# Related Party Transactions

Parties are generally considered to be related if the parties are under common control, or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

At 31 December 2019, the outstanding balances with related parties were as follows:

| In thousands of Kazakhstani Tenge | | Sole Shareholder | | Entities under common control | | Other related parties | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | |  | |  | |  | |
| Cash and cash equivalents (contractual interest rate: 0%) | | - | | 56,250 | | 7,610,054 | |
| Investment securities at fair value through profit or loss (contractual interest rate: 4.87% - 9.1%) | | - | | - | | 1,435,984 | |
| Investment securities at fair value through profit or loss (contractual interest rate: 6.38%) | | - | | - | | - | |
| Due from financial institutions (contractual interest rate: 2% - 8.5%) | | - | | - | | 13,425,348 | |
| Current income tax prepayment (interest rate: 15%) | | - | | - | | 9,231,239 | |
| Deferred tax asset (interest rate: 20%) | | - | | - | | 199,965 | |
| Other financial assets (interest rate: 0%) | | - | | - | | - | |
| Other assets | | - | | - | | 106,741 | |
|  | |  | |  | |  | |
| Borrowed funds (contractual interest rate: 0.1% – 5.5%) | | 85,459,707 | | - | | 82,513,941 | |
| Liabilities on subsidy programs (contractual interest rate: 0%) | | - | | - | | 3,534,931 | |
| Other financial liabilities | |  | | 97,502 | | 5,590 | |
| Other liabilities | | - | | - | | 774,408 | |
| Guarantees issued by the Fund as of the end of the year (contractual interest rate: 0%) | | - | | - | | 371,834 | |
|  |  | |  | |  | |

The income and expense items with related parties for 2019 were as follows:

| *In thousands of Kazakhstani Tenge* | Sole Shareholder | Entities under common control | Other related  parties |
| --- | --- | --- | --- |
|  |  |  |  |
| Interest income | - | - | 1,207,646 |
| Interest expense | (5,253,202) | (10,762) | (1,068,943) |
| Gains less losses from securities at fair value through profit or loss | - | - | (3,756) |
| Interest expense on issued securities | - | (638,516) | - |
| Fee and commission income | - | - | 884,097 |
| Recovery of provision for due from financial institutions | - | - | 23,026 |
| Net loss on initial recognition of financial instruments at rates below market | 301,811 | - | - |
| Provision for credit related commitments | - | - | 1,788 |
| General and administrative expenses | - | (45,173) | (89,011) |
| Other operating (expense) / income | - | - | 1,791 |
| Income tax expense | - | - | (377,281) |
|  |  |  |  |

Related Party Transactions (Continued)

At 31 December 2018, the outstanding balances with related parties were as follows:

| In thousands of Kazakhstani Tenge | Sole Shareholder | | Entities under common control | | Other related parties | |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | |  | |  | |
| Cash and cash equivalents (contractual interest rate: 0%) | - | | 56,250 | | 16,907,264 | |
| Investment securities at fair value through profit or loss (contractual interest rate:: 4.87% - 9.1%) | - | | - | | 948,880 | |
| Due from financial institutions (contractual interest rate: 2% - 8.5%) | - | | - | | 14,934,368 | |
| Current income tax prepayment (interest rate: 15%) | - | | - | | 11,290,109 | |
| Other financial assets |  | |  | | 5,187 | |
| Other assets | - | | 5,187 | | 23,403 | |
|  |  | |  | |  | |
| Borrowed funds (contractual interest rate: 0.1% – 5.5%) | 76,392,378 | | - | | 69,385,576 | |
| Debt securities in issue (contractual interest rate: 8.7%) | - | | 16,057,484 | | - | |
| Liabilities on subsidy programs (contractual interest rate: 0%) | - | | - | | 2,131,878 | |
| Deferred income tax liability (contractual interest rate: 20%) | - | | - | | 1,279,281 | |
| Other liabilities | - | | - | | 696,903 | |
| Gurantees issued by the Fund as of the end of the year (contractual interest rate: 0%) | - | | - | | 732,974 | |
|  |  |  | |  | |

The income and expense items with related parties for 2018 were as follows:

| *In thousands of Kazakhstani Tenge* | Sole Shareholder | Entities under common control | Other related parties |
| --- | --- | --- | --- |
|  |  |  |  |
| Interest income | - | - | 1,428,884 |
| Interest expense | (4,743,730) | (61,964) | (1,316,573) |
| Gains less losses from securities at fair value through profit or loss | - | - | 45,037 |
| Fee and commission income | - | - | 961,608 |
| Provision for due from financial institutions | - | - | (272,200) |
| Net loss on initial recognition of liabilities at rates below market | - | - | (930,346) |
| Provision for credit related commitments | - | - | (7,380) |
| General and administrative expenses | - | - | (2,180,412) |
| Other operating (expense) / income | - | - | (8,000) |
| Income tax expense | - | - | (1,385,618) |
|  |  |  |  |

During 2017 no amounts were lent to or repaid by related parties.

|  |  |  |
| --- | --- | --- |
| *In thousands of Kazakhstani Tenge* | 2019 | 2018 |
|  |  |  |
| Amounts lent to related parties during the year | 40,634,581 | 7,085,997 |
| Amounts repaid by related parties during the year | 5,880,188 | 4,520,963 |
|  |  |  |

Related party transactions are not collateralised. Balances with related parties are not credit-impaired.

Related Party Transactions (Continued)

*Key management compensation*. Key management includes following parties: members of Board of Directors, member of Management Board and Managing Directors.

Key management compensation is presented below:

|  |  |  |
| --- | --- | --- |
| *In thousands of Kazakhstani Tenge* | 2019 | 2018 |
|  |  |  |
| *Short-term benefits:* |  |  |
| - Salaries | 216,196 | 188,593 |
| - Short-term bonuses | 18,921 | 55,642 |
| - Benefits in-kind | 14,938 | 15,878 |
|  |  |  |
|  |  |  |
| **Total** | **250,055** | **260,113** |
|  |  |  |