

27 April 2016

HSBC BANK OMAN S.A.O.G. RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2016

HSBC Bank Oman S.A.O.G. ('HBON') announces that at the Board of Directors' (the 'Board') meeting held on Wednesday, 27 April 2016, the Board approved HBON's unaudited financial results for the three months ended 31 March 2016.

- Net profit decreased by 7.9% to RO3.5m (compared to RO3.8m for the same period in 2015) due to prior year one-off gains on the disposal of HBON's operations in India and the sale of other legacy investments not being repeated in 2016.
- Net operating income, before loan impairment charges, marginally decreased by 0.5% to RO18.5m (compared to RO18.6m for the same period in 2015) due to the above reasons.
- Net interest income increased by 7.4% to RO13.0m (compared to RO12.1m for the same period in 2015) due to higher interest income from government securities and corporate customers, 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 (compared to RO3.3m for the same period in 2015) 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 and improved margins.
- Other operating income fell to RO0.02m (compared to RO1.5m for the same period in 2015) due to the gain on the disposal of HBON's India operations of RO0.8m and other legacy investments of RO0.7m being booked in 2015.
- 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) arising from retail-specific provisions of RO1.1m and the corporate general provision of RO1.8m attributed to the growth in corporate loans and advances. These were partly offset by a net recovery of RO0.8m from corporate customers.
- Operating expenses fell 8.3% to RO12.2m (compared to RO13.3m for the same period in 2015) due to tight cost control.
- Loans and advances, net of provisions and reserved interest, grew by 13.0% to RO1,385.7m (compared to RO1,226.0m as at 31 March 2015) on the back of increase in corporate loans and advances. Customer deposits decreased 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 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.

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Notes to editors:

1. HSBC in Oman

HSBC in Oman is represented by HSBC Bank Oman S.A.O.G. which was formed in June 2012 after Oman International Bank S.A.O.G. merged with HSBC Bank Middle East Ltd.'s operations in Oman. HSBC Holdings plc owns 51% of the combined entity through its indirect wholly owned subsidiary HSBC Bank Middle East Ltd. Today, HSBC Bank Oman S.A.O.G. is the second largest local Omani bank in terms of branch network and the largest internationally connected financial institution in the Sultanate.

2. The HSBC Group

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 6,000 offices in 71 countries and territories in Asia, Europe, North and Latin America, and the Middle East and North Africa. With assets of US\$2,410bn at 31 December 2015, HSBC is one of the world's largest banking and financial services organisations.

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