

## Tenge Payments

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### Payment Instructions – December 2020

*Nordea has a long experience in doing banking business in Russia and the CIS countries. Good relationships with local banks in Kazakhstan enable fast decisions on supporting our customer's trade in the country. As a complement to Trade and Export Finance, Nordea also facilitates Foreign Exchange and payments in local currency.*

Nordea Bank has during several years performed customer payments in Kazakhstan tenge (KZT) for a number of payment types.

Typically it is payments from Nordic companies (non-residents) to either residents or non-residents (e.g. representation offices of Nordic companies) or covering payments for goods or services. Also payments of e.g. share capital, loans and VAT payments may be topical.

#### The following KZT payments are possible:

- services and foreign trade transactions
- expenses of representative offices in Kazakhstan
- taxes and similar charges
- share capital
- loans, intercompany loans
- and other payments mentioned in the payment code list below

For KZT payments from Kazakhstan to Nordea Bank, please see page no 4 for additional information. Kazakhstan banks are under obligation to monitor that payments are made in accordance with the instructions and exchange regulations issued by the National Bank of Kazakhstan.

It generally takes two banking days for a KZT payment to arrive at Nordea if sent from Almaty, and usually a few days more if sent from other localities. If the remitter's bank is Nordea's correspondent bank Halyk Bank the payment normally reaches Nordea in two banking days, depending on cut-off times.

#### Rules for the use of Payment Codes in KZT payments to Kazakhstan

##### General provisions

The present Rules - Resolution No. 388 by the Board of the National Bank of the Republic of Kazakhstan dated November 15, 1999 - produce the coding system and procedure for entering Unified Payment Destination Classifier (UPDC) in payment documents in accordance with standard legal acts of the National Bank of the Republic of Kazakhstan.

##### The structure of the UPDC Codes

The Unified Payment Destination Classifier is built up by a set up of different digit / symbol positions, each position indicating one or several codes. The digits / symbols, I to VII, are explained as below:

**Note: The UPDC code is also called KNP Code. The latest changes in KNP Code list were implemented in 2015.**

DIGIT / SYMBOL CODE		EXPLANATION
I	2	Non-resident
II	7	Corporate / Legal person (Payer's economic sector = Non-governmental non-financial organisations)
III	1 or 2	Resident (Beneficiary's residency) Non-resident (Beneficiary's residency)
IV	7 or 1	Corporate / Legal person (Beneficiary's economic sector = Non-governmental non-financial organisations) Central Government (only for VAT payments)
V – VII	XXX	Payment for goods

## Examples of Payment Detail Codes

119	Other transfers (Private individuals)
131	Financing of affiliates and representations, including salaries, rental cost and other office expenditures
190	Other transfers (Companies)
<b>Group “400”</b>	<b>“Borrowings”</b>
<b>Group “410”</b>	<b>Borrowings / Loans distribution:</b>
411	Short-term (not above 1 year)
413	Long-term (more than 1 year)
<b>Group “420”</b>	<b>Borrowings / Loans redemption:</b>
421	Short-term (not above 1 year)
423	Long-term (more than 1 year)
<b>Group “600”</b>	Securities and promissory notes issued by residents of the Republic of Kazakhstan and investments in Kazakhstan capital
661	Payment of dividend
610	Purchase, buy-out of shares and contributes providing participation in capital Payments by Nordic companies to the share capital of resident Kazakhstan subsidiaries and joint stock companies
710	Payment for goods, except property
730	Purchase of intangible assets Ask for advice on specific code depending on purchase details!
<b>Group “800”</b>	<b>Services:</b>
Sub-group 81-	Transport - Ask for advice on specific code depending on trade details!
Sub-group 84-	Financial services; payments of charges, fees and commissions to banks for different services - Ask for advice on specific code depending on trade details!
<b>Group “910”</b>	<b>Payments to budget and repayments from budget</b>
911	Payments of VAT to the Kazakhstan tax authorities (Note: Digit / symbol IV must be “1” in KNP code!)

## Examples of KNP Code use

A Nordic corporate customer is sending a KZT payment to its representative office (non resident) in Almaty, to pay for office expenses:

The payment code to use would be: KNP-2727131

A Nordic corporate customer is sending a KZT payment to a resident Kazakhstan company to pay for purchase of goods:

The payment code to use would be KNP-2717710

A Nordic corporate customer is sending a KZT payment to its subsidiary, a resident Kazakhstan company, as an intercompany loan, with a maturity over 1 year:

The payment code to use would be KNP-2717413



## Tenge payments to Kazakhstan

As in all payments, the beneficiary's name and address, including the city, should be given. In addition, the following information is required:

- The beneficiary's BIN number (business identification number), to be written together with the beneficiary's name and the address
- The beneficiary's bank, its BIC code (SWIFT code)
- Reason of the payment in English in written form "KNPXXXXXXX"

**In electronic instructions, e.g. via Nordea's Corporate Netbank, the beneficiary's information should be indicated as follows:**

Beneficiary's account number in IBAN format

Beneficiary's details:

Line 1: BIN

Line 2: Beneficiary name

Line 3: Beneficiary address

The following remittance information is added to the field "Additional Information":

- Reason of the payment in written form in English
- Number of the contract / invoice
- Date
- "KNPXXXXXXX"

## KZT payments from Kazakhstan to Nordic countries

**The remitter should be provided with the following instructions:**

### **Beneficiary:**

Nordea Bank Abp, Finland

KZ886010071000000208

BIN 000 000 000 000

### **Beneficiary's bank:**

Halyk Savings Bank, Almaty

SWIFT: HSBKKZKX

KNP code and the purpose of payment: XXXXXXXX - Payment for ... in favour of "Company name", account # FI..... (if account in DK/SE/NO, then account #DK/SE/NO.....at Nordea Danmark, filial af Nordea Bank Abp; Nordea Bank Abp, filial i Sverige; Nordea Bank Abp, filial i Norge correspondingly).

## Restrictions, notifications

The Kazakhstan Currency Exchange Law requires residents and non-residents to provide upon request of the authorized bodies documentation on transactions conducted.

Regarding the export/import currency controls, some changes were introduced back in 2012: The passport of deal was abolished, and replaced by registry/identification number of the contract. This goes for export/import contracts with a value above USD 50,000.

Regarding limitations on loans it should be noted, that in accordance with the Currency Exchange Law financial loans from non-residents to residents are subject to prior receipt of a registration certificate from the NBK, if the liability amount exceeds USD 500.000 or the equivalent in other currencies (modifications came into force in July 2019).

Certain types of transaction fall under regime of notification, so that residents have to report the respective operation to an NBK branch within 7 days after conducting the transactions.

## Hedging KZT exchange rate risks

There are several options to hedge the KZT exposure for Nordea's customers that use local currency for different commercial transactions.

Deliverable FX forwards and swaps are available outside Kazakhstan with tradable tenors that are longer than inside Kazakhstan. KZT forwards are traded against any convertible currency, but mostly USD and EUR.

In addition to the ordinary forwards the Non-Deliverable-Forwards (NDF) could also be a useful off-shore alternative, outside Kazakhstan.

A NDF is a product similar to a deliverable forward agreement, but the difference is that there will be no physical exchange of the principal amount. Eventual currency rate differences will be compensated in a net settlement, and paid in EUR, USD or some other convertible currency.

Information about the current market rates and further guidance can be obtained from your local Nordea Markets Sales office.

## Further information

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