

Interstate Bank

Interim Condensed Financial Statements^{*}

30 September 2016

* This document contains an extract from the interim condensed financial statements prepared in accordance with IFRS. The complete set of the financial statements prepared in accordance with IFRS together with a report on review of interim condensed financial statements of independent auditors is available on the website of the Interstate Bank in Russian (www.isbnk.org).

Interim statement of comprehensive income

	2016 (unaudited)	2015 (unaudited)
Interest income	546 314	474 007
Interest expense	(113)	(104 513)
Net interest income	546 201	369 494
Provision charge for impairment of interest-bearing assets	(5 172)	(1 751 548)
Net interest income after provision for impairment	541 029	(1 382 054)
Gains less losses arising from foreign exchange transactions	20 058	173 562
Gains less losses from revaluation of foreign currency	(32 334)	1 979 268
Fee and commission income	6 463	3 760
Fee and commission expense	(5 205)	(2 274)
Provision charge for impairment of other assets and changes in contingent liabilities	473	(538)
Other operating income	578	1 653
Operating expenses	(228 584)	(195 184)
Profit before tax	302 478	578 193
Income tax expense	(166)	-
NET PROFIT	302 312	578 193
Other comprehensive income		
Other comprehensive income to be reclassified in profit or loss in subsequent periods: Changes in fair value reserve for financial assets available for sale	106 010	339 469
Total other comprehensive income, net of tax	106 010	339 469
COMPREHENSIVE INCOME	408 322	917 662

Signed on October 26, 2016

President

I.G. Souvorov

Chief Accountant

L.K. Razdevilova

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 for the nine-month period ended 30 September 2016
 (in thousands of Russian roubles)

Interim statement of financial position

	September 30, 2016 (unaudited)	December 31, 2015
ASSETS		
Cash and cash equivalents	267 673	535 124
Due from financial institutions	5 169 857	3 187 987
Loans and advances to customers	5 994	5 750
Financial assets available for sale	3 232 419	3 587 713
Fixed assets and intangible assets	45 574	43 748
Other assets	34 317	84 519
Total assets	8 755 834	7 444 841
LIABILITIES		
Due to financial institutions	848 037	835 274
Customers accounts	2 724 120	1 836 689
Other liabilities and reserves	28 373	2 856
Total liabilities	3 600 530	2 674 819
EQUITY		
Authorized capital / Paid-in shares	212 086	212 086
Shares in authorized capital reacquired from members	(1 100)	(1 100)
Fair value reserve for financial assets available for sale	(19 264)	(125 274)
Other equity instruments	2 052 230	2 052 230
Retained earnings	2 911 352	2 632 080
Total equity	5 155 304	4 770 022
Total liabilities and equity	8 755 834	7 444 841

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Interim statement of changes in equity

	Authorized capital / Paid-in shares	Shares in authorized capital reaquired from members	Other equity instruments	Fair value reserve for financial assets available for sale	Retained earnings / (Accumulated deficit)	Total equity
Balance as of January 1, 2015	212 086	(1 100)	-	(123 207)	1 416 621	1 504 400
Comprehensive income for 9 months ended on September 30, 2015, net of tax (unaudited)	-	-	-	339 469	578 193	917 662
Balance as of September 30, 2015 (unaudited)	212 086	(1 100)	-	216 262	1 994 814	2 422 062
Balance as of January 1, 2016	212 086	(1 100)	2 052 230	(125 274)	2 632 080	4 770 022
Comprehensive income for 9 months ended on September 30, 2016, net of tax (unaudited)	-	-	-	106 010	302 312	408 322
Amounts paid on perpetual subordinated debt (unaudited)	-	-	-	-	(23 040)	(23 040)
Balance as of September, 30, 2016 (unaudited)	212 086	(1 100)	2 052 230	(19 264)	2 911 352	5 155 304

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Cheif Accountant

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Interim statement of cash flows

	2016 (unaudited)	2015 (unaudited)
<i>Cash flows from operating activities</i>		
Interest received	611 190	438 202
Interest paid	(113)	(19 806)
Fee and commission received	6 463	3 760
Fee and commission paid	(5 205)	(2 274)
Gains less losses arising from foreign exchange transactions	20 058	138 931
Other operating income	428	1 467
Operating expenses paid	(213 803)	(191 172)
Income tax expense	193	-
Cash flows from operating activity before changes in operating assets and liabilities	419 211	369 108
<i>Net (increase) / decrease in operating assets and liabilities</i>		
Net (increase) / decrease in due from financial institutions	(1 988 772)	(1 808 922)
Net (increase) / decrease in loans and advances to customers	(244)	(1 594)
Net (increase) / decrease in other assets	46 120	(2 762)
Net increase / (decrease) in due to financial institutions	12 763	440 067
Net increase / (decrease) in customers accounts	887 431	549 422
Net increase / (decrease) in other liabilities	(1 361)	(75 158)
Net cash flows from operating activities	(1 044 063)	(898 947)
<i>Cash flows from investing activities</i>		
Proceeds from disposal of financial assets available for sale	397 992	11 997
Dividends received from investment securities	150	210
Purchase of fixed assets	(8 407)	(4 033)
Net cash used in investing activities	389 735	8 174
Effect of exchange rate changes on cash and cash equivalents	(32 334)	(70 168)
Net increase (decrease) in cash and cash equivalents	(267 451)	(591 833)
Cash and cash equivalents as at the beginning of the reporting period	535 124	991 657
Cash and cash equivalents as at the end of the reporting period	267 673	399 824

Signed on October 26, 2016

President

I.G. Souvorov

Chief Accountant

L.K. Razdevilova