

Open Joint Stock Company "International Bank of Azerbaijan"

Notes to the Interim Condensed Consolidated Financial Information (continued)
for the 1st half of 2016
(in thousands of Azerbaijan Manats, unless otherwise indicated)

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.

Related party transactions (continued)

As at June 30, 2016 and for the 1st half of 2016, the outstanding balances and results of operations with related parties were as follows:

	Government bodies and state-owned entities	Key manage- ment personnel of the Group	Other related parties	Total related parties
Assets				
Cash and cash equivalents	348,710	-	-	348,710
Due from banks and other financial institutions	3,018,333	-	-	3,018,333
Investments available for sale	36,166	-	-	36,166
Loans to customers, net	708,687	-	39,611	748,298
Loans to customers, gross	718,749	-	40,011	758,760
Less: allowance for loan impairment	(10,062)	-	(400)	(10,462)
Receivables from CJSC Aqrarkredit	2,842,432	-	-	2,842,432
Liabilities				
Customer accounts	5,123,596	197	375	5,124,168
Other borrowed funds	189,867	-	-	189,867
Subordinated debt	616,228	-	-	616,228
Statement of comprehensive income				
Interest income	29,952	-	2,001	31,953
Interest expense	34,773	3	-	34,776
Recovery of provision for loan impairment	777	-	4,274	5,051
Off-balance sheet commitments				
Guarantees issued	486,144	-	462,528	948,672
Import letters of credit	202,035	-	63,570	265,605
Commitments to extend credit and undrawn credit lines	56,753	-	-	56,753

As at December 31, 2015 and for the 1st half of 2015, the outstanding balances and results of operations with related parties were as follows:

	Government bodies and state-owned entities	Key manage- ment personnel of the Group	Associates	Other related parties	Total related parties
Assets					
Cash and cash equivalents	1,064,024	-	-	-	1,064,024
Loans to customers, net	622,910	-	15,144	26,942	664,996
Loans to customers, gross	633,749	-	15,300	31,615	680,664
Less: allowance for loan impairment	(10,839)	-	(156)	(4,674)	(15,669)
Receivables from CJSC Aqrarkredit	5,628,923	-	-	-	5,628,923
Other financial assets	191,648	-	-	-	191,648
Liabilities					
Customer accounts	3,127,579	80	22	16	3,127,697
Other borrowed funds	203,435	-	-	-	203,435
Subordinated debt	600,000	-	-	-	600,000
Statement of comprehensive income					
Interest income	52,110	-	1,155	2,072	55,337
Interest expense	37,978	-	-	-	37,978
Recovery of provision/(provision) for loan impairment	10,603	7	(156)	(4,674)	5,780

Open Joint Stock Company “International Bank of Azerbaijan”

Notes to the Interim Condensed Consolidated Financial Information (continued)
for the 1st half of 2016
(in thousands of Azerbaijan Manats, unless otherwise indicated)

Fee and commission income	-	-	22	-	22
Off-balance sheet commitments					
Guarantees issued	518,034	-	15,894	234	534,162
Import letters of credit	88,707	-	-	-	88,707
Commitments to extend credit and undrawn credit lines	6,859	-	-	-	6,859

Open Joint Stock Company “International Bank of Azerbaijan”

Notes to the Interim Condensed Consolidated Financial Information (continued)
for the 1st half of 2016
(in thousands of Azerbaijan Manats, unless otherwise indicated)

Related party transactions (continued)

The remuneration of key management personnel was as follows:

	1st half 2016	1st half 2015
Short-term benefits:		
- salaries	237	299
- performance bonuses	-	49
Total	237	348
