakhstan that was officially launched in July 2018. In 2015, the President of Republic of Kazakhstan Nursultan Nazarbayev announced the ‘100 Concrete Steps’ plan for the country, implementing five institutional reforms, designed to provide the strong national platform needed to achieve country’s ambition of joining the top 30 developed countries by 2050. As part of the plan the AIFC was established with a special legal status providing a legal framework as well as a favourable environment for its participants. The AIFC is positioned as a financial hub for the countries of Central Asia.

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