# 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 2020, 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%) | - | 366,260 | 15,187,568 |
| Investment securities at fair value through profit or loss (contractual interest rate: 4.93%-7.68%) | - | - | 1,405,461 |
| Investment securities at fair value through profit or loss (contractual interest rate: 0%) | - | - | 13,308,512 |
| Due from financial institutions (contractual interest rate: 1%-8.5%) | - | - | 8,952,492 |
| Current income tax prepayment (interest rate: 15%) | - | - | 7,430,331 |
| Deferred tax asset (interest rate: 20%) | - | - | 2,978,187 |
| Other financial assets (interest rate: 0%) | - | - |  |
| Other assets | - | - | 459,691 |
|  |  |  |  |
| Borrowed funds (contractual interest rate: 0.1%-5.5%) | 90,549,594 | - | 85,275,311 |
| Liabilities on subsidy programs (contractual interest rate: 0%) | - | - | 5,670,743 |
| Other financial liabilities | - | 71,430 |  |
| Other liabilities | - | - | 357,614 |
|  |  |  |  |

The income and expense items with related parties for 2020 were as follows:

| *In thousands of Kazakhstani Tenge* | Sole Shareholder | Entities under common control | Other related parties |
| --- | --- | --- | --- |
| Interest income | - | - | 1,188,359 |
| Interest expense | (6,006,567) | (7,774) | (1,082,792) |
| Losses less gains from securities at fair value through profit or loss | - | - | 32,388 |
| Fee and commission income | - | - | 828,560 |
| Recovery of provision for due from financial institutions | - | - | - |
| Net loss on initial recognition of financial instruments at rates below market | - | - | - |
| Provision for credit related commitments | - | - | (123,253) |
| General and administrative expenses | - | (50,495) | (152,021) |
| Other operating (expense)/income | - | - | - |
| Income tax expense | - | - | (1,425,201) |
|  |  |  |  |

Related Party Transactions (continued)

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 | - | 82,513,940 |
| Liabilities on subsidy programs (contractual interest rate: 0%) | - | - | 3,237,756 |
| Other financial liabilities |  | 97,502 | 5,590 |
|  |  |  |  |

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) |
|  |  |  |  |

|  |  |  |
| --- | --- | --- |
| *In thousands of Kazakhstani Tenge* | 2020 | 2019 |
|  |  |  |
| Amounts lent to related parties during the year | - | - |
| Amounts repaid by related parties during the year | 5,044,027 | 2,527,150 |
|  |  |  |

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, Managing Directors and Chief of staff.

Key management compensation is presented below:

|  |  |  |
| --- | --- | --- |
| *In thousands of Kazakhstani Tenge* | 2020 | 2019 |
| *Short-term benefits:* |  |  |
| - Salaries | 216,240 | 216,196 |
| - Short-term bonuses | 70,423 | 18,921 |
| - Benefits in-kind | 11,908 | 14,938 |
|  |  |  |
| **Total** | **298,571** | **250,055** |
|  |  |  |