

# **HSBC HOLDINGS PLC**

## **CONSTANT CURRENCY AND UNDERLYING RECONCILIATIONS**

**30 June 2012**

## Constant currency and underlying reconciliations

### **Use of non-GAAP financial measures**

Our reported results are prepared in accordance with IFRSs as detailed in the Financial Statements starting on page 211. When we measure our performance internally we use financial measures such as ‘constant currency’ and ‘underlying performance’ in order to eliminate factors which distort period-on-period comparisons so we can view our results on a more like-for-like basis.

#### **Constant currency**

Constant currency eliminates the period-on-period effects of foreign currency translation differences on performance by comparing reported results for the half-year to 30 June 2012 with reported results for the half-years to 30 June 2011 and 31 December 2011 retranslated at average exchange rates for the half-year to 30 June 2012. Except where stated otherwise, commentaries are on a constant currency basis, as reconciled in the table below.

The foreign currency translation differences reflect the movements of the US dollar against most major currencies during the first half of 2012.

We exclude the translation differences when monitoring progress against operating plans and past results because management believes the like-for-like basis of constant currency financial measures more appropriately reflects changes due to operating performance.

#### **Constant currency**

Constant currency comparatives for the half-year to 30 June 2011 and 31 December 2011 referred to in the commentaries are computed by retranslating into US dollars for non-US dollar branches, subsidiaries, joint ventures and associates:

- the income statements for the half-year to 30 June 2011 and 31 December 2011 at the average rates of exchange for the half-year to 30 June 2012; and
- the balance sheets at 30 June 2011 and 31 December 2011 at the prevailing rates of exchange ruling at 30 June 2012.

No adjustment has been made to the exchange rates used to translate foreign currency denominated assets and liabilities into the functional currencies of any HSBC branches, subsidiaries, joint ventures or associates.

When reference is made to ‘constant currency’ in tables or commentaries, comparative data reported in the functional currencies of HSBC’s operations have been translated at the appropriate exchange rates applied in the current period on the basis described above.

## Constant currency and underlying reconciliations

### Reconciliation of reported and constant currency profit before tax

	Half-year to 30 June 2012 ('1H12') compared with half-year to 30 June 2011 ('1H11')					
	1H11 as reported US\$m	Currency translation <sup>10</sup> US\$m	1H11 at 1H12 exchange rates US\$m	1H12 as reported US\$m	Reported change <sup>11</sup> %	Constant currency change <sup>11</sup> %
<b>HSBC</b>						
Net interest income .....	20,235	(669)	19,566	19,376	(4)	(1)
Net fee income .....	8,807	(265)	8,542	8,307	(6)	(3)
Changes in fair value <sup>12</sup> .....	(143)	–	(143)	(2,170)	(1,417)	(1,417)
Gains on disposal of US branch network and cards business .....	–	–	–	3,809		
Other income <sup>13</sup> .....	6,795	(268)	6,527	7,575	11	16
<b>Net operating income<sup>14</sup> .....</b>	<b>35,694</b>	<b>(1,202)</b>	<b>34,492</b>	<b>36,897</b>	<b>3</b>	<b>7</b>
Loan impairment charges and other credit risk provisions .....	(5,266)	138	(5,128)	(4,799)	9	6
<b>Net operating income .....</b>	<b>30,428</b>	<b>(1,064)</b>	<b>29,364</b>	<b>32,098</b>	<b>5</b>	<b>9</b>
Operating expenses .....	(20,510)	746	(19,764)	(21,204)	(3)	(7)
<b>Operating profit .....</b>	<b>9,918</b>	<b>(318)</b>	<b>9,600</b>	<b>10,894</b>	<b>10</b>	<b>13</b>
Share of profit in associates and joint ventures .....	1,556	40	1,596	1,843	18	15
<b>Profit before tax .....</b>	<b>11,474</b>	<b>(278)</b>	<b>11,196</b>	<b>12,737</b>	<b>11</b>	<b>14</b>
<b>By global business</b>						
Retail Banking and Wealth Management .....	3,126	(55)	3,071	6,410	105	109
Commercial Banking .....	4,189	(105)	4,084	4,429	6	8
Global Banking and Markets .....	4,811	(131)	4,680	5,047	5	8
Global Private Banking .....	552	(5)	547	527	(5)	(4)
Other .....	(1,204)	18	(1,186)	(3,676)	(205)	(210)
Profit before tax .....	11,474	(278)	11,196	12,737	11	14
<b>By geographical region</b>						
Europe .....	2,147	(111)	2,036	(667)		
Hong Kong .....	3,081	9	3,090	3,761	22	22
Rest of Asia-Pacific .....	3,742	(38)	3,704	4,372	17	18
Middle East and North Africa .....	747	(3)	744	772	3	4
North America .....	606	(16)	590	3,354	453	468
Latin America .....	1,151	(119)	1,032	1,145	(1)	11
Profit before tax .....	11,474	(278)	11,196	12,737	11	14

## Constant currency and underlying reconciliations

### Reconciliation of reported and constant currency profit before tax (continued)

	Half-year to 30 June 2012 ('1H12') compared with half-year to 31 December 2011 ('2H11')					
	2H11 as reported US\$m	Currency translation <sup>10</sup> US\$m	2H11 at 1H12 exchange rates US\$m	1H12 as reported US\$m	Reported change <sup>11</sup> %	Constant currency change <sup>11</sup> %
<b>HSBC</b>						
Net interest income .....	20,427	(334)	20,093	19,376	(5)	(4)
Net fee income .....	8,353	(134)	8,219	8,307	(1)	1
Changes in fair value <sup>12</sup> .....	4,076	(38)	4,038	(2,170)		
Gains on disposal of US branch network and cards business .....	–	–	–	3,809		
Other income <sup>13</sup> .....	3,730	(91)	3,639	7,575	103	108
Net operating income <sup>14</sup> .....	36,586	(597)	35,989	36,897	1	3
Loan impairment charges and other credit risk provisions .....	(6,861)	95	(6,766)	(4,799)	30	29
Net operating income .....	29,725	(502)	29,223	32,098	8	10
Operating expenses .....	(21,035)	372	(20,663)	(21,204)	(1)	(3)
Operating profit .....	8,690	(130)	8,560	10,894	25	27
Share of profit in associates and joint ventures .....	1,708	17	1,725	1,843	8	7
Profit before tax .....	10,398	(113)	10,285	12,737	22	24
<b>By global business</b>						
Retail Banking and Wealth Management .....	1,144	(17)	1,127	6,410	460	469
Commercial Banking .....	3,758	(47)	3,711	4,429	18	19
Global Banking and Markets .....	2,238	(29)	2,209	5,047	126	128
Global Private Banking .....	392	(3)	389	527	34	35
Other .....	2,866	(17)	2,849	(3,676)		
Profit before tax .....	10,398	(113)	10,285	12,737	22	24
<b>By geographical region</b>						
Europe .....	2,524	(23)	2,501	(667)		
Hong Kong .....	2,742	9	2,751	3,761	37	37
Rest of Asia-Pacific .....	3,729	(26)	3,703	4,372	17	18
Middle East and North Africa .....	745	(2)	743	772	4	4
North America .....	(506)	(3)	(509)	3,354		
Latin America .....	1,164	(68)	1,096	1,145	(2)	4
Profit before tax .....	10,398	(113)	10,285	12,737	22	24

For footnotes, see page 29.

Additional information is available on the HSBC website [www.hsbc.com](http://www.hsbc.com).

### Underlying performance

Underlying performance:

- eliminates the period-on-period effects of foreign currency translation;
- eliminates the fair value movements on own debt attributable to credit spread ('own credit spread') where the net result of such movements will be zero upon maturity of the debt see footnote 11 on page 29; and

- adjusts for acquisitions, disposals and changes of ownership levels of subsidiaries, associates and businesses (see footnote 15 on page 29).

We use underlying performance when monitoring progress against operating plans and past results because we believe that this basis more appropriately reflects operating performance. We use underlying performance in our commentaries to explain period-on-period changes when the effect of fair value movements on own debt, acquisitions, disposals or dilution is significant.

The following tables reconcile our reported revenue, loan impairment charges, operating expenses and profit before tax for the half-years to

## Constant currency and underlying reconciliations

30 June 2012, 30 June 2011 and 31 December 2011 to an underlying basis. Throughout this *Interim Report* we may reconcile other reported results to underlying results when management believes that doing so results in a more useful discussion of operating performance. Equivalent tables are provided for each of our global businesses and geographical segments in the Form 6-K filed with the Securities and Exchange Commission ('SEC'), which is available on [www.hsbc.com](http://www.hsbc.com).

The following deductions were made from reported results in respect of disposals and dilutions which affected the underlying comparison:

- the dilution gain of US\$181m which arose on our holding in Ping An Insurance (Group) Company of China Limited ('Ping An') following the issue of share capital to a third party in June 2011;
- a loss of US\$48m, being our share of the loss recorded by Ping An on re-measurement of its previously held equity interest in Shenzhen Development Bank ('SDB') when Ping An took control and fully consolidated SDB in July 2011;
- the gain of US\$83m on the sale of HSBC Afore S.A. de C.V. ('HSBC Afore') in August 2011 and the operating results for each of the comparative periods;
- the dilution gain of US\$27m in December 2011 as a result of the merger between HSBC Saudi Arabia Limited and SABB Securities Limited;
- the gain of US\$83m on disposal of HSBC Securities (Canada) Inc's private client services business in January 2012 and the operating results for each of the comparative periods;
- the gain of US\$108m on the sale of our Retail Banking and Wealth Management ('RBWM') operations in Thailand in March 2012;
- the gain of US\$3.1bn on the sale of the US Card and Retail Services business in May 2012 and the operating results for the last two months of each of the comparative periods;
- the gain of US\$661m on the disposal of 138 non-strategic branches in the US in May 2012 and the operating results for the last 43 days of each of the comparative periods;
- the gain of US\$102m on the sale of HSBC Argentina Holdings S.A.'s general insurance manufacturing subsidiary in Argentina in May 2012;
- the gain of US\$67m on the sale of our private banking business in Japan in June 2012 and the operating results for the last month of each of the comparative periods; and
- the gain of US\$130m on the sale of our shareholding in a property company in the Philippines in June 2012.

### Reconciliation of reported and underlying revenue<sup>14</sup>

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported revenue .....	36,897	35,694	3	36,897	36,586	1
Constant currency .....		(1,202)			(559)	
Own credit spread .....	2,170	143		2,170	(4,076)	
Acquisitions, disposals and dilutions ...	(4,299)	(1,220)		(4,299)	(1,095)	
Underlying revenue .....	<b>34,768</b>	<b>33,415</b>	<b>4</b>	<b>34,768</b>	<b>30,856</b>	<b>13</b>

For footnote, see page 29.

### Reconciliation of reported and underlying loan impairment charges and other credit risk provisions ('LIC's')

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported LICs .....	(4,799)	(5,266)	9	(4,799)	(6,861)	30
Constant currency .....		138			95	
Acquisitions, disposals and dilutions ...	–	369		–	304	
Underlying LICs .....	<b>(4,799)</b>	<b>(4,759)</b>	<b>(1)</b>	<b>(4,799)</b>	<b>(6,462)</b>	<b>26</b>

## Constant currency and underlying reconciliations

### Reconciliation of reported and underlying operating expenses

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported operating expenses .....	(21,204)	(20,510)	(3)	(21,204)	(21,035)	(1)
Constant currency .....		746			372	
Acquisitions, disposals and dilutions ...	–	480		–	302	
Underlying operating expenses .....	<b>(21,204)</b>	<b>(19,284)</b>	<b>(10)</b>	<b>(21,204)</b>	<b>(20,361)</b>	<b>(4)</b>
Underlying cost efficiency ratio .....	<b>61.0%</b>	57.7%		<b>61.0%</b>	66.0%	

### Reconciliation of reported and underlying profit before tax

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported profit before tax .....	12,737	11,474	11	12,737	10,398	22
Constant currency .....		(278)			(75)	
Own credit spread .....	2,170	143		2,170	(4,076)	
Acquisitions, disposals and dilutions ...	(4,299)	(371)		(4,299)	(441)	
Underlying profit before tax .....	<b>10,608</b>	<b>10,968</b>	<b>(3)</b>	<b>10,608</b>	<b>5,806</b>	<b>83</b>
<b>By global business<sup>16</sup></b>						
Retail Banking and Wealth						
Management .....	2,573	2,886	(11)	2,573	657	292
Commercial Banking .....	4,182	4,080	3	4,182	3,708	13
Global Banking and Markets .....	5,029	4,680	7	5,029	2,209	128
Global Private Banking .....	460	546	(16)	460	400	15
Other .....	(1,636)	(1,224)	(34)	(1,636)	(1,168)	(40)
Underlying profit before tax .....	<b>10,608</b>	<b>10,968</b>	<b>(3)</b>	<b>10,608</b>	<b>5,806</b>	<b>83</b>
<b>By geographical region<sup>17</sup></b>						
Europe .....	938	2,107	(55)	938	(480)	
Hong Kong .....	3,761	3,090	22	3,761	2,751	37
Rest of Asia-Pacific .....	4,069	3,524	15	4,069	3,758	8
Middle East and North Africa .....	776	748	4	776	698	11
North America .....	21	483	(96)	21	(1,930)	
Latin America .....	1,043	1,016	3	1,043	1,009	3
Underlying profit before tax .....	<b>10,608</b>	<b>10,968</b>	<b>(3)</b>	<b>10,608</b>	<b>5,806</b>	<b>83</b>

For footnotes, see page 29.

## Constant currency and underlying reconciliations

### Global businesses

#### Retail Banking and Wealth Management

30 June 2012 compared with 30 June 2011

	Half-year to 30 June 2012 ('1H12') compared with half-year to 30 June 2011 ('1H11')					
	1H11 as reported US\$m	Currency Translation <sup>10</sup> US\$m	1H11 at 1H12 exchange rates US\$m	1H12 as reported US\$m	Reported change <sup>11</sup> %	Constant currency change <sup>11</sup> %
Net interest income .....	12,086	(390)	11,696	10,774	(11)	(8)
Net fee income .....	4,212	(121)	4,091	3,760	(11)	(8)
Gains on disposal of US branch network and cards business .....	–	–	–	3,597		
Other income <sup>13</sup> .....	1,274	(62)	1,212	1,184	(7)	(2)
<b>Net operating income<sup>14</sup> .....</b>	<b>17,572</b>	<b>(573)</b>	<b>16,999</b>	<b>19,315</b>	<b>10</b>	<b>14</b>
Loan impairment charges and other credit risk provisions .....	(4,270)	92	(4,178)	(3,273)	23	22
<b>Net operating income .....</b>	<b>13,302</b>	<b>(481)</b>	<b>12,821</b>	<b>16,042</b>	<b>21</b>	<b>25</b>
Operating expenses .....	(10,746)	407	(10,339)	(10,218)	5	1
<b>Operating profit .....</b>	<b>2,556</b>	<b>(74)</b>	<b>2,482</b>	<b>5,824</b>	<b>128</b>	<b>135</b>
Share of profit in associates and joint ventures .....	570	19	589	586	3	(1)
<b>Profit before tax .....</b>	<b>3,126</b>	<b>(55)</b>	<b>3,071</b>	<b>6,410</b>	<b>105</b>	<b>109</b>

30 June 2012 compared with 31 December 2011

	Half-year to 30 June 2012 ('1H12') compared with half-year to 31 December 2011 ('2H11')					
	2H11 as reported US\$m	Currency Translation <sup>10</sup> US\$m	2H11 at 1H12 exchange rates US\$m	1H12 as reported US\$m	Reported change <sup>11</sup> %	Constant currency change <sup>11</sup> %
Net interest income .....	12,015	(204)	11,811	10,774	(10)	(9)
Net fee income .....	4,014	(53)	3,961	3,760	(6)	(5)
Gains on disposal of US branch network and cards business .....	–	–	–	3,597		
Other income <sup>13</sup> .....	(68)	(25)	(93)	1,184		
<b>Net operating income<sup>14</sup> .....</b>	<b>15,961</b>	<b>(282)</b>	<b>15,679</b>	<b>19,315</b>	<b>21</b>	<b>23</b>
Loan impairment charges and other credit risk provisions .....	(5,049)	50	(4,999)	(3,273)	35	35
<b>Net operating income .....</b>	<b>10,912</b>	<b>(232)</b>	<b>10,680</b>	<b>16,042</b>	<b>47</b>	<b>50</b>
Operating expenses .....	(10,456)	207	(10,249)	(10,218)	2	–
<b>Operating profit .....</b>	<b>456</b>	<b>(25)</b>	<b>431</b>	<b>5,824</b>		
Share of profit in associates and joint ventures .....	688	8	696	586	(15)	(16)
<b>Profit before tax .....</b>	<b>1,144</b>	<b>(17)</b>	<b>1,127</b>	<b>6,410</b>	<b>460</b>	<b>469</b>

For footnotes, see page 29.

## Constant currency and underlying reconciliations

### Reconciliation of reported and underlying revenue<sup>15</sup>

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported revenue .....	19,315	17,572	10	19,315	15,961	21
Constant currency .....		(573)			(282)	
Acquisitions, disposals and dilutions ...	(3,837)	(1,029)		(3,837)	(1,060)	
Underlying revenue .....	15,478	15,970	(3)	15,478	14,619	6

### Reconciliation of reported and underlying loan impairment charges and other credit risk provisions ('LIC's')

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported LICs .....	(3,273)	(4,270)	23	(3,273)	(5,049)	35
Constant currency .....		92			50	
Acquisitions, disposals and dilutions ...	–	370		–	304	
Underlying LICs .....	(3,273)	(3,808)	14	(3,273)	(4,695)	30

### Reconciliation of reported and underlying operating expenses

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported operating expenses .....	(10,218)	(10,746)	5	(10,218)	(10,456)	2
Constant currency .....		407			207	
Acquisitions, disposals and dilutions ...	–	474		–	286	
Underlying operating expenses .....	(10,218)	(9,865)	(4)	(10,218)	(9,963)	(3)
Underlying cost efficiency ratio .....	66.0%	61.8%		66.0%	68.2%	

### Reconciliation of reported and underlying profit before tax

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported profit before tax .....	6,410	3,126	105	6,410	1,144	460
Constant currency .....		(55)			(17)	
Acquisitions, disposals and dilutions ...	(3,837)	(185)		(3,837)	(470)	
Underlying profit before tax .....	2,573	2,886	(11)	2,573	657	292

### Reconciliation of reported and underlying average risk-weighted assets

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Average reported RWAs .....	331,865	357,809	(7)	331,865	357,353	(7)
Constant currency .....		(3,925)			(1,340)	
Acquisitions, disposals and dilutions ...		(17,561)			(17,360)	
Average underlying RWAs .....	331,865	336,323	(1)	331,865	338,653	(2)



## Constant currency and underlying reconciliations

### Retail Banking and Wealth Management – HSBC Finance

Reconciliation of reported and underlying revenue<sup>15</sup>

	Half-year to					
	30 June 2012	30 June 2011	Change %	30 June 2012	31 December 2011	Change %
	US\$m	US\$m		US\$m	US\$m	
Reported revenue .....	5,936	4,198	41	5,936	3,012	97
Acquisitions, disposals and dilutions ...	(3,148)	(914)		(3,148)	(904)	
Underlying revenue .....	<b>2,788</b>	<b>3,284</b>	(15)	<b>2,788</b>	<b>2,108</b>	32

Reconciliation of reported and underlying profit before tax

	Half-year to					
	30 June 2012	30 June 2011	Change %	30 June 2012	31 December 2011	Change %
	US\$m	US\$m		US\$m	US\$m	
Reported profit before tax .....	2,991	(353)		2,991	(2,028)	
Acquisitions, disposals and dilutions ...	(3,148)	(154)		(3,148)	(385)	
Underlying profit before tax .....	<b>(157)</b>	<b>(507)</b>	69	<b>(157)</b>	<b>(2,413)</b>	93

## Constant currency and underlying reconciliations

### Commercial Banking

30 June 2012 compared with 30 June 2011

	Half-year to 30 June 2012 ('1H12') compared with half-year to 30 June 2011 ('1H11')					
	1H11 as reported US\$m	Currency translation <sup>10</sup> US\$m	1H11 at 1H12 exchange rates US\$m	1H12 as reported US\$m	Reported change <sup>11</sup> %	Constant currency change <sup>11</sup> %
Net interest income .....	4,814	(212)	4,602	5,144	7	12
Net fee income .....	2,131	(76)	2,055	2,224	4	8
Gains on disposal of US branch network .....	–	–	–	212		
Other income <sup>13</sup> .....	735	(26)	709	673	(8)	(5)
<b>Net operating income<sup>14</sup> .....</b>	<b>7,680</b>	<b>(314)</b>	<b>7,366</b>	<b>8,253</b>	<b>7</b>	<b>12</b>
Loan impairment charges and other credit risk provisions .....	(642)	33	(609)	(924)	(44)	(52)
<b>Net operating income .....</b>	<b>7,038</b>	<b>(281)</b>	<b>6,757</b>	<b>7,329</b>	<b>4</b>	<b>8</b>
Operating expenses .....	(3,465)	160	(3,305)	(3,736)	(8)	(13)
<b>Operating profit .....</b>	<b>3,573</b>	<b>(121)</b>	<b>3,452</b>	<b>3,593</b>	<b>1</b>	<b>4</b>
Share of profit in associates and joint ventures .....	616	16	632	836	36	32
<b>Profit before tax .....</b>	<b>4,189</b>	<b>(105)</b>	<b>4,084</b>	<b>4,429</b>	<b>6</b>	<b>8</b>

30 June 2012 compared with 31 December 2011

	Half-year to 30 June 2012 ('1H12') compared with half-year to 31 December 2011 ('2H11')					
	2H11 as reported US\$m	Currency translation <sup>10</sup> US\$m	2H11 at 1H12 exchange rates US\$m	1H12 as reported US\$m	Reported change <sup>11</sup> %	Constant currency change <sup>11</sup> %
Net interest income .....	5,117	(112)	5,005	5,144	1	3
Net fee income .....	2,160	(43)	2,117	2,224	3	5
Gains on disposal of US branch network .....	–	–	–	212		
Other income <sup>13</sup> .....	654	(19)	635	673	3	6
<b>Net operating income<sup>14</sup> .....</b>	<b>7,931</b>	<b>(174)</b>	<b>7,757</b>	<b>8,253</b>	<b>4</b>	<b>6</b>
Loan impairment charges and other credit risk provisions .....	(1,096)	34	(1,062)	(924)	16	13
<b>Net operating income .....</b>	<b>6,835</b>	<b>(140)</b>	<b>6,695</b>	<b>7,329</b>	<b>7</b>	<b>9</b>
Operating expenses .....	(3,756)	87	(3,669)	(3,736)	1	(2)
<b>Operating profit .....</b>	<b>3,079</b>	<b>(53)</b>	<b>3,026</b>	<b>3,593</b>	<b>17</b>	<b>19</b>
Share of profit in associates and joint ventures .....	679	6	685	836	23	22
<b>Profit before tax .....</b>	<b>3,758</b>	<b>(47)</b>	<b>3,711</b>	<b>4,429</b>	<b>18</b>	<b>19</b>

For footnotes, see page 29.

## Constant currency and underlying reconciliations

### Reconciliation of reported and underlying revenue<sup>15</sup>

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported revenue .....	8,253	7,680	7	8,253	7,931	4
Constant currency .....		(314)			(174)	
Acquisitions, disposals and dilutions ...	(247)	(7)		(247)	(6)	
Underlying revenue .....	<b>8,006</b>	<b>7,359</b>	<b>9</b>	<b>8,006</b>	<b>7,751</b>	<b>3</b>

### Reconciliation of reported and underlying loan impairment charges and other credit risk provisions ('LIC's)

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported LICs .....	(924)	(642)	(44)	(924)	(1,096)	16
Constant currency .....		33			34	
Acquisitions, disposals and dilutions ...	–	(1)		–	–	
Underlying LICs .....	<b>(924)</b>	<b>(610)</b>	<b>(51)</b>	<b>(924)</b>	<b>(1,062)</b>	<b>13</b>

### Reconciliation of reported and underlying operating expenses

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported operating expenses .....	(3,736)	(3,465)	(8)	(3,736)	(3,756)	1
Constant currency .....		160			87	
Acquisitions, disposals and dilutions ...	–	4		–	3	
Underlying operating expenses .....	<b>(3,736)</b>	<b>(3,301)</b>	<b>(13)</b>	<b>(3,736)</b>	<b>(3,666)</b>	<b>(2)</b>
Underlying cost efficiency ratio .....	<b>46.7%</b>	<b>44.9%</b>		<b>46.7%</b>	<b>47.3%</b>	

### Reconciliation of reported and underlying profit before tax

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported profit before tax .....	4,429	4,189	6	4,429	3,758	18
Constant currency .....		(105)			(47)	
Acquisitions, disposals and dilutions ...	(247)	(4)		(247)	(3)	
Underlying profit before tax .....	<b>4,182</b>	<b>4,080</b>	<b>3</b>	<b>4,182</b>	<b>3,708</b>	<b>13</b>

## Constant currency and underlying reconciliations

### Global Banking and Markets

30 June 2012 compared with 30 June 2011

	Half-year to 30 June 2012 ('1H12') compared with half-year to 30 June 2011 ('1H11')					
	1H11 as reported US\$m	Currency translation <sup>10</sup> US\$m	1H11 at 1H12 exchange rates US\$m	1H12 as reported US\$m	Reported change <sup>11</sup> %	Constant currency change <sup>11</sup> %
Net interest income .....	3,603	(117)	3,486	3,625	1	4
Net fee income .....	1,730	(56)	1,674	1,598	(8)	(5)
Other income <sup>13</sup> .....	4,356	(113)	4,243	5,112	17	20
<b>Net operating income<sup>14</sup> .....</b>	<b>9,689</b>	<b>(286)</b>	<b>9,403</b>	<b>10,335</b>	<b>7</b>	<b>10</b>
Loan impairment charges and other credit risk provisions .....	(334)	14	(320)	(598)	(79)	(87)
<b>Net operating income .....</b>	<b>9,355</b>	<b>(272)</b>	<b>9,083</b>	<b>9,737</b>	<b>4</b>	<b>7</b>
Operating expenses .....	(4,860)	133	(4,727)	(5,073)	(4)	(7)
<b>Operating profit .....</b>	<b>4,495</b>	<b>(139)</b>	<b>4,356</b>	<b>4,664</b>	<b>4</b>	<b>7</b>
Share of profit in associates and joint ventures .....	316	8	324	383	21	18
<b>Profit before tax .....</b>	<b>4,811</b>	<b>(131)</b>	<b>4,680</b>	<b>5,047</b>	<b>5</b>	<b>8</b>

30 June 2012 compared with 31 December 2011

	Half-year to 30 June 2012 ('1H12') compared with half-year to 31 December 2011 ('2H11')					
	2H11 as reported US\$m	Currency translation <sup>10</sup> US\$m	2H11 at 1H12 exchange rates US\$m	1H12 as reported US\$m	Reported change <sup>11</sup> %	Constant currency change <sup>11</sup> %
Net interest income .....	3,660	(58)	3,602	3,625	(1)	1
Net fee income .....	1,497	(27)	1,470	1,598	7	9
Other income <sup>13</sup> .....	2,211	(20)	2,191	5,112	131	133
<b>Net operating income<sup>14</sup> .....</b>	<b>7,368</b>	<b>(105)</b>	<b>7,263</b>	<b>10,335</b>	<b>40</b>	<b>42</b>
Loan impairment charges and other credit risk provisions .....	(650)	6	(644)	(598)	8	7
<b>Net operating income .....</b>	<b>6,718</b>	<b>(99)</b>	<b>6,619</b>	<b>9,737</b>	<b>45</b>	<b>47</b>
Operating expenses .....	(4,862)	68	(4,794)	(5,073)	(4)	(6)
<b>Operating profit .....</b>	<b>1,856</b>	<b>(31)</b>	<b>1,825</b>	<b>4,664</b>	<b>151</b>	<b>156</b>
Share of profit in associates and joint ventures .....	382	2	384	383	–	–
<b>Profit before tax .....</b>	<b>2,238</b>	<b>(29)</b>	<b>2,209</b>	<b>5,047</b>	<b>126</b>	<b>128</b>

For footnotes, see page 29.

## Constant currency and underlying reconciliations

### Reconciliation of reported and underlying revenue<sup>15</sup>

	Half-year to					
	<b>30 June 2012</b> US\$m	30 June 2011 US\$m	Change %	<b>30 June 2012</b> US\$m	31 December 2011 US\$m	Change %
Reported revenue .....	<b>10,335</b>	9,689	7	<b>10,335</b>	7,368	40
Constant currency .....		(286)			(105)	
Acquisitions, disposals and dilutions ...	<b>(18)</b>	-		<b>(18)</b>	-	
Underlying revenue .....	<b>10,317</b>	9,403	10	<b>10,317</b>	7,263	42

### Reconciliation of reported and underlying loan impairment charges and other credit risk provisions ('LIC's')

	Half-year to					
	<b>30 June 2012</b> US\$m	30 June 2011 US\$m	Change %	<b>30 June 2012</b> US\$m	31 December 2011 US\$m	Change %
Reported LICs .....	<b>(598)</b>	(334)	(79)	<b>(598)</b>	(650)	8
Constant currency .....		14			6	
Acquisitions, disposals and dilutions ...	-	-		-	-	
Underlying LICs .....	<b>(598)</b>	(320)	(87)	<b>(598)</b>	(644)	7

### Reconciliation of reported and underlying operating expenses

	Half-year to					
	<b>30 June 2012</b> US\$m	30 June 2011 US\$m	Change %	<b>30 June 2012</b> US\$m	31 December 2011 US\$m	Change %
Reported operating expenses .....	<b>(5,073)</b>	(4,860)	(4)	<b>(5,073)</b>	(4,862)	(4)
Constant currency .....		133			68	
Acquisitions, disposals and dilutions ...	-	-		-	-	
Underlying operating expenses .....	<b>(5,073)</b>	(4,727)	(7)	<b>(5,073)</b>	(4,794)	(6)
Underlying cost efficiency ratio .....	<b>49.2%</b>	50.3%		<b>49.2%</b>	66.0%	

### Reconciliation of reported and underlying profit before tax

	Half-year to					
	<b>30 June 2012</b> US\$m	30 June 2011 US\$m	Change %	<b>30 June 2012</b> US\$m	31 December 2011 US\$m	Change %
Reported profit before tax .....	<b>5,047</b>	4,811	5	<b>5,047</b>	2,238	126
Constant currency .....		(131)			(29)	
Acquisitions, disposals and dilutions ...	<b>(18)</b>	-		<b>(18)</b>	-	
Underlying profit before tax .....	<b>5,029</b>	4,680	7	<b>5,029</b>	2,209	128

## Constant currency and underlying reconciliations

### Global Private Banking

30 June 2012 compared with 30 June 2011

	Half-year to 30 June 2012 ('1H12') compared with half-year to 30 June 2011 ('1H11')					
	1H11 as reported US\$m	Currency translation <sup>10</sup> US\$m	1H11 at 1H12 exchange rates US\$m	1H12 as reported US\$m	Reported change <sup>11</sup> %	Constant currency change <sup>11</sup> %
Net interest income .....	729	(7)	722	672	(8)	(7)
Net fee income .....	731	(11)	720	625	(15)	(13)
Other income <sup>13</sup> .....	229	(1)	228	344	50	51
<b>Net operating income<sup>14</sup></b> .....	<b>1,689</b>	<b>(19)</b>	<b>1,670</b>	<b>1,641</b>	<b>(3)</b>	<b>(2)</b>
Loan impairment charges and other credit risk provisions .....	(22)	1	(21)	(4)	82	81
<b>Net operating income</b> .....	<b>1,667</b>	<b>(18)</b>	<b>1,649</b>	<b>1,637</b>	<b>(2)</b>	<b>(1)</b>
Operating expenses .....	(1,117)	13	(1,104)	(1,113)	–	(1)
<b>Operating profit</b> .....	<b>550</b>	<b>(5)</b>	<b>545</b>	<b>524</b>	<b>(5)</b>	<b>(4)</b>
Share of profit in associates and joint ventures .....	2	–	2	3	50	50
<b>Profit before tax</b> .....	<b>552</b>	<b>(5)</b>	<b>547</b>	<b>527</b>	<b>(5)</b>	<b>(4)</b>

30 June 2012 compared with 31 December 2011

	Half-year to 30 June 2012 ('1H12') compared with half-year to 31 December 2011 ('2H11')					
	2H11 as reported US\$m	Currency translation <sup>10</sup> US\$m	2H11 at 1H12 exchange rates US\$m	1H12 as reported US\$m	Reported change <sup>11</sup> %	Constant currency change <sup>11</sup> %
Net interest income .....	710	(5)	705	672	(5)	(5)
Net fee income .....	651	(6)	645	625	(4)	(3)
Other income <sup>13</sup> .....	242	(3)	239	344	42	44
<b>Net operating income<sup>14</sup></b> .....	<b>1,603</b>	<b>(14)</b>	<b>1,589</b>	<b>1,641</b>	<b>2</b>	<b>3</b>
Loan impairment charges and other credit risk provisions .....	(64)	–	(64)	(4)	94	94
<b>Net operating income</b> .....	<b>1,539</b>	<b>(14)</b>	<b>1,525</b>	<b>1,637</b>	<b>6</b>	<b>7</b>
Operating expenses .....	(1,149)	11	(1,138)	(1,113)	3	2
<b>Operating profit</b> .....	<b>390</b>	<b>(3)</b>	<b>387</b>	<b>524</b>	<b>34</b>	<b>35</b>
Share of profit in associates and joint ventures .....	2	–	2	3	50	50
<b>Profit before tax</b> .....	<b>392</b>	<b>(3)</b>	<b>389</b>	<b>527</b>	<b>34</b>	<b>35</b>

For footnotes, see page 29.

## Constant currency and underlying reconciliations

### Reconciliation of reported and underlying revenue<sup>15</sup>

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported revenue .....	1,641	1,689	(3)	1,641	1,603	2
Constant currency .....		(19)			(14)	
Acquisitions, disposals and dilutions ...	(67)	(3)		(67)	(2)	
Underlying revenue .....	<b>1,574</b>	<b>1,667</b>	<b>(6)</b>	<b>1,574</b>	<b>1,587</b>	<b>(1)</b>

### Reconciliation of reported and underlying loan impairment charges and other credit risk provisions ('LIC's)

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported LICs .....	(4)	(22)	82	(4)	(64)	94
Constant currency .....		1			-	
Acquisitions, disposals and dilutions ...	-	-		-	-	
Underlying LICs .....	<b>(4)</b>	<b>(21)</b>	<b>81</b>	<b>(4)</b>	<b>(64)</b>	<b>94</b>

### Reconciliation of reported and underlying operating expenses

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported operating expenses .....	(1,113)	(1,117)	-	(1,113)	(1,149)	3
Constant currency .....		13			11	
Acquisitions, disposals and dilutions ...	-	2		-	13	
Underlying operating expenses .....	<b>(1,113)</b>	<b>(1,102)</b>	<b>(1)</b>	<b>(1,113)</b>	<b>(1,125)</b>	<b>1</b>
Underlying cost efficiency ratio .....	<b>70.7%</b>	<b>66.1%</b>		<b>70.7%</b>	<b>70.9%</b>	

### Reconciliation of reported and underlying profit before tax

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported profit before tax .....	527	552	(5)	527	392	34
Constant currency .....		(5)			(3)	
Acquisitions, disposals and dilutions ...	(67)	(1)		(67)	11	
Underlying profit before tax .....	<b>460</b>	<b>546</b>	<b>(16)</b>	<b>460</b>	<b>400</b>	<b>15</b>

## Constant currency and underlying reconciliations

### Other

30 June 2012 compared with 30 June 2011

	Half-year to 30 June 2012 ('1H12') compared with half-year to 30 June 2011 ('1H11')					
	1H11 as reported US\$m	Currency translation <sup>10</sup> US\$m	1H11 at 1H12 exchange rates US\$m	1H12 as reported US\$m	Reported change <sup>11</sup> %	Constant currency change <sup>11</sup> %
Net interest expense .....	(481)	16	(465)	(464)	(4)	–
Net fee income .....	3	(1)	2	100	3,233	4,900
Changes in fair value <sup>12</sup> .....	(143)	–	(143)	(2,170)		
Other income <sup>13</sup> .....	2,649	(74)	2,575	2,872	8	12
<b>Net operating income<sup>14</sup> .....</b>	<b>2,028</b>	<b>(59)</b>	<b>1,969</b>	<b>338</b>	<b>(83)</b>	<b>(83)</b>
Loan impairment (charges)/recoveries and other credit risk provisions .....	2	(2)	–	–	(100)	–
<b>Net operating income .....</b>	<b>2,030</b>	<b>(61)</b>	<b>1,969</b>	<b>338</b>	<b>(83)</b>	<b>(83)</b>
Operating expenses .....	(3,286)	82	(3,204)	(4,049)	(23)	(26)
<b>Operating loss .....</b>	<b>(1,256)</b>	<b>21</b>	<b>(1,235)</b>	<b>(3,711)</b>	<b>(195)</b>	<b>(200)</b>
Share of profit in associates and joint ventures .....	52	(3)	49	35	(33)	(29)
<b>Loss before tax .....</b>	<b>(1,204)</b>	<b>18</b>	<b>(1,186)</b>	<b>(3,676)</b>	<b>(205)</b>	<b>(210)</b>

30 June 2012 compared with 31 December 2011

	Half-year to 30 June 2012 ('1H12') compared with half-year to 31 December 2011 ('2H11')					
	2H11 as reported US\$m	Currency Translation <sup>10</sup> US\$m	2H11 at 1H12 exchange rates US\$m	1H12 as reported US\$m	Reported change <sup>11</sup> %	Constant currency change <sup>11</sup> %
Net interest expense .....	(430)	12	(418)	(464)	8	11
Net fee income .....	31	(5)	26	100	223	285
Changes in fair value <sup>12</sup> .....	4,076	(38)	4,038	(2,170)		
Other income <sup>13</sup> .....	3,440	(19)	3,421	2,872	(17)	(16)
<b>Net operating income<sup>14</sup> .....</b>	<b>7,117</b>	<b>(50)</b>	<b>7,067</b>	<b>338</b>	<b>(95)</b>	<b>(95)</b>
Loan impairment (charges)/recoveries and other credit risk provisions .....	(2)	5	3	–	100	(100)
<b>Net operating income .....</b>	<b>7,115</b>	<b>(45)</b>	<b>7,070</b>	<b>338</b>	<b>(95)</b>	<b>(95)</b>
Operating expenses .....	(4,206)	27	(4,179)	(4,049)	4	3
<b>Operating profit/(loss) .....</b>	<b>2,909</b>	<b>(18)</b>	<b>2,891</b>	<b>(3,711)</b>		
Share of profit/(loss) in associates and joint ventures .....	(43)	1	(42)	35		
<b>Profit/(loss) before tax .....</b>	<b>2,866</b>	<b>(17)</b>	<b>2,849</b>	<b>(3,676)</b>		

For footnotes, see page 29.



## Constant currency and underlying reconciliations

### Reconciliation of reported and underlying revenue<sup>15</sup>

	Half-year to					
	<b>30 June 2012</b> US\$m	30 June 2011 US\$m	Change %	<b>30 June 2012</b> US\$m	31 December 2011 US\$m	Change %
Reported revenue .....	<b>338</b>	2,028	(83)	<b>338</b>	7,117	(95)
Constant currency .....		(59)			(12)	
Own credit spread .....	<b>2,170</b>	143		<b>2,170</b>	(4,076)	
Acquisitions, disposals and dilutions ...	<b>(130)</b>	(181)		<b>(130)</b>	(27)	
Underlying revenue .....	<b>2,378</b>	1,931	23	<b>2,378</b>	3,002	(21)

### Reconciliation of reported and underlying loan impairment charges and other credit risk provisions ('LIC's)

	Half-year to					
	<b>30 June 2012</b> US\$m	30 June 2011 US\$m	Change %	<b>30 June 2012</b> US\$m	31 December 2011 US\$m	Change %
Reported LICs .....	–	2	(100)	–	(2)	100
Constant currency .....		(2)			5	
Acquisitions, disposals and dilutions ...	–	–		–	–	
Underlying LICs .....	–	–		–	3	(100)

### Reconciliation of reported and underlying operating expenses

	Half-year to					
	<b>30 June 2012</b> US\$m	30 June 2011 US\$m	Change %	<b>30 June 2012</b> US\$m	31 December 2011 US\$m	Change %
Reported operating expenses .....	<b>(4,049)</b>	(3,286)	(23)	<b>(4,049)</b>	(4,206)	4
Constant currency .....		82			27	
Acquisitions, disposals and dilutions ...	–	–		–	–	
Underlying operating expenses .....	<b>(4,049)</b>	(3,204)	(26)	<b>(4,049)</b>	(4,179)	3
Underlying cost efficiency ratio .....	<b>170.3%</b>	165.9%		<b>170.3%</b>	139.2%	

### Reconciliation of reported and underlying profit before tax

	Half-year to					
	<b>30 June 2012</b> US\$m	30 June 2011 US\$m	Change %	<b>30 June 2012</b> US\$m	31 December 2011 US\$m	Change %
Reported profit before tax .....	<b>(3,676)</b>	(1,204)	(205)	<b>(3,676)</b>	2,866	
Constant currency .....		18			21	
Own credit spread .....	<b>2,170</b>	143		<b>2,170</b>	(4,076)	
Acquisitions, disposals and dilutions ...	<b>(130)</b>	(181)		<b>(130)</b>	21	
Underlying profit before tax .....	<b>(1,636)</b>	(1,224)	(34)	<b>(1,636)</b>	(1,168)	(40)

## Constant currency and underlying reconciliations

### Geographical regions

#### Europe

30 June 2012 compared with 30 June 2011

	Half-year to 30 June 2012 ('1H12') compared with half-year to 30 June 2011 ('1H11')					
	1H11 as reported US\$m	Currency translation <sup>10</sup> US\$m	1H11 at 1H12 exchange rates US\$m	1H12 as reported US\$m	Reported change <sup>11</sup> %	Constant currency change <sup>11</sup> %
Net interest income .....	5,566	(230)	5,336	5,073	(9)	(5)
Net fee income .....	3,131	(136)	2,995	3,023	(3)	1
Changes in fair value <sup>12</sup> .....	(71)	–	(71)	(1,605)	(2,161)	(2,161)
Other income <sup>13</sup> .....	2,714	(75)	2,639	3,176	17	20
<b>Net operating income<sup>14</sup> .....</b>	<b>11,340</b>	<b>(441)</b>	<b>10,899</b>	<b>9,667</b>	<b>(15)</b>	<b>(11)</b>
Loan impairment charges and other credit risk provisions .....	(1,173)	38	(1,135)	(1,037)	12	9
<b>Net operating income .....</b>	<b>10,167</b>	<b>(403)</b>	<b>9,764</b>	<b>8,630</b>	<b>(15)</b>	<b>(12)</b>
Operating expenses .....	(8,014)	300	(7,714)	(9,289)	(16)	(20)
<b>Operating profit/(loss) .....</b>	<b>2,153</b>	<b>(103)</b>	<b>2,050</b>	<b>(659)</b>		
Share of loss in associates and joint ventures .....	(6)	(8)	(14)	(8)	(33)	43
<b>Profit/(loss) before tax .....</b>	<b>2,147</b>	<b>(111)</b>	<b>2,036</b>	<b>(667)</b>		

30 June 2012 compared with 31 December 2011

	Half-year to 30 June 2012 ('1H12') compared with half-year to 31 December 2011 ('2H11')					
	2H11 as reported US\$m	Currency translation <sup>10</sup> US\$m	2H11 at 1H12 exchange rates US\$m	1H12 as reported US\$m	Reported change <sup>11</sup> %	Constant currency change <sup>11</sup> %
Net interest income .....	5,435	(110)	5,325	5,073	(7)	(5)
Net fee income .....	3,105	(70)	3,035	3,023	(3)	(0)
Changes in fair value <sup>12</sup> .....	3,018	(37)	2,981	(1,605)		
Other income <sup>13</sup> .....	1,348	46	1,394	3,176	136	128
<b>Net operating income<sup>14</sup> .....</b>	<b>12,906</b>	<b>(171)</b>	<b>12,735</b>	<b>9,667</b>	<b>(25)</b>	<b>(24)</b>
Loan impairment charges and other credit risk provisions .....	(1,339)	23	(1,316)	(1,037)	23	21
<b>Net operating income .....</b>	<b>11,567</b>	<b>(148)</b>	<b>11,419</b>	<b>8,630</b>	<b>(25)</b>	<b>(24)</b>
Operating expenses .....	(9,055)	123	(8,932)	(9,289)	(3)	(4)
<b>Operating profit/(loss) .....</b>	<b>2,512</b>	<b>(25)</b>	<b>2,487</b>	<b>(659)</b>		
Share of profit/(loss) in associates and joint ventures .....	12	2	14	(8)		
<b>Profit/(loss) before tax .....</b>	<b>2,524</b>	<b>(23)</b>	<b>2,501</b>	<b>(667)</b>		

For footnotes, see page 29.

## Constant currency and underlying reconciliations

### Reconciliation of reported and underlying revenue<sup>15</sup>

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported revenue .....	9,667	11,340	(15)	9,667	12,906	(25)
Constant currency .....		(441)			(134)	
Own credit spread .....	1,605	71		1,605	(3,018)	
Acquisitions, disposals and dilutions ...	–	–		–	–	
Underlying revenue .....	<b>11,272</b>	<b>10,970</b>	3	<b>11,272</b>	<b>9,754</b>	16

### Reconciliation of reported and underlying loan impairment charges and other credit risk provisions ('LIC's)

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported LICs .....	(1,037)	(1,173)	12	(1,037)	(1,339)	23
Constant currency .....		38			23	
Acquisitions, disposals and dilutions ...	–	–		–	–	
Underlying LICs .....	<b>(1,037)</b>	<b>(1,135)</b>	9	<b>(1,037)</b>	<b>(1,316)</b>	21

### Reconciliation of reported and underlying operating expenses

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported operating expenses .....	(9,289)	(8,014)	(16)	(9,289)	(9,055)	(3)
Constant currency .....		300			123	
Acquisitions, disposals and dilutions ...	–	–		–	–	
Underlying operating expenses .....	<b>(9,289)</b>	<b>(7,714)</b>	(20)	<b>(9,289)</b>	<b>(8,932)</b>	(4)
Underlying cost efficiency ratio .....	<b>82.4%</b>	70.3%		<b>82.4%</b>	91.6%	

### Reconciliation of reported and underlying profit/(loss) before tax

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported profit before tax .....	(667)	2,147		(667)	2,524	
Constant currency .....		(111)			14	
Own credit spread .....	1,605	71		1,605	(3,018)	
Acquisitions, disposals and dilutions ...	–	–		–	–	
Underlying profit/(loss) before tax ....	<b>938</b>	<b>2,107</b>	(55)	<b>938</b>	<b>(480)</b>	

## Constant currency and underlying reconciliations

### Hong Kong

30 June 2012 compared with 30 June 2011

	Half-year to 30 June 2012 ('1H12') compared with half-year to 30 June 2011 ('1H11')					
	1H11 as reported	Currency translation <sup>10</sup>	1H11 at 1H12 exchange rates	1H12 as reported	Reported change <sup>11</sup>	Constant currency change <sup>11</sup>
	US\$m	US\$m	US\$m	US\$m	%	%
Net interest income .....	2,249	10	2,259	2,599	16	15
Net fee income .....	1,612	4	1,616	1,618	–	–
Changes in fair value <sup>12</sup> .....	–	–	–	–	–	–
Other income <sup>13</sup> .....	1,553	3	1,556	1,916	23	23
<b>Net operating income<sup>14</sup> .....</b>	<b>5,414</b>	<b>17</b>	<b>5,431</b>	<b>6,133</b>	<b>13</b>	<b>13</b>
Loan impairment charges and other credit risk provisions .....	(25)	–	(25)	(32)	(28)	(28)
<b>Net operating income .....</b>	<b>5,389</b>	<b>17</b>	<b>5,406</b>	<b>6,101</b>	<b>13</b>	<b>13</b>
Operating expenses .....	(2,339)	(8)	(2,347)	(2,396)	(2)	(2)
<b>Operating profit .....</b>	<b>3,050</b>	<b>9</b>	<b>3,059</b>	<b>3,705</b>	<b>21</b>	<b>21</b>
Share of profit in associates and joint ventures .....	31	–	31	56	81	81
<b>Profit before tax .....</b>	<b>3,081</b>	<b>9</b>	<b>3,090</b>	<b>3,761</b>	<b>22</b>	<b>22</b>

30 June 2012 compared with 31 December 2011

	Half-year to 30 June 2012 ('1H12') compared with half-year to 31 December 2011 ('2H11')					
	2H11 as reported	Currency translation <sup>10</sup>	2H11 at 1H12 exchange rates	1H12 as reported	Reported change <sup>11</sup>	Constant currency change <sup>11</sup>
	US\$m	US\$m	US\$m	US\$m	%	%
Net interest income .....	2,442	7	2,449	2,599	6	6
Net fee income .....	1,485	5	1,490	1,618	9	9
Changes in fair value <sup>12</sup> .....	–	–	–	–	–	–
Other income <sup>13</sup> .....	1,341	4	1,345	1,916	43	42
<b>Net operating income<sup>14</sup> .....</b>	<b>5,268</b>	<b>16</b>	<b>5,284</b>	<b>6,133</b>	<b>16</b>	<b>16</b>
Loan impairment charges and other credit risk provisions .....	(131)	1	(130)	(32)	76	75
<b>Net operating income .....</b>	<b>5,137</b>	<b>17</b>	<b>5,154</b>	<b>6,101</b>	<b>19</b>	<b>18</b>
Operating expenses .....	(2,419)	(7)	(2,426)	(2,396)	1	1
<b>Operating profit .....</b>	<b>2,718</b>	<b>10</b>	<b>2,728</b>	<b>3,705</b>	<b>36</b>	<b>36</b>
Share of profit in associates and joint ventures .....	24	(1)	23	56	133	143
<b>Profit before tax .....</b>	<b>2,742</b>	<b>9</b>	<b>2,751</b>	<b>3,761</b>	<b>37</b>	<b>37</b>

For footnotes, see page 29.

## Constant currency and underlying reconciliations

### Reconciliation of reported and underlying revenue<sup>15</sup>

	Half-year to					
	<b>30 June 2012</b> US\$m	30 June 2011 US\$m	Change %	<b>30 June 2012</b> US\$m	31 December 2011 US\$m	Change %
Reported revenue .....	<b>6,133</b>	5,414	13	<b>6,133</b>	5,268	16
Constant currency .....	–	17		–	16	
Own credit spread .....	–	–		–	–	
Acquisitions, disposals and dilutions ...	–	–		–	–	
Underlying revenue .....	<b>6,133</b>	<b>5,431</b>	13	<b>6,133</b>	<b>5,284</b>	16

### Reconciliation of reported and underlying loan impairment charges and other credit risk provisions ('LIC's)

	Half-year to					
	<b>30 June 2012</b> US\$m	30 June 2011 US\$m	Change %	<b>30 June 2012</b> US\$m	31 December 2011 US\$m	Change %
Reported LICs .....	<b>(32)</b>	(25)	(28)	<b>(32)</b>	(131)	76
Constant currency .....	–	–		–	1	
Acquisitions, disposals and dilutions ...	–	–		–	–	
Underlying LICs .....	<b>(32)</b>	<b>(25)</b>	(28)	<b>(32)</b>	<b>(130)</b>	75

### Reconciliation of reported and underlying operating expenses

	Half-year to					
	<b>30 June 2012</b> US\$m	30 June 2011 US\$m	Change %	<b>30 June 2012</b> US\$m	31 December 2011 US\$m	Change %
Reported operating expenses .....	<b>(2,396)</b>	(2,339)	(2)	<b>(2,396)</b>	(2,419)	1
Constant currency .....	–	(8)		–	(7)	
Acquisitions, disposals and dilutions ...	–	–		–	–	
Underlying operating expenses .....	<b>(2,396)</b>	<b>(2,347)</b>	(2)	<b>(2,396)</b>	<b>(2,426)</b>	1
Underlying cost efficiency ratio .....	<b>39.1%</b>	43.2%		<b>39.1%</b>	45.9%	

### Reconciliation of reported and underlying profit before tax

	Half-year to					
	<b>30 June 2012</b> US\$m	30 June 2011 US\$m	Change %	<b>30 June 2012</b> US\$m	31 December 2011 US\$m	Change %
Reported profit before tax .....	<b>3,761</b>	3,081	22	<b>3,761</b>	2,742	37
Constant currency .....	–	9		–	9	
Own credit spread .....	–	–		–	–	
Acquisitions, disposals and dilutions ...	–	–		–	–	
Underlying profit before tax .....	<b>3,761</b>	<b>3,090</b>	22	<b>3,761</b>	<b>2,751</b>	37

## Constant currency and underlying reconciliations

### Rest of Asia-Pacific

30 June 2012 compared with 30 June 2011

	Half-year to 30 June 2012 ('1H12') compared with half-year to 30 June 2011 ('1H11')					
	1H11 as reported US\$m	Currency translation <sup>10</sup> US\$m	1H11 at 1H12 exchange rates US\$m	1H12 as reported US\$m	Reported change <sup>11</sup> %	Constant currency change <sup>11</sup> %
Net interest income .....	2,381	(60)	2,321	2,718	14	17
Net fee income .....	1,117	(32)	1,085	1,078	(3)	(1)
Changes in fair value <sup>12</sup> .....	(2)	–	(2)	(2)		
Other income <sup>13</sup> .....	1,852	(85)	1,767	2,153	16	22
<b>Net operating income<sup>14</sup> .....</b>	<b>5,348</b>	<b>(177)</b>	<b>5,171</b>	<b>5,947</b>	<b>11</b>	<b>15</b>
Loan impairment charges and other credit risk provisions .....	(100)	(1)	(101)	(298)	(198)	(195)
<b>Net operating income .....</b>	<b>5,248</b>	<b>(178)</b>	<b>5,070</b>	<b>5,649</b>	<b>8</b>	<b>11</b>
Operating expenses .....	(2,836)	92	(2,744)	(2,865)	(1)	(4)
<b>Operating profit .....</b>	<b>2,412</b>	<b>(86)</b>	<b>2,326</b>	<b>2,784</b>	<b>15</b>	<b>20</b>
Share of profit in associates and joint ventures .....	1,330	48	1,378	1,588	19	15
<b>Profit before tax .....</b>	<b>3,742</b>	<b>(38)</b>	<b>3,704</b>	<b>4,372</b>	<b>17</b>	<b>18</b>

30 June 2012 compared with 31 December 2011

	Half-year to 30 June 2012 ('1H12') compared with half-year to 31 December 2011 ('2H11')					
	2H11 as reported US\$m	Currency translation <sup>10</sup> US\$m	2H11 at 1H12 exchange rates US\$m	1H12 as reported US\$m	Reported change <sup>11</sup> %	Constant currency change <sup>11</sup> %
Net interest income .....	2,721	(41)	2,680	2,718	–	1
Net fee income .....	994	(21)	973	1,078	8	11
Changes in fair value <sup>12</sup> .....	4	–	4	(2)		
Other income <sup>13</sup> .....	1,646	(46)	1,600	2,153	31	35
<b>Net operating income<sup>14</sup> .....</b>	<b>5,365</b>	<b>(108)</b>	<b>5,257</b>	<b>5,947</b>	<b>11</b>	<b>13</b>
Loan impairment charges and other credit risk provisions .....	(167)	4	(163)	(298)	(78)	(83)
<b>Net operating income .....</b>	<b>5,198</b>	<b>(104)</b>	<b>5,094</b>	<b>5,649</b>	<b>9</b>	<b>11</b>
Operating expenses .....	(2,970)	62	(2,908)	(2,865)	4	1
<b>Operating profit .....</b>	<b>2,228</b>	<b>(42)</b>	<b>2,186</b>	<b>2,784</b>	<b>25</b>	<b>27</b>
Share of profit in associates and joint ventures .....	1,501	16	1,517	1,588	6	5
<b>Profit before tax .....</b>	<b>3,729</b>	<b>(26)</b>	<b>3,703</b>	<b>4,372</b>	<b>17</b>	<b>18</b>

For footnotes, see page 29.

## Constant currency and underlying reconciliations

### Reconciliation of reported and underlying revenue<sup>15</sup>

	Half-year to					
	<b>30 June 2012</b> US\$m	30 June 2011 US\$m	Change %	<b>30 June 2012</b> US\$m	31 December 2011 US\$m	Change %
Reported revenue .....	<b>5,947</b>	5,348	11	<b>5,947</b>	5,365	11
Constant currency .....		(177)			(108)	
Own credit spread .....	2	2		2	(4)	
Acquisitions, disposals and dilutions ...	<b>(305)</b>	(184)		<b>(305)</b>	(2)	
Underlying revenue .....	<b>5,644</b>	4,989	13	<b>5,644</b>	5,251	7

### Reconciliation of reported and underlying loan impairment charges and other credit risk provisions ('LIC's)

	Half-year to					
	<b>30 June 2012</b> US\$m	30 June 2011 US\$m	Change %	<b>30 June 2012</b> US\$m	31 December 2011 US\$m	Change %
Reported LICs .....	<b>(298)</b>	(100)	(198)	<b>(298)</b>	(167)	(78)
Constant currency .....		(1)			4	
Acquisitions, disposals and dilutions ...	–	–		–	–	
Underlying LICs .....	<b>(298)</b>	(101)	(195)	<b>(298)</b>	(163)	(83)

### Reconciliation of reported and underlying operating expenses

	Half-year to					
	<b>30 June 2012</b> US\$m	30 June 2011 US\$m	Change %	<b>30 June 2012</b> US\$m	31 December 2011 US\$m	Change %
Reported operating expenses .....	<b>(2,865)</b>	(2,836)	(1)	<b>(2,865)</b>	(2,970)	4
Constant currency .....		92			62	
Acquisitions, disposals and dilutions ...	–	2		–	13	
Underlying operating expenses .....	<b>(2,865)</b>	(2,742)	(4)	<b>(2,865)</b>	(2,895)	1
Underlying cost efficiency ratio .....	<b>50.8%</b>	55.0%		<b>50.8%</b>	55.1%	

### Reconciliation of reported and underlying profit before tax

	Half-year to					
	<b>30 June 2012</b> US\$m	30 June 2011 US\$m	Change %	<b>30 June 2012</b> US\$m	31 December 2011 US\$m	Change %
Reported profit before tax .....	<b>4,372</b>	3,742	17	<b>4,372</b>	3,729	17
Constant currency .....		(38)			(26)	
Own credit spread .....	2	2		2	(4)	
Acquisitions, disposals and dilutions ...	<b>(305)</b>	(182)		<b>(305)</b>	59	
Underlying profit before tax .....	<b>4,069</b>	3,524	15	<b>4,069</b>	3,758	8

## Constant currency and underlying reconciliations

### Middle East and North Africa

30 June 2012 compared with 30 June 2011

	Half-year to 30 June 2012 ('1H12') compared with half-year to 30 June 2011 ('1H11')					
	1H11 as reported US\$m	Currency translation <sup>10</sup> US\$m	1H11 at 1H12 exchange rates US\$m	1H12 as reported US\$m	Reported change <sup>11</sup> %	Constant currency change <sup>11</sup> %
Net interest income .....	673	(4)	669	705	5	5
Net fee income .....	327	(1)	326	302	(8)	(7)
Changes in fair value <sup>12</sup> .....	(4)	–	(4)	(4)		
Other income <sup>13</sup> .....	240	(2)	238	234	(3)	(2)
<b>Net operating income<sup>14</sup> .....</b>	<b>1,236</b>	<b>(7)</b>	<b>1,229</b>	<b>1,237</b>	<b>–</b>	<b>1</b>
Loan impairment charges and other credit risk provisions .....	(99)	1	(98)	(135)	(36)	(38)
<b>Net operating income .....</b>	<b>1,137</b>	<b>(6)</b>	<b>1,131</b>	<b>1,102</b>	<b>(3)</b>	<b>(3)</b>
Operating expenses .....	(574)	3	(571)	(537)	6	6
<b>Operating profit .....</b>	<b>563</b>	<b>(3)</b>	<b>560</b>	<b>565</b>	<b>–</b>	<b>1</b>
Share of profit in associates and joint ventures .....	184	–	184	207	13	13
<b>Profit before tax .....</b>	<b>747</b>	<b>(3)</b>	<b>744</b>	<b>772</b>	<b>3</b>	<b>4</b>

30 June 2012 compared with 31 December 2011

	Half-year to 30 June 2012 ('1H12') compared with half-year to 31 December 2011 ('2H11')					
	2H11 as reported US\$m	Currency translation <sup>10</sup> US\$m	2H11 at 1H12 exchange rates US\$m	1H12 as reported US\$m	Reported change <sup>11</sup> %	Constant currency change <sup>11</sup> %
Net interest income .....	759	(2)	757	705	(7)	(7)
Net fee income .....	300	(1)	299	302	1	1
Changes in fair value <sup>12</sup> .....	18	–	18	(4)		
Other income <sup>13</sup> .....	294	–	294	234	(20)	(20)
<b>Net operating income<sup>14</sup> .....</b>	<b>1,371</b>	<b>(3)</b>	<b>1,368</b>	<b>1,237</b>	<b>(10)</b>	<b>(10)</b>
Loan impairment charges and other credit risk provisions .....	(194)	–	(194)	(135)	30	30
<b>Net operating income .....</b>	<b>1,177</b>	<b>(3)</b>	<b>1,174</b>	<b>1,102</b>	<b>(6)</b>	<b>(6)</b>
Operating expenses .....	(585)	1	(584)	(537)	8	8
<b>Operating profit .....</b>	<b>592</b>	<b>(2)</b>	<b>590</b>	<b>565</b>	<b>(5)</b>	<b>(4)</b>
Share of profit in associates and joint ventures .....	153	–	153	207	35	35
<b>Profit before tax .....</b>	<b>745</b>	<b>(2)</b>	<b>743</b>	<b>772</b>	<b>4</b>	<b>4</b>

For footnotes, see page 29.



## Constant currency and underlying reconciliations

### Reconciliation of reported and underlying revenue<sup>15</sup>

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported revenue .....	1,237	1,236	0	1,237	1,371	(10)
Constant currency .....		(7)			(3)	
Own credit spread .....	4	4		4	(18)	
Acquisitions, disposals and dilutions ...	–	–		–	(27)	
Underlying revenue .....	<b>1,241</b>	<b>1,233</b>	<b>1</b>	<b>1,241</b>	<b>1,323</b>	<b>(6)</b>

### Reconciliation of reported and underlying loan impairment charges and other credit risk provisions ('LIC's)

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported LICs .....	(135)	(99)	(36)	(135)	(194)	30
Constant currency .....		1			–	
Acquisitions, disposals and dilutions ...	–	–		–	–	
Underlying LICs .....	<b>(135)</b>	<b>(98)</b>	<b>(38)</b>	<b>(135)</b>	<b>(194)</b>	<b>30</b>

### Reconciliation of reported and underlying operating expenses

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported operating expenses .....	(537)	(574)	6	(537)	(585)	8
Constant currency .....		3			1	
Acquisitions, disposals and dilutions ...	–	–		–	–	
Underlying operating expenses .....	<b>(537)</b>	<b>(571)</b>	<b>6</b>	<b>(537)</b>	<b>(584)</b>	<b>8</b>
Underlying cost efficiency ratio .....	<b>43.3%</b>	<b>46.3%</b>		<b>43.3%</b>	<b>44.1%</b>	

### Reconciliation of reported and underlying profit before tax

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported profit before tax .....	772	747	3	772	745	4
Constant currency .....		(3)			(2)	
Own credit spread .....	4	4		4	(18)	
Acquisitions, disposals and dilutions ...	–	–		–	(27)	
Underlying profit before tax .....	<b>776</b>	<b>748</b>	<b>4</b>	<b>776</b>	<b>698</b>	<b>11</b>

## Constant currency and underlying reconciliations

### North America

30 June 2012 compared with 30 June 2011

	Half-year to 30 June 2012 ('1H12') compared with half-year to 30 June 2011 ('1H11')					
	1H11 as reported	Currency translation <sup>10</sup>	1H11 at 1H12 exchange rates	1H12 as reported	Reported change <sup>11</sup>	Constant currency change <sup>11</sup>
	US\$m	US\$m	US\$m	US\$m	%	%
Net interest income .....	5,849	(22)	5,827	4,739	(19)	(19)
Net fee income .....	1,718	(10)	1,708	1,443	(16)	(16)
Changes in fair value <sup>12</sup> .....	(66)	–	(66)	(559)	(747)	(747)
Gains on sale of US branch network and cards business .....	–	–	–	3,809		
Other income <sup>13</sup> .....	739	(1)	738	546	(26)	(26)
<b>Net operating income<sup>14</sup> .....</b>	<b>8,240</b>	<b>(33)</b>	<b>8,207</b>	<b>9,978</b>	<b>21</b>	<b>22</b>
Loan impairment charges and other credit risk provisions .....	(3,049)	3	(3,046)	(2,161)	29	29
<b>Net operating income .....</b>	<b>5,191</b>	<b>(30)</b>	<b>5,161</b>	<b>7,817</b>	<b>51</b>	<b>51</b>
Operating expenses .....	(4,602)	15	(4,587)	(4,462)	3	3
<b>Operating profit .....</b>	<b>589</b>	<b>(15)</b>	<b>574</b>	<b>3,355</b>	<b>470</b>	<b>484</b>
Share of profit/(loss) in associates and joint ventures .....	17	(1)	16	(1)		
<b>Profit before tax .....</b>	<b>606</b>	<b>(16)</b>	<b>590</b>	<b>3,354</b>	<b>453</b>	<b>468</b>

30 June 2012 compared with 31 December 2011

	Half-year to 30 June 2012 ('1H12') compared with half-year to 31 December 2011 ('2H11')					
	2H11 as reported	Currency Translation <sup>10</sup>	2H11 at 1H12 exchange rates	1H12 as reported	Reported change <sup>11</sup>	Constant currency change <sup>11</sup>
	US\$m	US\$m	US\$m	US\$m	%	%
Net interest income .....	5,631	(4)	5,627	4,739	(16)	(16)
Net fee income .....	1,590	(1)	1,589	1,443	(9)	(9)
Changes in fair value <sup>12</sup> .....	1,036	(1)	1,035	(559)		
Gains on disposal of US branch network and cards business .....	–	–	–	3,809		
Other income/(expense) <sup>13</sup> .....	(497)	–	(497)	546		
<b>Net operating income<sup>14</sup> .....</b>	<b>7,760</b>	<b>(6)</b>	<b>7,754</b>	<b>9,978</b>	<b>29</b>	<b>29</b>
Loan impairment charges and other credit risk provisions .....	(3,967)	–	(3,967)	(2,161)	46	46
<b>Net operating income .....</b>	<b>3,793</b>	<b>(6)</b>	<b>3,787</b>	<b>7,817</b>	<b>106</b>	<b>106</b>
Operating expenses .....	(4,317)	2	(4,315)	(4,462)	(3)	(3)
<b>Operating profit/(loss) .....</b>	<b>(524)</b>	<b>(4)</b>	<b>(528)</b>	<b>3,355</b>		
Share of profit/(loss) in associates and joint ventures .....	18	1	19	(1)		
<b>Profit/(loss) before tax .....</b>	<b>(506)</b>	<b>(3)</b>	<b>(509)</b>	<b>3,354</b>		

For footnotes, see page 29.

## Constant currency and underlying reconciliations

### Reconciliation of reported and underlying revenue<sup>15</sup>

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported revenue .....	9,978	8,240	21	9,978	7,760	29
Constant currency .....		(33)			(5)	
Own credit spread .....	559	66		559	(1,036)	
Acquisitions, disposals and dilutions ...	(3,892)	(1,011)		(3,892)	(978)	
Underlying revenue .....	<b>6,645</b>	<b>7,262</b>	(8)	<b>6,645</b>	<b>5,741</b>	16

### Reconciliation of reported and underlying loan impairment charges and other credit risk provisions ('LIC's)

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported LICs .....	(2,161)	(3,049)	29	(2,161)	(3,967)	46
Constant currency .....		3			-	
Acquisitions, disposals and dilutions ...	-	369		-	304	
Underlying LICs .....	<b>(2,161)</b>	<b>(2,677)</b>	19	<b>(2,161)</b>	<b>(3,663)</b>	41

### Reconciliation of reported and underlying operating expenses

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported operating expenses .....	(4,462)	(4,602)	3	(4,462)	(4,317)	(3)
Constant currency .....		15			2	
Acquisitions, disposals and dilutions ...	-	469		-	288	
Underlying operating expenses .....	<b>(4,462)</b>	<b>(4,118)</b>	(8)	<b>(4,462)</b>	<b>(4,027)</b>	(11)
Underlying cost efficiency ratio .....	<b>67.1%</b>	56.7%		<b>67.1%</b>	70.1%	

### Reconciliation of reported and underlying profit/(loss) before tax

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported profit before tax .....	3,354	606	453	3,354	(506)	
Constant currency .....		(16)			(2)	
Own credit spread .....	559	66		559	(1,036)	
Acquisitions, disposals and dilutions ...	(3,892)	(173)		(3,892)	(386)	
Underlying profit/(loss) before tax ....	<b>21</b>	<b>483</b>	(96)	<b>21</b>	<b>(1,930)</b>	

## Constant currency and underlying reconciliations

### Latin America

30 June 2012 compared with 30 June 2011

	Half-year to 30 June 2012 ('1H12') compared with half-year to 30 June 2011 ('1H11')					
	1H11 as reported US\$m	Currency translation <sup>10</sup> US\$m	1H11 at 1H12 exchange rates US\$m	1H12 as reported US\$m	Reported change <sup>11</sup> %	Constant currency change <sup>11</sup> %
Net interest income .....	3,517	(363)	3,154	3,542	1	12
Net fee income .....	902	(90)	812	843	(7)	4
Other income <sup>13</sup> .....	1,264	(148)	1,116	1,180	(7)	6
<b>Net operating income<sup>14</sup> .....</b>	<b>5,683</b>	<b>(601)</b>	<b>5,082</b>	<b>5,565</b>	<b>(2)</b>	<b>10</b>
Loan impairment charges and other credit risk provisions .....	(820)	97	(723)	(1,136)	(39)	(57)
<b>Net operating income .....</b>	<b>4,863</b>	<b>(504)</b>	<b>4,359</b>	<b>4,429</b>	<b>(9)</b>	<b>2</b>
Operating expenses .....	(3,712)	384	(3,328)	(3,285)	12	1
<b>Operating profit .....</b>	<b>1,151</b>	<b>(120)</b>	<b>1,031</b>	<b>1,144</b>	<b>(1)</b>	<b>11</b>
Share of profit in associates and joint ventures .....	–	1	1	1		
<b>Profit before tax .....</b>	<b>1,151</b>	<b>(119)</b>	<b>1,032</b>	<b>1,145</b>	<b>(1)</b>	<b>11</b>

30 June 2012 compared with 31 December 2011

	Half-year to 30 June 2012 ('1H12') compared with half-year to 31 December 2011 ('2H11')					
	2H11 as reported US\$m	Currency translation <sup>10</sup> US\$m	2H11 at 1H12 exchange rates US\$m	1H12 as reported US\$m	Reported change <sup>11</sup> %	Constant currency change <sup>11</sup> %
Net interest income .....	3,439	(184)	3,255	3,542	3	9
Net fee income .....	879	(46)	833	843	(4)	1
Other income <sup>13</sup> .....	1,452	(95)	1,357	1,180	(19)	(13)
<b>Net operating income<sup>14</sup> .....</b>	<b>5,770</b>	<b>(325)</b>	<b>5,445</b>	<b>5,565</b>	<b>(4)</b>	<b>2</b>
Loan impairment charges and other credit risk provisions .....	(1,063)	67	(996)	(1,136)	(7)	(14)
<b>Net operating income .....</b>	<b>4,707</b>	<b>(258)</b>	<b>4,449</b>	<b>4,429</b>	<b>(6)</b>	<b>(0)</b>
Operating expenses .....	(3,543)	191	(3,352)	(3,285)	7	2
<b>Operating profit .....</b>	<b>1,164</b>	<b>(67)</b>	<b>1,097</b>	<b>1,144</b>	<b>(2)</b>	<b>4</b>
Share of profit in associates and joint ventures .....	–	(1)	(1)	1		
<b>Profit before tax .....</b>	<b>1,164</b>	<b>(68)</b>	<b>1,096</b>	<b>1,145</b>	<b>(2)</b>	<b>4</b>

For footnotes, see page 29.

## Constant currency and underlying reconciliations

### Reconciliation of reported and underlying revenue<sup>15</sup>

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported revenue .....	5,565	5,683	(2)	5,565	5,770	(4)
Constant currency .....		(601)			(325)	
Own credit spread .....	–	–		–	–	
Acquisitions, disposals and dilutions ...	(102)	(25)		(102)	(88)	
Underlying revenue .....	<b>5,463</b>	<b>5,057</b>	8	<b>5,463</b>	<b>5,357</b>	2

### Reconciliation of reported and underlying loan impairment charges and other credit risk provisions ('LIC's)

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported LICs .....	(1,136)	(820)	(39)	(1,136)	(1,063)	(7)
Constant currency .....		97			67	
Acquisitions, disposals and dilutions ...	–	–		–	–	
Underlying LICs .....	<b>(1,136)</b>	<b>(723)</b>	(57)	<b>(1,136)</b>	<b>(996)</b>	(14)

### Reconciliation of reported and underlying operating expenses

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported operating expenses .....	(3,285)	(3,712)	12	(3,285)	(3,543)	7
Constant currency .....		384			191	
Acquisitions, disposals and dilutions ...	–	9		–	1	
Underlying operating expenses .....	<b>(3,285)</b>	<b>(3,319)</b>	1	<b>(3,285)</b>	<b>(3,351)</b>	2
Underlying cost efficiency ratio .....	<b>60.1%</b>	65.6%		<b>60.1%</b>	62.6%	

### Reconciliation of reported and underlying profit before tax

	Half-year to					
	30 June 2012 US\$m	30 June 2011 US\$m	Change %	30 June 2012 US\$m	31 December 2011 US\$m	Change %
Reported profit before tax .....	1,145	1,151	(1)	1,145	1,164	(2)
Constant currency .....		(119)			(68)	
Own credit spread .....	–	–		–	–	
Acquisitions, disposals and dilutions ...	(102)	(16)		(102)	(87)	
Underlying profit before tax .....	<b>1,043</b>	<b>1,016</b>	3	<b>1,043</b>	<b>1,009</b>	3

## Constant currency and underlying reconciliations

### Footnotes

- 10 *'Currency translation' is the effect of translating the results of subsidiaries and associates for the previous half-years at the average rates of exchange applicable in the current half-year.*
- 11 *Positive numbers are favourable; negative numbers are unfavourable.*
- 12 *Changes in fair value due to movements in own credit spread on long-term debt issued. This does not include the fair value changes due to own credit spread on structured notes issued and other hybrid instruments included within trading liabilities.*
- 13 *Other income in this context comprises net trading income, net income/(expense) from other financial instruments designated at fair value, gains less losses from financial investments, dividend income, net earned insurance premiums and other operating income less net insurance claims incurred and movement in liabilities to policyholders.*
- 14 *Net operating income before loan impairment charges and other credit risk provisions, also referred to as revenue.*
- 15 *Underlying performance eliminates the effects of acquisitions, disposals and changes of ownership levels of subsidiaries, associates and businesses so we can view results on a like-for-like basis. We achieve this by eliminating gains and losses on disposal or dilution in the period incurred and by adjusting material results of operations in the previous period so that equivalent time periods are reflected. For example, if a disposal was made in the current year after four months of operations, the results of the previous year would be adjusted to also reflect four months of operations.*