



HSBC Bank Oman S.A.O.G.

Interim Condensed Financial Report
31 March 2016

HSBC 

Interim Condensed Financial Report – 31 March 2016

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Presentation of information

This document comprises the Interim Condensed Financial Report – 31 March 2016 for HSBC Bank Oman S.A.O.G. ('HBON') ('the Bank'). It contains Unaudited Interim Condensed Financial Statements, together with the Board of Directors Report, the Auditor's review report and the Summary of Unaudited Results.

Board of Directors' Report for the three months ended 31 March 2016

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present your bank's first quarter financial results for 2016.

At our recent Annual General Meeting (AGM), I reinforced our ongoing commitment to bring a competitive advantage to our customers and shareholders in Oman by leveraging the experience and investment of the HSBC Group. For 2016 our objectives remain unchanged, with an increased focus on delivering an excellent customer experience that sets us apart from our competitors.

Performance Summary

I am pleased to report a good start to the year. We were able to compensate the non-recurrence of the significant one-off gains of RO1.5m realised in the same period last year from the sale of both our operations in India and other legacy investments. Our first quarter net profit shows a marginal decrease of RO0.3m (-7.9%) to RO3.5m compared to RO3.8m for the same period in 2015. However, when you exclude last year's legacy one-offs, the bank's underlying performance is well ahead of the same period last year. This was achieved from sustainable growth in the main revenue lines and with tight cost control.

Net operating income, before loan impairment charges, fell marginally by 0.5% to RO18.5m compared to RO18.6m for the same period last year.

Net interest income grew by 7.4% to RO13.0m for the period ended 31 March 2016, up from RO12.1m for the same period in 2015, due to higher interest income from government securities, higher interest income from corporate customer, lower interest expenses partially offset by a lower interest from retail customers due to the run-off of high yield retail loans. Net fee income decreased by 9.1% to RO3.0m for the period ended 31 March 2016, due to lower commitment and facility fees from corporate customers.

Net trading income increased by 43.8% to RO2.3m compared to RO1.6m for the same period in 2015 due to higher foreign exchange volumes at improved margins. Other operating income decreased to RO0.02m compared to RO1.5m for the same period in 2015 due to the non-repeat of the gain on the overall transactions mentioned above.

A net charge of RO2.3m has been reported for loan impairment charges compared to a net charge of RO0.8m for the same period in 2015. The bank saw retail specific provisions of RO1.1m and a corporate general provision of RO1.8m, itself attributed to the strong growth in corporate loans and advances. These were partly offset by a net recovery of RO0.8m from corporate customers.

Operating expenses decreased by 8.3% to RO12.2m compared to RO13.3m for the same period in 2015 due to our continuing focus on firm cost control.

Loans and advances, net of provisions and reserved interest, increased by 13.0% to RO1,385.7m compared to RO1,226.0m as at 31 March 2015 due to an increase in corporate loans and advances.

Customer deposits fell by 8.4% to RO1,782.1m compared to RO1,945.4m as at 31 March 2015, partly due to end of period payment of declared dividends by our corporate customers. The net loans to deposits ratio (ADR) improved to 77.8% compared to 63.0% as at 31 March 2015.

HBON's capital adequacy ratio stood at 18.2% as at 31 March 2016 compared to 17.8% as at 31 March 2015, representing a continuing strong capital base for future growth.

Delivering the best customer experience

In Retail Banking and Wealth Management (RBWM), we started the year with a series of initiatives, including a campaign that offers customers a prize equivalent to one month's salary upon transferring their salaries to HSBC Bank Oman. We also re-designed our Mandoos prize draw scheme to give customers even more chances to win, with the introduction of new monthly prizes and increasing the total number of winners to more than 500 this year.

During the quarter, we achieved record acquisition levels across all asset products as a result of our focus on really understanding and satisfying our customers' financial needs. Compared to 4Q 2015, personal loans acquisition grew by 30%, home loans by 18% and credit cards by 47%. In addition, as we continue to promote greater use of our digital channels, we also saw a 15% increase in customer digital engagement compared to the last quarter.

We continued to invest in our branch network infrastructure and relocated one of our largest branches - Al Khuwair - which is now located next to our head office. We also added to our extensive fleet of ATMs to reach a total of 125, further improving customer access across the Sultanate.

In Commercial Banking, HSBC Bank Oman was the lead arranger on the USD6.4 billion project financing for the Liwa Plastic Industries Complex signed with ORPIC – the largest ever financing transaction to date in Oman. We have also been recently awarded a strategically important Financial Advisory mandate, which demonstrates the position HSBC Bank Oman occupies around the table of some of the most important discussions taking place to help develop and diversify the Oman economy.

Investing in our people and the community

We continue to make progress in supporting the Sultanate's Omanisation ambitions. Our overall Omanisation rate stands above 93% and, more notably, the rate has improved by 10% over the previous year for Senior Managers.

As part of our efforts to develop local Omani talent, we proudly launched the iWILL programme for female staff which aims to enable the Bank to achieve gender diversity targets to enable more balanced gender representation in senior manager roles.

Focus on Fraud Control and Anti Money Laundering & Sanctions training continued and an embedded champions model was kicked off where the champions will, on an ongoing basis, enhance the overall knowledge and understanding of their teams on AML and Sanctions.

Our partnership with Outward Bound to help staff discover their potential continued. This year a team of six HSBC Bank Oman staff completed Outward Bound Oman's week-long expedition crossing 120 kilometers from Al Ashkharah to end in Duqm to commemorate the country's maritime past and its advancement into the future.

More than 70 of our staff, with their family members, observed this year's Earth Hour "Lights Out" initiative at the bank's head office in March, where they shared pledges and made commitments to preserve the environment. HSBC Bank Oman has taken a number of steps to reduce the bank's carbon footprint, for example implementing a 'lights out' policy for out of working hours and reducing the number of lights in the head office.

Conclusion

As I highlighted at last month's AGM, I firmly believe that the prudent risk approach we have taken at HSBC Bank Oman continues to position your bank well to overcome the somewhat "bumpy" ride the economy is taking, and to take advantage of the opportunities that arise in 2016. We remain focused on our strategic objectives of growing revenues, streamlining our processes and procedures, and implementing the highest global standards to protect the Bank, our shareholders and our customers against the risks of financial crime.

In closing, we would like to express our thanks to all our stakeholders, the Central Bank of Oman and the Capital Market Authority for their continued support.

We would like to congratulate His Majesty Sultan Qaboos bin Said on his safe return to the country, confirming our full support as he continues to lead the Sultanate to further prosperity and development.

David Eldon
Chairman

Summary of unaudited results for the three months period ended 31 March 2016

	31 March 2016 RO'000	31 March 2015 RO'000	Change (%)
Loans and advances net of provisions and reserved interest	1,385,711	1,226,047	13.0
Customer deposits	1,782,071	1,945,364	(8.4)
Net assets	299,921	302,352	(0.8)
* Net assets per share	0.150	0.151	(0.7)
	Three months period ended 31 March 2016 RO'000	Three months period ended 31 March 2015 RO'000	Change (%)
Net interest income	12,988	12,081	7.5
Net profit for the period	3,503	3,780	(7.3)
** Earnings per share (annualised)	0.007	0.008	(12.5)
*** Capital adequacy ratio (CAR)	18.21%	17.82%	0.38

* *Net assets (book value) per share is calculated by dividing the net assets (book value) at 31 March by the average number of ordinary shares in issue at 31 March.*

** *Earnings per share (annualised) has been calculated by dividing the net profit after tax attributable to ordinary shareholders for the period ended 31 March by the average number of ordinary shares in issue for the period.*

*** *Capital adequacy ratio has been calculated in accordance with the Basel Capital Adequacy Accord. The ratio represents the ratio of risk weighted assets to capital.*



Report on review of interim condensed financial information to the directors of HSBC Bank Oman SAOG

Introduction

We have reviewed the accompanying interim condensed statement of financial position of HSBC Bank Oman SAOG as of 31 March 2016, and the related interim condensed statement of comprehensive income, changes in equity and cash flows for the three month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard (“IAS”) 34, ‘Interim Financial Reporting’ and the minimum disclosure requirements issued by the Capital Market Authority (“CMA”). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, ‘Review of interim financial information performed by the independent auditor of the entity’. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard (“IAS”) 34, ‘Interim Financial Reporting’ and the minimum disclosure requirements issued by the Capital Market Authority (“CMA”).

PricewaterhouseCoopers LLC

[Date]

Muscat, Sultanate of Oman

Unaudited interim condensed statement of comprehensive income for the three months period ended 31 March 2016

	<i>Notes</i>	Three months ended 31 March 2016 RO' 000	Three months ended 31 March 2015 RO' 000
Interest income	5	14,500	14,017
Interest expense	6	(1,512)	(1,936)
Net interest income		12,988	12,081
Fee income		3,668	3,666
Fee expense		(636)	(366)
Net fee income		3,032	3,300
Net trading income		2,328	1,574
Dividend income		114	156
Other operating income – net	7	22	1,530
Net operating income before loan impairment charges and other credit risk provisions		18,484	18,641
Loan impairment charges and other credit risk provisions - net of recoveries	8	(2,271)	(809)
Net operating income		16,213	17,832
Operating expenses	9	(11,604)	(12,739)
Amortization of intangible assets	10	(571)	(571)
Total operating expenses		(12,175)	(13,310)
Profit before tax		4,038	4,522
Tax expense		(535)	(742)
Profit for the period		3,503	3,780
Other comprehensive (loss) / income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met			
Available-for-sale investment			
- Fair value (loss) / gain		(5,027)	36
- Fair value gain reclassified to profit or loss on disposal		-	(646)
- Income tax		687	49
		(4,340)	(561)
Exchange differences			
- Foreign exchange loss reclassified to profit or loss on disposal of India operations		-	216
- Effect of currency translation		-	64
		-	280
Other comprehensive loss for the period - net of tax		(4,340)	(281)
Total comprehensive (loss) / income for the period		(837)	3,499
Earnings per share – basic and diluted (RO)			
- for the period	11	0.002	0.002
- annualised		0.007	0.008

The accompanying notes on pages 11 to 27 form an integral part of these interim condensed financial statements.

Unaudited interim condensed statement of financial position as at 31 March 2016

		At 31 March 2016	At 31 March 2015	Audited At 31 December 2015
	Notes	RO'000	RO'000	RO'000
Assets				
Cash and balances with central banks		133,730	271,743	277,736
Due from banks		16,761	202,997	10,271
Loans and advances to customers - net	12	1,385,711	1,226,047	1,200,808
Financial investments	13	557,096	567,676	632,920
Other assets	14	33,149	35,685	41,989
Intangible assets	15	7,238	9,523	7,809
Property and equipment	16	27,122	27,698	26,917
Deferred tax assets		2,262	2,984	1,492
Total assets		2,163,069	2,344,353	2,199,942
Liabilities and equity				
Liabilities				
Due to banks		35,066	32,763	36,211
Deposits from customers	17	1,782,071	1,945,364	1,802,338
Other liabilities	18	43,610	60,956	50,172
Current tax liabilities		2,171	2,145	2,343
Deferred tax liabilities		230	773	362
Total liabilities		1,863,148	2,042,001	1,891,426
Equity				
Share capital	23	200,031	200,031	200,031
Legal reserve	24(a)	36,277	34,984	36,277
Foreign exchange reserve	24(b)	-	(240)	-
Available-for-sale fair value reserve	24(c)	(3,257)	4,036	1,083
Retained earnings		66,870	63,541	71,125
Total equity		299,921	302,352	308,516
Total liabilities and equity		2,163,069	2,344,353	2,199,942
Net assets per share - RO		0.150	0.151	0.154
Off-balance sheet items:				
Contingent liabilities and commitments				
- Documentary credits		57,346	97,980	69,079
- Guarantees and performance bonds		391,727	363,922	368,064
- Others	19	934,261	990,041	1,125,236
		1,383,334	1,451,943	1,562,379

The accompanying notes on pages 11 to 27 form an integral part of these interim condensed financial statements

The interim condensed financial statements were authorised for issue on 27 April 2016 in accordance with the resolution of the Board of Directors.

David Eldon
Chairman

Andrew Long
Chief Executive Officer

Unaudited interim condensed statement of changes in equity for the three months period ended 31 March 2016

	Share capital RO'000	Legal reserve RO'000	Statutory reserve RO'000	Foreign exchange reserve RO'000	Available- for-sale fair value reserve RO'000	Retained earnings RO'000	Total RO'000
At 1 January 2015	200,031	34,984	1,446	(497)	4,597	69,316	309,877
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	3,780	3,780
Other comprehensive income / (loss) for the period							
Exchange differences	-	-	23	257	-	-	280
Net movement in fair value of available-for-sale investments (net of tax)	-	-	-	-	(561)	-	(561)
Total other comprehensive income / (loss) for the period	-	-	23	257	(561)	-	(281)
Total comprehensive income / (loss) for the period	-	-	23	257	(561)	3,780	3,499
Transfer to retained profits on sale of India operations	-	-	(1,469)	-	-	1,469	-
	-	-	(1,446)	257	(561)	5,249	3,499
Transaction with shareholders, recorded directly in equity							
Dividend paid for 2014	-	-	-	-	-	(11,024)	(11,024)
At 31 March 2015	200,031	34,984	-	(240)	4,036	63,541	302,352
At 1 January 2016	200,031	36,277	-	-	1,083	71,125	308,516
Total comprehensive income / (loss) for the period							
Profit for the period	-	-	-	-	-	3,503	3,503
Other comprehensive (loss) for the period							
Net movement in fair value of available-for-sale investments (net of tax)	-	-	-	-	(4,340)	-	(4,340)
Total other comprehensive (loss) for the period	-	-	-	-	(4,340)	-	(4,340)
Total comprehensive income / (loss) for the period	-	-	-	-	(4,340)	3,503	(837)
Transaction with shareholders, recorded directly in equity							
Dividend paid for 2015	-	-	-	-	-	(7,758)	(7,758)
At 31 March 2016	200,031	36,277	-	-	(3,257)	66,870	299,921

The accompanying notes on pages 11 to 27 form an integral part of these interim condensed financial statements

Unaudited interim condensed statement of cash flows for the three months period ended 31 March 2016

	<i>Notes</i>	Three months ended 31 March 2016 RO'000	Three months ended 31 March 2015 RO'000
Cash flows from operating activities			
Profit before tax		4,038	4,522
Adjustments for:			
– Loan impairment charges and other credit risk provisions – net of recoveries	8	2,271	809
– Depreciation of property and equipment	9	424	518
– Amortisation of intangible assets	10	571	571
– Net loss / (gain) on sale of a financial investment		15	(664)
– Amortisation of financial investment		390	558
– Gain on sale of India operations		-	(815)
– Employer's current service cost, with interest		13	67
– finance leases charge		20	21
– Effect of currency translation		-	42
– Change in operating assets	28(a)	(178,334)	(65,117)
– Change in operating liabilities	28(b)	(26,451)	114,658
– retirement benefits paid		(117)	-
– Tax paid		(920)	(915)
Net cash (used in) / generated from operating activities		(198,080)	54,255
Cash flows from investing activities			
Purchase of financial investments		(266,387)	(1,837,764)
Proceeds from maturity of financial investments		336,777	1,933,878
Purchase of property and equipment		(629)	(479)
Cash out flow from sale of India operation, net of cash and cash equivalents		-	(2,544)
Net cash generated from investing activities		69,761	93,091
Cash flows from financing activities			
Dividends paid		(7,758)	(11,024)
Finance leases paid		(294)	(288)
Net cash used in financing activities		(8,052)	(11,312)
Net change in cash and cash equivalents		(136,371)	136,034
Cash and cash equivalents at the beginning of the year		251,796	290,057
Cash and cash equivalents at the end of the year	28	115,425	426,091

The accompanying notes on pages 11 to 27 form an integral part of these interim condensed financial statements.

1 Legal status and activities

HSBC Bank Oman S.A.O.G. ('the Bank' or 'HBON') is an Omani joint stock company, which was incorporated on 1 January 1979, operating as a commercial bank through a network of branches in the Sultanate of Oman. The registered address of the Bank is P.O. Box 1727, CPO Seeb, Postal Code 111, Sultanate of Oman. The Bank has its shares listed on Muscat Securities Market.

HSBC Middle East Holdings BV ('HMEH') holds 51% of the shares in HBON. The ultimate parent company of HMEH is HSBC Holdings plc.

2 Basis of preparation

(a) Compliance with International Financial Reporting Standards

The interim condensed financial statements of the Bank have been prepared in accordance with IAS 34 'Interim Financial Reporting' ('IAS 34') as issued by the International Accounting Standards Board ('IASB'), the disclosure requirements set out in the Rules for Disclosure and Proformas issued by the Capital Market Authority ('CMA'), and the Commercial Companies Law of 1974, as amended, of the Sultanate of Oman and the applicable regulations of the Central Bank of Oman ("CBO").

The audited financial statements of the Bank as at and for the year ended 31 December 2015 were prepared in accordance with International Financial Reporting Standards ('IFRSs') as issued by the IASB, the disclosure requirements of CMA and the applicable regulations of the CBO.

IFRSs comprise accounting standards issued by the IASB and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and its predecessor body.

(b) Presentation of information

The functional currency of the Bank is Rials Omani ("RO"), which is also the presentation currency of the interim condensed financial statements of the Bank.

(c) Corresponding figures

These interim condensed financial statements include corresponding figures information as required by IAS 34 and CMA.

(d) Use of estimates and assumptions

The preparation of financial information requires the use of estimates and assumptions about future conditions. The use of available information and the application of judgement are inherent in the formation of estimates; actual results in the future may differ from those reported. Management believes that the Bank's critical accounting policies where judgement is necessarily applied are those which relate to the valuation of separately identifiable assets and liabilities acquired during merger, the useful lives of intangible assets, impairment of loans and advances, the valuation of financial instruments and the impairment of available-for-sale financial assets.

Notes to the unaudited interim condensed financial statements (continued)

2 Basis of preparation (continued)

(e) Future accounting developments

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 April 2016. None of these are expected to have a significant effect on the interim condensed financial statements of the Bank except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39.

The mandatory application date for IFRS 9 as a whole is 1 January 2018, but it is possible to apply the revised presentation for certain liabilities measured at fair value from an earlier date. The Bank is currently assessing the impact of IFRS 9 will have on the financial statements but due to the complexity of the classification and measurement, impairment, and hedge accounting requirements and their inter-relationship, it is not possible at this stage to quantify the potential impact as at the date of the approval of these interim condensed financial statements.

IFRS 15, 'Revenue from Contracts with Customers', will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. This new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The mandatory application date for IFRS 15 is 1 January 2017. The Bank is currently assessing the impact of this standard but it is not practicable to quantify the potential effect at the date of approval of these interim condensed financial statements.

IFRS 16, 'Leases', replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. It includes an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting stays almost the same. However, as the it has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees.

Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The mandatory application date for IFRS 16 is 1 January 2019 with earlier application permitted if IFRS 15, 'Revenue from Contracts with Customers', is also applied. The Bank is currently assessing the impact of this standard but it is not practicable to quantify the potential effect at the date of approval of these interim condensed financial statements.

3 Accounting policies

The accounting policies applied by the Bank in these interim condensed financial statements are the same as those applied by the Bank in its financial statements as at and for the year ended 31 December 2015.

Notes to the unaudited interim condensed financial statements (continued)

4 Products and services

The Bank provides a comprehensive range of banking and related financial services to its customers.

- Retail Banking and Wealth Management ('RBWM') offers a broad range of products and services to meet the personal banking needs, consumer finance and wealth management needs of individual customers. Typically, customer offerings include personal banking products (current and savings accounts, mortgages and personal loans, credit cards, debit cards and local and international payment services) and wealth management services (insurance and investment products and financial planning services).
- Commercial Banking ('CMB') product offerings include the provision of receivables financing services, payments and cash management, international trade finance, treasury and capital markets, commercial cards, cash and derivatives in foreign exchange and rates, and online and direct banking offerings.
- Global Banking and Markets ('GB&M') provides tailored financial solutions to government, corporate and institutional clients. The client focused business lines deliver a full range of banking capabilities including financing, advisory and transaction services; a markets business that provides services in credit, rates, foreign exchange, money markets and securities services; and principal investment activities.

5 Interest income

Interest bearing assets earned interest at an overall annualized rate of 3.05% for the three months period ended 31 March 2016 (31 March 2015 – 2.82%).

	Three months period ended 31 March 2016 RO'000	Three months period ended 31 March 2015 RO'000
Interest income		
Loans and advances to customers	13,032	12,966
Financial investments	1,134	623
Due from banks	117	150
Others	217	278
	14,500	14,017

6 Interest expense

For the three months period ended 31 March 2016, the average overall annualised cost of funds was 0.33% (31 March 2015 – 0.40%).

	Three months period ended 31 March 2016 RO'000	Three months period ended 31 March 2015 RO'000
Interest expense		
Deposits from customers	(1,512)	(1,836)
Due to banks	-	(100)
	(1,512)	(1,936)

Notes to the unaudited interim condensed financial statements (continued)

7 Other operating income - net

	Three months period ended 31 March 2016 RO'000	Three months period ended 31 March 2015 RO'000
Gain on sale of India operations	-	815
(Loss) / gain on sale of a financial investments	(15)	664
Other income	37	51
	<u>22</u>	<u>1,530</u>

8 Loan impairment charges and other credit risk provisions - net of recoveries

	Three months period ended 31 March 2016 RO'000	Three months period ended 31 March 2015 RO'000
Provided during the period – general (note 12)	(1,987)	(724)
Provided during the period – specific (note 12)	(1,801)	(1,754)
Provisions released / written back (note 12)	976	1,018
Adjustments as a result of fair value unwind	57	113
Reserved interest released	25	88
Written-off loans recovered	562	587
Bad debts directly written off to statement of comprehensive income	(103)	(137)
	<u>(2,271)</u>	<u>(809)</u>

9 Operating expenses

	Three months period ended 31 March 2016 RO'000	Three months period ended 31 March 2015 RO'000
Employee compensation and benefits	(5,772)	(6,270)
General and administrative expenses*	(5,408)	(5,951)
Depreciation of property and equipment	(424)	(518)
	<u>(11,604)</u>	<u>(12,739)</u>

* General and administrative expenses for the current period include the RO0.4m of “Mandoos Prize” draw expenses (31 March 2015: RO0.3m)

10 Amortisation of intangible assets

	Three months period ended 31 March 2016 RO'000	Three months period ended 31 March 2015 RO'000
This represents amortisation of intangible assets as result of business combination accounted for as follows :		
Core deposits	(440)	(440)
Customer relationships	(131)	(131)
	<u>(571)</u>	<u>(571)</u>

Notes to the unaudited interim condensed financial statements (continued)

11 Earnings per share – basic and diluted

Earnings per share is calculated by dividing the profit attributable to the shareholders by the weighted average number of shares in issue, as follows:

	Three months period ended 31 March 2016	Three months period ended 31 March 2015	For the year ended 31 December 2015
Weighted average number of shares in issue ('000)	2,000,312	2,000,312	2,000,312
Net profit for the period / year (RO'000)	3,503	3,780	12,930
Earnings per share – basic and diluted (RO)			
- for the period	0.002	0.002	0.006
- annualised	0.007	0.008	0.006

12 Loans and advances to customers - net

To comply with the CBO regulations, the table below includes the provision for loan impairment on loans acquired in the business combination.

	31 March 2016 RO'000	31 March 2015 RO'000	31 December 2015 RO'000
Overdrafts	74,350	93,249	66,130
Loans	1,371,262	1,189,919	1,204,540
Bills discounted / purchased	23,637	42,957	13,394
Gross loans and advances	1,469,249	1,326,125	1,284,064
Provision for loan impairment - specific	(27,395)	(34,829)	(28,380)
Provision for loan impairment - general*	(18,422)	(16,601)	(16,435)
Reserved interest	(37,721)	(48,648)	(38,441)
Net loans and advances	1,385,711	1,226,047	1,200,808

* General provision comprises provision on a portfolio basis for loans and advances to customers.

The interest rate bands of gross loans and advances to customers are as follows:

	31 March 2016 RO'000	31 March 2015 RO'000	31 December 2015 RO'000
0-5%	959,518	741,155	762,308
5-7%	351,199	372,182	350,213
7-10%	101,536	147,988	112,787
10-13%	30,416	49,269	37,687
more than 13%	26,580	15,531	21,069
	1,469,249	1,326,125	1,284,064

Maturity analysis of net loans and advances to customers as per CBO circular BM 955 is as follows:

	31 March 2016 RO'000	31 March 2015 RO'000	31 December 2015 RO'000
0-6 months	551,607	417,971	413,261
6-12 months	13,960	24,377	3,865
1-3 years	43,886	79,661	57,421
3-5 years	273,907	204,592	232,865
More than 5 years	502,351	499,446	493,396
	1,385,711	1,226,047	1,200,808

12 Loans and advances to customers – net (continued)

Concentration of loans and advances:

Loans and advances to customers by industry sector

	31 March 2016 RO'000	31 March 2015 RO'000	31 December 2015 RO'000
Personal and consumer loans	476,237	460,803	466,752
Corporate and commercial			
Import trade	234,782	165,589	165,280
Construction	91,805	82,419	86,934
Manufacturing	293,387	202,323	218,935
Wholesale and retail trade	43,999	41,269	45,217
Export trade	-	6,520	-
Electricity, gas, water, transportation and communication	105,825	100,449	90,854
Services	146,250	194,200	148,316
Mining and quarrying	12,748	24,325	12,528
Others	64,216	48,212	49,248
	993,012	865,306	817,312
Financial institutions	-	16	-
Total gross loans and advances	1,469,249	1,326,125	1,284,064
Provision for loan impairment - specific	(27,395)	(34,829)	(28,380)
Provision for loan impairment - general	(18,422)	(16,601)	(16,435)
Reserved interest	(37,721)	(48,648)	(38,441)
Net loans and advances	1,385,711	1,226,047	1,200,808
Non performing loans	70,455	91,472	71,881

Specific provision for loan impairment and reserved interest represents 92.4% (31 March 2015 – 91.3% and 31 December 2015 – 93%) of gross non-performing loans and advances.

12 Loans and advances to customers (continued)

Provision for loan impairment and reserved interest

The movement on provision for loan impairment for the three months period ended 31 March 2016 is analysed in the table below:

	Specific provision RO'000	General provision RO'000	Total provision RO'000
Balance at 1 January 2016	28,380	16,435	44,815
Provided during the period (note 8)	1,801	1,987	3,788
Provisions released / written back (note 8)	(976)	-	(976)
Written off during the period	(1,810)	-	(1,810)
Balance at 31 March 2016	27,395	18,422	45,817

The movement on provision for loan impairment for the three months period ended 31 March 2015 is analysed in the table below:

	Specific provision RO'000	General provision RO'000	Total Provision RO'000
Balance at 1 January 2015	36,192	15,880	52,072
Currency translation effect on opening balance	(8)	-	(8)
Movement due to sale of India operations	-	(3)	(3)
Provided during the period (note 8)	1,754	724	2,478
Provisions released / written back (note 8)	(1,018)	-	(1,018)
Written off during the period	(2,091)	-	(2,091)
Balance at 31 March 2015	34,829	16,601	51,430

The movement on reserved interest for the period is analysed below:

	31 March 2016 RO'000	31 March 2015 RO'000
Balance at the beginning of the period	38,441	47,774
Currency translation effect on opening balance	-	(1)
Reserved during the period	1,920	2,302
Released to the statement of comprehensive income	(50)	(407)
Written off during the period	(2,590)	(1,020)
Balance at end of the period	37,721	48,648

The estimated fair value of loans and advances is RO 1,360m as of 31 March 2016.

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Notes to the unaudited interim condensed financial statements (continued)

13 Financial investments – classified as available for sale

Financial investments details are provided as follows:

	Fair value 31 March 2016 RO'000	Fair value 31 March 2015 RO'000	Fair value 31 December 2015 RO'000	Carrying value 31 March 2016 RO'000	Carrying value 31 March 2015 RO'000	Carrying value 31 December 2015 RO'000	Cost 31 March 2016 RO'000	Cost 31 March 2015 RO'000	Cost 31 December 2015 RO'000
Marketable securities – MSM									
Finance	1,362	2,409	2,288	1,362	2,409	2,288	1,098	1,911	1,911
Insurance	398	398	398	398	398	398	340	340	340
Services	-	40	-	-	40	-	-	54	-
Government bonds	80,084	44,407	85,424	80,084	44,407	85,424	84,779	43,845	85,036
	81,844	47,254	88,110	81,844	47,254	88,110	86,217	46,150	87,287
Marketable securities – Foreign by Sector									
Foreign shares	-	5,266	-	-	5,266	-	-	2,340	-
	-	5,266	-	-	5,266	-	-	2,340	-
Unquoted and other investments									
Certificates of deposits	-	490,029	-	-	490,029	-	-	490,029	-
Treasury bills	471,275	19,901	540,957	471,275	19,901	540,957	470,769	19,901	540,496
Unquoted Omani shares*	260	1,010	260	260	1,010	260	260	1,010	260
Unquoted foreign shares*	67	67	67	67	67	67	67	67	67
Investment fund units	3,650	4,149	3,526	3,650	4,149	3,526	3,590	3,590	3,590
	475,252	515,156	544,810	475,252	515,156	544,810	474,686	514,597	544,413
Total	557,096	567,676	632,920	557,096	567,676	632,920	560,903	563,087	631,700

*Unquoted Omani shares and unquoted foreign shares are carried at cost.

Notes to the unaudited interim condensed financial statements (continued)

13 Financial investments (continued)

Details of AFS investments are as follows:	31 March 2016 RO'000	31 March 2015 RO'000	31 December 2015 RO'000
Cost of:			
Quoted - Equity and other investments	86,217	48,490	87,287
Unquoted and other investments	474,686	514,597	544,413
	560,903	563,087	631,700
Revaluation (loss) / gain of:			
Quoted equity and other securities	(3,807)	4,589	1,220
	557,096	567,676	632,920

14 Other assets

	31 March 2016 RO'000	31 March 2015 RO'000	31 December 2015 RO'000
Acceptances	24,995	28,157	35,477
Derivatives - positive mark to market	5,678	3,825	3,733
Prepayments and accrued income	1,371	1,819	1,159
Others	1,105	1,884	1,620
	33,149	35,685	41,989

15 Intangible assets

	31 March 2016 RO'000	31 March 2015 RO'000	31 December 2015 RO'000
Core deposits	12,306	12,306	12,306
Customer relationships	3,691	3,691	3,691
	15,997	15,997	15,997
Less: amortised	(8,759)	(6,474)	(8,188)
	7,238	9,523	7,809

16 Property and equipment

RO0.6m of property and equipment were added during the period (31 March 2015: RO0.5m). Property and equipment deleted during the year was nil (31 March 2015 : 0.4m)

17 Deposits from customers

Deposits details are as follows:	31 March 2016 RO'000	31 March 2015 RO'000	31 December 2015 RO'000
Current and call	892,852	1,010,127	965,245
Savings	482,345	471,861	470,161
Time deposits	404,614	458,966	364,589
Others	2,260	4,410	2,343
	1,782,071	1,945,364	1,802,338

Notes to the unaudited interim condensed financial statements (continued)

17 Deposits from customers (continued)

Maturity analysis of customer deposits as per CBO circular BM 955 is as follows:

	31 March 2016 RO'000	31 March 2015 RO'000	31 December 2015 RO'000
0-6 months	641,000	793,882	667,110
6-12 months	247,761	266,514	264,531
1-3 years	343,111	143,496	141,645
3-5 years	153,436	325,936	327,574
Over 5 years	396,763	415,536	401,478
	1,782,071	1,945,364	1,802,338

The interest rate bands of deposits are as follows:

	31 March 2016 RO'000	31 March 2015 RO'000	31 December 2015 RO'000
0-2%	1,588,746	1,761,802	1,614,614
2-4%	193,325	183,551	187,724
6-8%	-	11	-
	1,782,071	1,945,364	1,802,338

18 Other liabilities

	31 March 2016 RO'000	31 March 2015 RO'000	31 December 2015 RO'000
Derivatives – negative mark to market	134	1,111	204
Retirement benefit liability	532	510	636
Acceptances	24,995	28,157	35,477
Provision	334	1,490	535
Accruals and deferred income	2,122	3,400	4,930
Obligation under finance lease	690	891	964
Others	14,803	25,397	7,426
	43,610	60,956	50,172

Notes to the unaudited interim condensed financial statements (continued)

19 Contingent liabilities, commitments and derivatives

	31 March 2016 RO'000	31 March 2015 RO'000	31 December 2015 RO'000
Forward forex contracts outstanding	243,260	242,322	266,857
Interest rate swaps	77,000	91,836	77,000
Undrawn unconditionally cancellable commitments	492,832	515,633	576,767
Undrawn unconditionally non-cancellable commitments	121,169	140,250	204,612
	934,261	990,041	1,125,236

As at 31 March 2016, there were certain legal suits pending against the Bank. Based on the opinion of the Bank's legal counsel, the Bank's management believes that no additional liability is expected to arise from these cases and therefore they do not consider it necessary to make any additional provisions in this regard.

20 Basis of valuation for financial assets and liabilities measured at fair value

	<u>Valuation techniques</u>		Total RO'000
	Quoted market price Level 1 RO'000	Using observable inputs Level 2 RO'000	
At 31 March 2016			
Assets			
Derivatives	-	5,678	5,678
Financial investments: available-for-sale	81,844	474,925	556,769
	81,844	480,603	562,447
Liabilities			
Derivatives	-	134	134
At 31 March 2015			
Assets			
Derivatives	-	3,825	3,825
Financial investments: available-for-sale	52,520	514,079	566,599
	52,520	517,904	570,424
Liabilities			
Derivatives	-	1,111	1,111

Investments carried at cost and derivatives

Fair value is based on quoted market prices at the reporting date without any deduction for transaction costs. If a quoted market price is not available, fair value is estimated using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the reporting date.

Foreign exchange contracts are valued based on market prices. The market value adjustment of foreign exchange contracts are included in the book value of other assets.

There has been no change to the basis of valuation of level 2 financial assets and liabilities disclosed in the latest audited financial statements of the Bank for the year ended 31 December 2015.

Notes to the unaudited interim condensed financial statements (continued)

21 Asset liability mismatch

The asset liability mismatch is based on CBO circular BM 955 and given as follows:

Maturities	31 March 2016			31 March 2015			31 December 2015		
	Assets	Liabilities and equity	Mismatch	Assets	Liabilities and equity	Mismatch	Assets	Liabilities and equity	Mismatch
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
0-6 months	1,071,723	721,800	349,923	1,367,491	889,985	477,506	1,092,553	755,864	336,689
6-12 months	122,182	251,541	(129,359)	39,737	271,110	(231,373)	166,033	278,326	(112,293)
1-3 years	91,805	343,111	(251,306)	120,542	143,514	(22,972)	97,689	141,645	(43,956)
3-5 years	322,435	153,436	168,999	235,577	325,936	(90,359)	295,193	327,574	(32,381)
more than 5 years	554,924	693,181	(138,257)	581,006	713,808	(132,802)	548,474	696,533	(148,059)
	2,163,069	2,163,069	-	2,344,353	2,344,353	-	2,199,942	2,199,942	-

22 Exposure to credit risk

	Loans and advances (As per CBO)			Due from banks			Financial investments		
	31 March 2016	31 March 2015	31 December 2015	31 March 2016	31 March 2015	31 December 2015	31 March 2016	31 March 2015	31 December 2015
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Individually impaired – non performing	70,455	91,472	71,881	-	-	-	-	-	-
Provision for loan impairment specific and reserved interest	(65,116)	(83,477)	(66,821)	-	-	-	-	-	-
Carrying amount of non-performing	5,339	7,995	5,060	-	-	-	-	-	-
Past due and not impaired	19,998	16,137	18,971	-	-	-	-	-	-
Neither past due nor impaired	1,378,796	1,218,516	1,193,212	16,761	202,997	10,271	557,096	567,676	632,920
General provision	(18,422)	(16,601)	(16,435)	-	-	-	-	-	-
Total carrying amount	1,385,711	1,226,047	1,200,808	16,761	202,997	10,271	557,096	567,676	632,920

23 Share capital

The share capital of the Bank is divided into 2,000,312,790 fully paid shares of RO0.100 each (31 March 2015 and 31 December 2015 – 2,000,312,790 shares of RO0.100 each). The authorised share capital of the Bank is 7,500 million shares of RO0.100 each (31 March 2015 and 31 December 2015 – 7,500 million shares of RO 0.100 each).

Major Shareholder

All those shareholders of the Bank who own 10% or more of the Bank's shares in their name, and the number of shares they hold are as follows:

	31 March 2016 Number of shares	31 March 2015 Number of shares	31 December 2015 Number of shares
HSBC Middle East Holdings BV	1,020,159,523	-	1,020,159,523
HSBC Bank Middle East Limited	-	1,020,159,523	-

24 Reserves

(a) Legal reserve

In accordance with the Commercial Companies Law of Oman 1974 as amended, annual appropriations of 10% of the profit for the year are made to the legal reserve until the accumulated balance of the reserve is equal to one-third of the value of the Bank's paid-up share capital. This reserve is not available for distribution.

(b) Foreign exchange reserve

Foreign exchange reserve represents exchange differences arising from the retranslation of opening foreign currency net investments, and exchange differences arising from retranslation of the result for the reporting period from the average rate to the exchange rate prevailing at the period end, recognised in other comprehensive income. Exchange differences on a monetary item that is part of a net investment in a foreign operation are recognised in other comprehensive income. On disposal of a foreign operation, exchange differences relating thereto and previously recognised in other comprehensive income are reclassified to the statement of profit or loss as a reclassification adjustment when the gain or loss on disposal is recognised.

(c) Available-for-sale fair value reserve

Available-for-sale fair value reserve represents fair value changes (net of tax) in available-for-sale financial assets.

25 Related parties and holders of 10% of the Bank's shares

Holders of 10% or more of the Bank's shares may include companies, individuals, or families. Families are included if the shares of the family members total 10% or more of the Bank's shares. Members of the family of an individual are those that may be expected to influence, or be influenced by, that person in their dealings with the Bank.

Related parties also include key management personnel and HSBC Group and related entities. Details are provided separately where amounts relating to an individual director and/or significant shareholder and his/her related parties are greater than 5% of the total of related party loans and advances. Others represent transactions with parties related to more than one director.

Notes to the unaudited interim condensed financial statements (continued)

25 Related parties and holders of 10% of the Bank's shares (continued)

Analysis of the related party transactions with related parties or holders of 10% or more of the Bank's shares, ('significant shareholders') or their family members during the period is as follows:

	Parent entity RO'000	Other related group entities RO'000	Directors RO'000	Others RO'000	Total RO'000
31 March 2016					
Loans and advances	-	-	-	42,755	42,755
Current, deposit and other accounts	-	10,910	88	18,118	29,116
Letters of credit and guarantees	-	88,136	-	9,730	97,866
Due from banks	-	16,547	-	-	16,547
Due to banks	-	10,102	-	-	10,102
For the period ended 31 March 2016					
Net fee (expenses)	-	(14)	-	-	(14)
Other operating expenses	-	(2,588)	(6)	(24)	(2,618)
Purchase of property and equipment	-	-	-	(6)	(6)
	Parent entity RO'000	Other related group entities RO'000	Directors RO'000	Others RO'000	Total RO'000
31 March 2015					
Loans and advances	-	-	-	33,967	33,967
Current, deposit and other accounts	-	6,542	23	15,812	22,377
Letters of credit and guarantees	1,875	59,012	-	8,694	69,581
Due from banks	12,911	21,449	-	-	34,360
Due to banks	4,980	3,314	-	-	8,294
For the period ended 31 March 2015					
Net fee income	-	28	-	-	28
Other operating expenses	-	(2,941)	(7)	(29)	(2,977)

Related party loans and advances bear interest at rates between 1.45% p.a. and 6% p.a. (31 March 2015: between 1.5% p.a. and 8% p.a.). Related party deposits bear interest at rates between 0.25% p.a. and 1.25% p.a. (31 March 2015: between 0.25% p.a. and 1.25% p.a.).

Compensation of key management personnel

	Three months ended 31 March 2016 RO'000	Three months ended 31 March 2015 RO'000
Wages, salaries and other short term benefits	441	492
Post-employment benefits	34	41
	475	533

Notes to the unaudited interim condensed financial statements (continued)

26 Operating segments

The factors used to identify the Bank's reporting segment are discussed in the financial statements for the year ended 31 December 2015.

	31 March 2016				Total RO'000
	CMB RO'000	RBWM RO'000	GB&M RO'000	Unallocated RO'000	
Net interest income					
- External	4,608	7,222	1,179	(21)	12,988
- Internal	171	509	(711)	31	-
	<u>4,779</u>	<u>7,731</u>	<u>468</u>	<u>10</u>	<u>12,988</u>
Net fee income	1,697	1,081	292	(38)	3,032
Net trading income	633	436	1,277	(18)	2,328
Other operating income	49	50	-	37	136
Total operating income	<u>7,158</u>	<u>9,298</u>	<u>2,037</u>	<u>(9)</u>	<u>18,484</u>
Loan impairment (charges) and other credit risk provisions - net of recoveries	(1,006)	(1,265)	-	-	(2,271)
Net operating income	<u>6,152</u>	<u>8,033</u>	<u>2,037</u>	<u>(9)</u>	<u>16,213</u>
Total operating expenses	(3,602)	(8,184)	(450)	61	(12,175)
Profit / (loss) before tax	<u>2,550</u>	<u>(151)</u>	<u>1,587</u>	<u>52</u>	<u>4,038</u>
Reportable segment assets	<u>955,253</u>	<u>464,849</u>	<u>651,379</u>	<u>91,588</u>	<u>2,163,069</u>
Reportable segment liabilities	<u>1,057,305</u>	<u>754,145</u>	<u>19,718</u>	<u>31,980</u>	<u>1,863,148</u>

The main items reported in the unallocated category are cash in hand, fixed assets, other assets and other liabilities

	31 March 2015				Total RO'000
	CMB RO'000	RBWM RO'000	GB&M RO'000	Unallocated RO'000	
Net interest income					
- External	3,969	7,586	526	-	12,081
- Internal	(89)	119	(16)	(14)	-
	<u>3,880</u>	<u>7,705</u>	<u>510</u>	<u>(14)</u>	<u>12,081</u>
Net fees and commission	1,781	1,143	376	-	3,300
Net trading income	482	156	853	83	1,574
Other operating income	722	858	56	50	1,686
Total operating income	<u>6,865</u>	<u>9,862</u>	<u>1,795</u>	<u>119</u>	<u>18,641</u>
Loan impairment (charges) and other credit risk provisions - net of recoveries	(159)	(650)	-	-	(809)
Net operating income	<u>6,706</u>	<u>9,212</u>	<u>1,795</u>	<u>119</u>	<u>17,832</u>
Total operating expenses	(3,944)	(8,791)	(423)	(152)	(13,310)
Profit / (loss) before tax	<u>2,762</u>	<u>421</u>	<u>1,372</u>	<u>(33)</u>	<u>4,522</u>
Reportable segment assets	<u>816,707</u>	<u>450,814</u>	<u>963,191</u>	<u>113,641</u>	<u>2,344,353</u>
Reportable segment liabilities	<u>1,221,901</u>	<u>751,769</u>	<u>25,404</u>	<u>42,927</u>	<u>2,042,001</u>

Notes to the unaudited interim condensed financial statements (continued)

27 Capital adequacy ratio

Capital management is guided by the CBO through circular BM 1009 (Guidelines on BASEL II) and regulatory capital under BASEL III framework. Capital adequacy is calculated on quarterly intervals and reported to the CBO. The banks are required to maintain minimum capital adequacy ratio of 12.625% including capital conservation buffer for 2016 (31 March 2015 and 31 December 2015: 12.625%) in accordance with CBO stipulated guidelines.

	31 March 2016 RO'000	31 March 2015 RO'000	31 December 2015 RO'000
CET 1/Tier 1 capital	289,930	281,124	289,930
Tier 2 capital (T2)	16,682	17,865	16,682
Total regulatory capital	306,612	298,989	306,612
Risk-weighted assets	1,684,188	1,678,268	1,578,818
CET 1 / Tier 1 capital ratio	17.21%	16.75%	18.36%
Total capital ratio	18.21%	17.82%	19.42%

28 Cash and cash equivalents

	31 March 2016 RO'000	31 March 2015 RO'000	31 December 2015 RO'000
<i>Unaudited interim condensed statement of financial position comprises:</i>			
Cash and balances with central banks	133,730	271,743	277,736
Due from banks	16,761	202,997	10,271
Due to banks	(35,066)	(32,763)	(36,211)
	115,425	441,977	251,796
Adjustment for items maturing after three months from date of acquisition and restricted balances	-	(15,886)	-
	115,425	426,091	251,796
<i>Cash and cash equivalent comprise:</i>			
Cash and balances with central banks	133,730	255,857	277,736
Due from banks	16,761	202,997	10,271
Due to banks	(35,066)	(32,763)	(36,211)
Total	115,425	426,091	251,796

28(a) Change in operating assets

	31 March 2016 RO'000	31 March 2015 RO'000
Change in loans and advances to customers-net	(187,174)	(65,585)
Change in other assets	8,840	468
	(178,334)	(65,117)

28(b) Change in operating liabilities

	31 March 2016 RO'000	31 March 2015 RO'000
Change in deposits from customers	(20,267)	100,691
Change other liabilities	(6,184)	13,967
	(26,452)	114,658

Notes to the unaudited interim condensed financial statements (continued)

29 Liquidity coverage ratio (LCR)

Liquidity coverage ratio (LCR) is guided by the CBO through circular BM 1127 (BASEL III : Framework on Liquidity coverage ratio and LCR disclosure standards). Liquidity coverage ratio is calculated on monthly intervals and reported to the CBO. The Banks are required to maintain minimum liquidity coverage ratio of 70% for 2016 (for 31 March 2015 : 60%) in accordance with CBO stipulated guidelines.

Liquidity coverage ratio disclosure for the period ended 31 March 2016:

	31 March 2016		31 March 2015	
	Total Unweighted Value (average*) RO'000	Total Weighted Value (average*) RO'000	Total Unweighted Value (average*) RO'000	Total Weighted Value (average*) RO'000
High quality liquid assets		606,835		745,838
1 Total High quality liquid assets (HQLA)				
Cash outflows				
Retail deposits and deposits from small business				
2 customers, of which:	741,358	56,864	744,195	57,284
3 - Stable deposits	345,437	17,272	342,720	17,136
4 - Less stable deposits	395,921	39,592	401,475	40,148
5 Unsecured wholesale funding, of which:	1,116,813	462,500	1,214,506	509,945
- Operational deposits (all counterparties) and				
6 deposits in networks of cooperative banks	-	-	-	-
7 - Non-operational deposits (all counterparties)	1,116,813	462,500	1,214,506	509,945
8 - Unsecured debt	-	-	-	-
9 Secured wholesale funding	-	-	-	-
10 Additional requirements, of which	137,677	13,551	151,661	15,002
- Outflows related to derivative exposures and				
11 other collateral requirements	-	-	-	-
- Outflows related to loss of funding on debt				
12 products	-	-	-	-
13 - Credit and liquidity facilities	137,677	13,551	151,661	15,002
14 Other contractual funding obligations	-	-	-	-
15 Other contingent funding obligations	993,981	49,699	1,036,868	51,843
16 Total cash outflows (2+5+10+15)		582,614		634,074
Cash inflows				
17 Secured lending (e.g. reverse repos)	-	-	-	-
18 Inflows from fully performing exposures	257,321	174,285	204,478	164,719
19 Other cash inflows	-	-	-	-
20 Total cash inflows (17+18+19)	257,321	174,285	204,478	164,719
21 Total HQLA		606,835		745,838
22 Total net cash outflows (16-20)		408,329		469,355
23 Liquidity coverage ratio (21/22)		152%		159%

*simple average of monthly observations over the last three months (Jan – Mar 2016)

30 Corresponding figures

Certain corresponding figures for 2015 have been reclassified in order to conform to the presentation for the current period. Such reclassifications have not resulted in change in prior period reported profit and equity.