# 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 2023, 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%) | - | 482,450 | 79,533,659 |
| Due from banks (negotiated interest rate: 2-10%) | - | 55,967,079 | 7,035,462 |
| Accounts receivable under subsidization programs (negotiable interest rate: 0%) | - | - | 136,338 |
| Investment debt securities measured at fair value through other comprehensive income (contractual interest rate: 1-9.5%) | - | - | 4,795,765 |
| Investment debt securities measured at amortized cost (contractual interest rate: 9%) | - | - | 822,838 |
| Investment securities at fair value through profit or loss (contractual interest rate: 5.5%-7.68%) | - | - | 73,518 |
| Current income tax prepayment (contractual interest rate: 15%) | - | - | 2,075,574 |
| Deferred tax asset (contractual interest rate: 0%) | - | - | 582,713 |
| Other financial assets (contractual interest rate: 0%) | - | 40,449 | - |
| Other assets(contractual interest rate: 0%) | - | 298 | 171,692 |
|  |  |  |  |
| Borrowed funds (contractual interest rate: 0.1%-5.5%) | 109,095,786 | - | 39,176,420 |
| Liabilities on subsidy programs (contractual interest rate: 0%) | - | - | 249,480 |
| Other financial liabilities | - | 1,047 | - |
| Other liabilities | - | - | 170,807 |
|  |  |  |  |

Other related parties include the Government of the Republic of Kazakhstan, state-owned and quasi-state companies and other companies that have identified signs of being related to the Fund.

The income and expense items with related parties for 2023 were as follows:

| *In thousands of Kazakhstani Tenge* | Sole Shareholder | Entities under common control | Other related parties |
| --- | --- | --- | --- |
|  |  |  |  |
| Interest income |  | 5,159,401 | 1,342,853 |
| Interest expense | (6,965,184) | (2,723) | (979,291) |
| Losses less gains from securities at fair value through profit or loss | - | - | (968) |
| Fee and commission income | - | - | 625,600 |
| Income net of expenses/(losses net of income) from foreign exchange operations | - | - | (46,932) |
| Income less expenses/(expenses less income) arising on initial recognition of financial instruments at below/above market rates: | - | (8,010,597) | (2,893,942) |
| Net costs from derecognition of financial assets measured at amortized cost | - | - | 346,554 |
| General and administrative expenses | - | (55,459) | (111,693) |
| Other operating (expense)/income |  |  |  |
| Provision for loan portfolio impairment | - | 369 | 65,543 |
| Provision for cash impairment | - | 4,802,520 | (1) |
| Income tax expense | - | - | (8,719,430) |
| Other (expense)/income | - | 2,494 | 4,118 |
|  |  |  |  |

Related Party Transactions (continued)

At 31 December 2022, 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%) | - | 845,294 | 82,140,505 |
| Due from banks (negotiated interest rate: 2-10%) | - | 45,050,839 | - |
| Investment securities at fair value through profit or loss (contractual interest rate: 5.5%-7.68%) | - | - | 74,139 |
| Investment debt securities measured at fair value through other comprehensive income (contractual interest rate: 0-9.5%) |  | - | 12,892,499 |
| Investment debt securities measured at amortized cost (contractual interest rate: 9%) | - | - | 830,949 |
| Accounts receivable under subsidization programs (negotiable interest rate: 0%) |  |  | 183,681 |
| Current income tax prepayment (contractual interest rate: 15%) | - | - | 633,394 |
| Deferred tax asset (contractual interest rate: 20%) | - | - | - |
| Other financial assets (contractual interest rate: 0%) | - | 46,172 | - |
| Other assets(contractual interest rate: 0%) |  | - | 177,662 |
|  |  |  |  |
| Borrowed funds (contractual interest rate: 0.1%-5.5%) | 102,446,602 | - | 65,527,773 |
| Liabilities on subsidy programs (contractual interest rate: 0%) | - | - | 175,714 |
| Deferred tax liability (contractual interest rate: 20%) | - | - | 1,835,530 |
| Other financial liabilities | - | 59,930 | - |
| Other liabilities | - | 15 | 145,288 |
|  |  |  |  |

The income and expense items with related parties for 2022 were as follows:

| *In thousands of Kazakhstani Tenge* | Sole Shareholder | Entities under common control | Other related parties |
| --- | --- | --- | --- |
|  |  |  |  |
| Interest income | - | 1,657,534 | 1,894,534 |
| Interest expense | (6,582,136) | (7,760) | (1,069,717) |
| Losses less gains from securities at fair value through profit or loss | - | - | 12,497 |
| Fee and commission income | - | - | 625,600 |
| Income net of expenses/(losses net of income) from foreign exchange operations | - | - | 379,876 |
| General and administrative expenses |  | (53,869) | (135,858) |
| Other operating (expense)/income |  |  |  |
| Provision for loan portfolio impairment | - | (4,832,360) | - |
| Provision for cash impairment | - | (188) | - |
| Income tax expense | - | - | (12,481,494) |
| Other (expense)/income | - | 546 | 2,677 |
|  |  |  |  |

The aggregate amount of borrowings received from related parties and repaid by the Fund during the year ended December 31, 2023 is as follows:

| In thousands of Kazakhstani Tenge | Sole  Shareholder | Companies  Under  the control  of the Shareholder | Other related parties |
| --- | --- | --- | --- |
|  |  |  |  |
| Amount of borrowings received from related parties during the period | - | - | 4,350,000 |
| Amount of borrowed funds repaid by the Fund during the period | (316,000) | - | (12,520,669) |
|  |  |  |  |

Related Party Transactions (continued)

The aggregate amount of borrowings received from related parties and repaid by the Fund during the year ended December 31, 2022 is presented below:

| In thousands of Kazakhstani Tenge | Sole  Shareholder | Companies  Under  the control  of the Shareholder | Other related parties |
| --- | --- | --- | --- |
|  |  |  |  |
| Amount of borrowings received from related parties during the period | - | - | 4,366,600 |
| Amount of borrowed funds repaid by the Fund during the period | (516,148) | - | (12,856,243) |
|  |  |  |  |

Transactions with related parties without collateral. Balance sheets with related parties are not credit-impaired. The aggregate amount of borrowings provided to and repaid by related parties during the year ended December 31, 2023 is as follows:

| In thousands of Kazakhstani Tenge | Sole  Shareholder | Companies  Under  the control  of the Shareholder | Other related parties |
| --- | --- | --- | --- |
|  |  |  |  |
| Amount of loans provided to related parties during the year | - | 14,000,000 | 5,102,864 |
| Amount of loans repaid by related parties during the year |  | 48,962 | 2,248,438 |
|  |  |  |  |

The aggregate amount of borrowings provided to and repaid by related parties during the year ended December 31, 2022 is as follows:

| In thousands of Kazakhstani Tenge | Sole  Shareholder | Companies  Under  the control  of the Shareholder | Other related parties |
| --- | --- | --- | --- |
|  |  |  |  |
| Amount of loans provided to related parties during the year | - | - | - |
| Amount of loans repaid by related parties during the year | - | - | - |
|  |  |  |  |

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

*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:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2023** | | **2022** | |
| *In thousands of Kazakhstani Tenge* | **Expense** | **Accrued liability** | **Expense** | **Accrued liability** |
|  |  |  |  |  |
| *Short-term benefits:* |  |  |  |  |
| - Salaries | 269,662 | 34,370 | 266,658 | 32,851 |
| - Short-term bonuses | 93,004 | - | 79,103 | - |
| - Benefits in-kind | 2,965 | - | 2,984 | - |
|  |  |  |  |  |
| **Total** | **365,631** | **34,370** | **348,745** | **32,851** |
|  |  |  |  |  |