

Interstate Bank

Interim Condensed Financial Statements^{*}

30 June 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	351 822	306 208
Interest expense	(59)	(69 549)
Net interest income	351 763	236 659
Provision charge for impairment of interest-bearing assets	(3 265)	138 090
Net interest income after provision for impairment	348 498	374 749
Gains less losses arising from foreign exchange transactions	17 989	164 802
Gains less losses from revaluation of foreign currency	(30 636)	(286 881)
Fee and commission income	3 913	2 105
Fee and commission expense	(3 602)	(1 292)
Provision charge for impairment of other assets and changes in contingent liabilities	374	844
Other operating income	175	1 350
Operating expenses	(158 174)	(123 020)
Profit before tax	178 537	132 657
Income tax expense	(166)	-
NET PROFIT	178 371	132 657
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	83 445	255 990
Total other comprehensive income, net of tax	83 445	255 990
COMPREHENSIVE INCOME	261 816	388 647

Signed on July 25, 2016

President

I.G. Souvorov

Chief Accountant

L.K. Razdevilova

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 Extract from interim condensed financial statements
 for the six-month period ended 30 June 2016
 (in thousands of Russian roubles)

Interim statement of financial position

	June 30, 2016 (unaudited)	December 31, 2015
ASSETS		
Cash and cash equivalents	324 352	535 124
Due from financial institutions	4 058 921	3 187 987
Loans and advances to customers	6 606	5 750
Financial assets available for sale	3 255 968	3 587 713
Fixed assets and intangible assets	48 312	43 748
Other assets	14 738	84 519
Total assets	7 708 897	7 444 841
LIABILITIES		
Due to financial institutions	169 651	835 274
Customers accounts	2 500 025	1 836 689
Other liabilities and reserves	22 687	2 856
Total liabilities	2 692 363	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	(41 829)	(125 274)
Other equity instruments	2 052 230	2 052 230
Retained earnings	2 795 147	2 632 080
Total equity	5 016 534	4 770 022
Total liabilities and equity	7 708 897	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 6 months ended on June 30, 2015, net of tax (unaudited)	-	-	-	255 990	132 657	388 647
Balance as of June 30, 2015 (unaudited)	212 086	(1 100)	-	132 783	1 549 278	1 893 047
Balance as of January 1, 2016	212 086	(1 100)	2 052 230	(125 274)	2 632 080	4 770 022
Comprehensive income for 6 months ended on June 30, 2016, net of tax (unaudited)	-	-	-	83 445	178 371	261 816
Amounts paid on perpetual subordinated debt (unaudited)	-	-	-	-	(15 304)	(15 304)
Balance as of June 30, 2016	212 086	(1 100)	2 052 230	(41 829)	2 795 147	5 016 534

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Interim statement of cash flows

	2016 (unaudited)	2015 (unaudited)
<i>Cash flows from operating activities</i>		
Interest received	371 032	299 507
Interest paid	(59)	(1 561)
Fee and commission received	3 913	2 105
Fee and commission paid	(3 602)	(1 292)
Gains less losses arising from foreign exchange transactions	17 989	130 171
Other operating income	175	1 321
Operating expenses paid	(151 575)	(118 642)
Income tax expense	193	-
Cash flows from operating activity before changes in operating assets and liabilities	238 066	311 609
<i>Net (increase) / decrease in operating assets and liabilities</i>		
Net (increase) / decrease in due from financial institutions	(876 377)	(1 450 814)
Net (increase) / decrease in loans and advances to customers	(856)	215
Net (increase) / decrease in other assets	70 448	(35 548)
Net increase / (decrease) in due to financial institutions	(665 623)	469 594
Net increase / (decrease) in customers accounts	663 336	386 729
Net increase / (decrease) in other liabilities	1 221	(76 815)
Net cash flows from operating activities	(569 785)	(395 030)
<i>Cash flows from investing activities</i>		
Proceeds from disposal of financial assets available for sale	397 992	-
Dividends received from investment securities	-	210
Purchase of fixed assets	(8 343)	(178)
Net cash used in investing activities	389 649	32
Effect of exchange rate changes on cash and cash equivalents	(30 636)	(126 993)
Net increase (decrease) in cash and cash equivalents	(210 772)	(521 991)
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	324 352	469 666

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