

# **HSBC HOLDINGS PLC**

## **RECONCILIATION OF REPORTED AND UNDERLYING PROFIT/(LOSS) BEFORE TAX**

**31 December 2010**

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

### Underlying performance

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

We measure our performance internally on a like-for-like basis by eliminating the effects of foreign currency translation differences, acquisitions and disposals of subsidiaries and businesses, and fair value movements on own debt attributable to credit spread where the net result of such movements will be zero upon maturity of the debt; all of which distort year-on-year comparisons. We refer to this as our underlying performance.

Reported results include the effects of the above items. They are excluded when monitoring progress against operating plans and past results because management believes that the underlying basis more accurately reflects operating performance.

#### Constant currency

Constant currency comparatives for 2009 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 2009 at the average rates of exchange for 2010; and
- the balance sheet at 31 December 2009 at the prevailing rates of exchange on 31 December 2010.

Constant currency comparatives for 2008 are computed on the same basis, by applying average rates of exchange for 2009 to the 2008 income statement and rates of exchange on 31 December 2009 to the balance sheet at 31 December 2008.

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.

### Underlying performance

The tables below compare our underlying performance in 2010 and 2009 with reported profits in those years.

The foreign currency translation differences reflect the relative strengthening of the US dollar against the euro and sterling, which offset its relative weakness against currencies in Asia, Mexico and Brazil during 2010.

The following acquisitions and disposals affected both comparisons:

- the acquisition of PT Bank Ekonomi Raharja Tbk ('Bank Ekonomi') in May 2009;
- the gain on sale of our 49% interest in a joint venture for a UK merchant acquiring business in June 2009 of US\$280m;
- the gain of US\$62m on reclassification of Bao Viet Holdings ('Bao Viet') from an available-for-sale asset to an associate in January 2010;
- the gain on sale of our stake in Wells Fargo HSBC Trade Bank in March 2010 of US\$66m;
- the gain on disposal of HSBC Insurance Brokers Limited of US\$107m in April 2010;
- the dilution gain of US\$188m which arose on our holding in Ping An Insurance (Group) Company of China, Limited ('Ping An Insurance') following the issue of shares by the company in May 2010;
- the loss of US\$42m on the completion of the sale of our investment in British Arab Commercial Bank plc in October 2010;
- the gain on sale of Eversholt Rail Group of US\$255m in December 2010; and
- the gain of US\$74m on the deconsolidation of private equity funds following the management buy-out of Headland Capital Partners Ltd (formerly known as HSBC Private Equity (Asia) Ltd) in November 2010.

**Reconciliation of reported and underlying profit/loss before tax** (continued)**Underlying performance***Reconciliation of reported and underlying profit before tax*

	2010 compared with 2009								
	2009 as reported US\$m	2009 adjust- ments <sup>1</sup> US\$m	Currency translation <sup>2</sup> US\$m	2009 at 2010 exchange rates <sup>3</sup> US\$m	2010 as reported US\$m	2010 adjust- ments <sup>1</sup> US\$m	2010 under- lying US\$m	Re- ported change <sup>4</sup> %	Under- lying change <sup>4</sup> %
<b>HSBC</b>									
Net interest income .....	40,730	(1)	642	41,371	39,441	(31)	39,410	(3)	(5)
Net fee income .....	17,664	(210)	182	17,636	17,355	(3)	17,352	(2)	(2)
Changes in fair value <sup>5</sup> .....	(6,533)	6,533	–	–	(63)	63	–	99	–
Other income .....	14,320	(283)	228	14,265	11,514	(719)	10,795	(20)	(24)
<b>Net operating income<sup>6</sup> ...</b>	<b>66,181</b>	<b>6,039</b>	<b>1,052</b>	<b>73,272</b>	<b>68,247</b>	<b>(690)</b>	<b>67,557</b>	<b>3</b>	<b>(8)</b>
Loan impairment charges and other credit risk provisions .....	(26,488)	–	(330)	(26,818)	(14,039)	–	(14,039)	47	48
<b>Net operating income ....</b>	<b>39,693</b>	<b>6,039</b>	<b>722</b>	<b>46,454</b>	<b>54,208</b>	<b>(690)</b>	<b>53,518</b>	<b>37</b>	<b>15</b>
Operating expenses .....	(34,395)	200	(568)	(34,763)	(37,688)	19	(37,669)	(10)	(8)
<b>Operating profit .....</b>	<b>5,298</b>	<b>6,239</b>	<b>154</b>	<b>11,691</b>	<b>16,520</b>	<b>(671)</b>	<b>15,849</b>	<b>212</b>	<b>36</b>
Income from associates ...	1,781	(1)	11	1,791	2,517	–	2,517	41	41
<b>Profit before tax .....</b>	<b>7,079</b>	<b>6,238</b>	<b>165</b>	<b>13,482</b>	<b>19,037</b>	<b>(671)</b>	<b>18,366</b>	<b>169</b>	<b>36</b>
<b>By geographical region</b>									
Europe .....	4,009	2,546	(152)	6,403	4,302	(164)	4,138	7	(35)
Hong Kong .....	5,029	1	(10)	5,020	5,692	(130)	5,562	13	11
Rest of Asia-Pacific .....	4,200	3	205	4,408	5,902	(211)	5,691	41	29
Middle East .....	455	–	(2)	453	892	42	934	96	106
North America .....	(7,738)	3,688	46	(4,004)	454	(208)	246		
Latin America .....	1,124	–	78	1,202	1,795	–	1,795	60	49
<b>Profit before tax .....</b>	<b>7,079</b>	<b>6,238</b>	<b>165</b>	<b>13,482</b>	<b>19,037</b>	<b>(671)</b>	<b>18,366</b>	<b>169</b>	<b>36</b>
<b>By customer group and global business</b>									
Personal Financial									
Services .....	(2,065)	(2)	(70)	(2,137)	3,518	(10)	3,508		
Commercial Banking .....	4,275	(306)	64	4,033	6,090	(133)	5,957	42	48
Global Banking and Markets .....	10,481	13	173	10,667	9,536	(342)	9,194	(9)	(14)
Global Private Banking ...	1,108	–	1	1,109	1,054	1	1,055	(5)	(5)
Other .....	(6,720)	6,533	(3)	(190)	(1,161)	(187)	(1,348)	83	(609)
<b>Profit before tax .....</b>	<b>7,079</b>	<b>6,238</b>	<b>165</b>	<b>13,482</b>	<b>19,037</b>	<b>(671)</b>	<b>18,366</b>	<b>169</b>	<b>36</b>

For footnotes, see page 15.

**Reconciliation of reported and underlying profit/loss before tax** (continued)**Underlying performance***Reconciliation of reported and underlying profit before tax (continued)*

	2009 compared with 2008								
	2008 as reported US\$m	2008 adjust- ments <sup>1</sup> US\$m	Currency translation <sup>2</sup> US\$m	2008 at 2009 exchange rates <sup>7</sup> US\$m	2009 as reported US\$m	2009 adjust- ments <sup>1</sup> US\$m	2009 under- lying US\$m	Re- ported change <sup>4</sup> %	Under- lying change <sup>4</sup> %
<b>HSBC</b>									
Net interest income .....	42,563	(65)	(2,062)	40,436	40,730	(53)	40,677	(4)	1
Net fee income .....	20,024	(58)	(1,315)	18,651	17,664	(6)	17,658	(12)	(5)
Changes in fair value <sup>5</sup> .....	6,570	(6,570)	–	–	(6,533)	6,533	–		
Gains on disposal of									
French regional banks ..	2,445	(2,445)	–	–	–	–	–	(100)	
Other income .....	10,080	(680)	(1,597)	7,803	14,320	(298)	14,022	42	80
Net operating income <sup>6</sup> .....	81,682	(9,818)	(4,974)	66,890	66,181	6,176	72,357	(19)	8
Loan impairment charges and other credit risk provisions .....	(24,937)	6	709	(24,222)	(26,488)	–	(26,488)	(6)	(9)
Net operating income .....	56,745	(9,812)	(4,265)	42,668	39,693	6,176	45,869	(30)	8
Operating expenses (excluding goodwill impairment) .....	(38,535)	68	2,655	(35,812)	(34,395)	31	(34,364)	11	4
Goodwill impairment .....	(10,564)	–	–	(10,564)	–	–	–	100	100
Operating profit .....	7,646	(9,744)	(1,610)	(3,708)	5,298	6,207	11,505	(31)	
Income from associates ...	1,661	–	25	1,686	1,781	–	1,781	7	6
Profit before tax .....	9,307	(9,744)	(1,585)	(2,022)	7,079	6,207	13,286	(24)	
<b>By geographical region</b>									
Europe .....	10,869	(6,221)	(1,054)	3,594	4,009	2,561	6,570	(63)	83
Hong Kong .....	5,461	(5)	20	5,476	5,029	1	5,030	(8)	(8)
Rest of Asia-Pacific .....	4,722	(3)	(184)	4,535	4,200	(43)	4,157	(11)	(8)
Middle East .....	1,746	–	(7)	1,739	455	–	455	(74)	(74)
North America .....	(15,528)	(3,444)	(67)	(19,039)	(7,738)	3,688	(4,050)	50	79
Latin America .....	2,037	(71)	(293)	1,673	1,124	–	1,124	(45)	(33)
Profit before tax .....	9,307	(9,744)	(1,585)	(2,022)	7,079	6,207	13,286	(24)	
<b>By customer group and global business</b>									
<b>Personal Financial</b>									
Services .....	(10,974)	(148)	(457)	(11,579)	(2,065)	(3)	(2,068)	81	82
Commercial Banking .....	7,194	(486)	(665)	6,043	4,275	(318)	3,957	(41)	(35)
<b>Global Banking and Markets .....</b>	3,483	–	(479)	3,004	10,481	(5)	10,476	201	249
Global Private Banking ...	1,447	–	(48)	1,399	1,108	–	1,108	(23)	(21)
Other .....	8,157	(9,110)	64	(889)	(6,720)	6,533	(187)		79
Profit before tax .....	9,307	(9,744)	(1,585)	(2,022)	7,079	6,207	13,286	(24)	

For footnotes, see page 15.

**Reconciliation of reported and underlying profit/loss before tax** (continued)**Customer groups and global businesses****Customer groups and global businesses****Personal Financial Services**

2010 compared with 2009

	2009 as reported US\$m	2009 adjust- ments <sup>1</sup> US\$m	Currency translation <sup>2</sup> US\$m	2009 at 2010 exchange rates <sup>3</sup> US\$m	2010 as reported US\$m	2010 adjust- ments <sup>1</sup> US\$m	2010 under- lying US\$m	Re- ported change <sup>4</sup> %	Under- lying change <sup>4</sup> %
Net interest income .....	25,107	–	419	25,526	24,161	(8)	24,153	(4)	(5)
Net fee income .....	8,238	(8)	115	8,345	7,336	(1)	7,335	(11)	(12)
Other income .....	2,070	–	101	2,171	1,079	(5)	1,074	(48)	(51)
<b>Net operating income<sup>6</sup> ...</b>	<b>35,415</b>	<b>(8)</b>	<b>635</b>	<b>36,042</b>	<b>32,576</b>	<b>(14)</b>	<b>32,562</b>	<b>(8)</b>	<b>(10)</b>
Loan impairment charges and other credit risk provisions .....	(19,902)	–	(271)	(20,173)	(11,259)	–	(11,259)	43	44
<b>Net operating income ....</b>	<b>15,513</b>	<b>(8)</b>	<b>364</b>	<b>15,869</b>	<b>21,317</b>	<b>(14)</b>	<b>21,303</b>	<b>37</b>	<b>34</b>
Operating expenses .....	(18,292)	6	(440)	(18,726)	(18,805)	4	(18,801)	(3)	–
<b>Operating profit/(loss) ...</b>	<b>(2,779)</b>	<b>(2)</b>	<b>(76)</b>	<b>(2,857)</b>	<b>2,512</b>	<b>(10)</b>	<b>2,502</b>		
Income from associates ...	714	–	6	720	1,006	–	1,006	41	40
<b>Profit/(loss) before tax ...</b>	<b>(2,065)</b>	<b>(2)</b>	<b>(70)</b>	<b>(2,137)</b>	<b>3,518</b>	<b>(10)</b>	<b>3,508</b>		

2009 compared with 2008

	2008 as reported US\$m	2008 adjust- ments <sup>1</sup> US\$m	Currency translation <sup>2</sup> US\$m	2008 at 2009 exchange rates <sup>7</sup> US\$m	2009 as reported US\$m	2009 adjust- ments <sup>1</sup> US\$m	2009 under- lying US\$m	Re- ported change <sup>4</sup> %	Under- lying change <sup>4</sup> %
Net interest income .....	29,419	(36)	(1,534)	27,849	25,107	(3)	25,104	(15)	(10)
Net fee income .....	10,107	(32)	(645)	9,430	8,238	–	8,238	(18)	(13)
Other income .....	1,963	(121)	(258)	1,584	2,070	(1)	2,069	5	31
<b>Net operating income<sup>6</sup> ....</b>	<b>41,489</b>	<b>(189)</b>	<b>(2,437)</b>	<b>38,863</b>	<b>35,415</b>	<b>(4)</b>	<b>35,411</b>	<b>(15)</b>	<b>(9)</b>
Loan impairment charges and other credit risk provisions .....	(21,220)	3	595	(20,622)	(19,902)	–	(19,902)	6	3
<b>Net operating income .....</b>	<b>20,269</b>	<b>(186)</b>	<b>(1,842)</b>	<b>18,241</b>	<b>15,513</b>	<b>(4)</b>	<b>15,509</b>	<b>(23)</b>	<b>(15)</b>
Operating expenses (excluding goodwill impairment) .....	(21,140)	38	1,372	(19,730)	(18,292)	1	(18,291)	13	7
Goodwill impairment .....	(10,564)	–	–	(10,564)	–	–	–	100	100
<b>Operating loss .....</b>	<b>(11,435)</b>	<b>(148)</b>	<b>(470)</b>	<b>(12,053)</b>	<b>(2,779)</b>	<b>(3)</b>	<b>(2,782)</b>	<b>76</b>	<b>77</b>
Income from associates ...	461	–	13	474	714	–	714	55	51
<b>Loss before tax .....</b>	<b>(10,974)</b>	<b>(148)</b>	<b>(457)</b>	<b>(11,579)</b>	<b>(2,065)</b>	<b>(3)</b>	<b>(2,068)</b>	<b>81</b>	<b>82</b>

For footnotes, see page 15.

**Reconciliation of reported and underlying profit/loss before tax** (continued)**Customer groups and global businesses****Commercial Banking***2010 compared with 2009*

	2009 as reported US\$m	2009 adjust- ments <sup>1</sup> US\$m	Currency translation <sup>2</sup> US\$m	2009 at 2010 exchange rates <sup>3</sup> US\$m	2010 as reported US\$m	2010 adjust- ments <sup>1</sup> US\$m	2010 under- lying US\$m	Re- ported change <sup>4</sup> %	Under- lying change <sup>4</sup> %
Net interest income .....	7,883	(1)	193	8,075	8,487	(20)	8,467	8	5
Net fee income .....	3,702	(164)	51	3,589	3,964	(2)	3,962	7	10
Other income .....	1,268	(283)	12	997	1,383	(124)	1,259	9	26
<b>Net operating income<sup>6</sup> .....</b>	<b>12,853</b>	<b>(448)</b>	<b>256</b>	<b>12,661</b>	<b>13,834</b>	<b>(146)</b>	<b>13,688</b>	<b>8</b>	<b>8</b>
Loan impairment charges and other credit risk provisions .....	(3,282)	–	(73)	(3,355)	(1,805)	–	(1,805)	45	46
<b>Net operating income .....</b>	<b>9,571</b>	<b>(448)</b>	<b>183</b>	<b>9,306</b>	<b>12,029</b>	<b>(146)</b>	<b>11,883</b>	<b>26</b>	<b>28</b>
Operating expenses .....	(5,963)	143	(122)	(5,942)	(6,831)	13	(6,818)	(15)	(15)
<b>Operating profit .....</b>	<b>3,608</b>	<b>(305)</b>	<b>61</b>	<b>3,364</b>	<b>5,198</b>	<b>(133)</b>	<b>5,065</b>	<b>44</b>	<b>51</b>
Income from associates ...	667	(1)	3	669	892	–	892	34	33
<b>Profit before tax .....</b>	<b>4,275</b>	<b>(306)</b>	<b>64</b>	<b>4,033</b>	<b>6,090</b>	<b>(133)</b>	<b>5,957</b>	<b>42</b>	<b>48</b>

*2009 compared with 2008*

	2008 as reported US\$m	2008 adjust- ments <sup>1</sup> US\$m	Currency translation <sup>2</sup> US\$m	2008 at 2009 exchange rates <sup>7</sup> US\$m	2009 as reported US\$m	2009 adjust- ments <sup>1</sup> US\$m	2009 under- lying US\$m	Re- ported change <sup>4</sup> %	Under- lying change <sup>4</sup> %
Net interest income .....	9,494	(29)	(697)	8,768	7,883	(45)	7,838	(17)	(11)
Net fee income .....	4,097	(26)	(367)	3,704	3,702	(5)	3,697	(10)	–
Other income .....	1,726	(464)	(213)	1,049	1,268	(295)	973	(27)	(7)
<b>Net operating income<sup>6</sup> .....</b>	<b>15,317</b>	<b>(519)</b>	<b>(1,277)</b>	<b>13,521</b>	<b>12,853</b>	<b>(345)</b>	<b>12,508</b>	<b>(16)</b>	<b>(7)</b>
Loan impairment charges and other credit risk provisions .....	(2,173)	3	68	(2,102)	(3,282)	–	(3,282)	(51)	(56)
<b>Net operating income .....</b>	<b>13,144</b>	<b>(516)</b>	<b>(1,209)</b>	<b>11,419</b>	<b>9,571</b>	<b>(345)</b>	<b>9,226</b>	<b>(27)</b>	<b>(19)</b>
Operating expenses .....	(6,581)	30	537	(6,014)	(5,963)	27	(5,936)	9	1
<b>Operating profit .....</b>	<b>6,563</b>	<b>(486)</b>	<b>(672)</b>	<b>5,405</b>	<b>3,608</b>	<b>(318)</b>	<b>3,290</b>	<b>(45)</b>	<b>(39)</b>
Income from associates ...	631	–	7	638	667	–	667	6	5
<b>Profit before tax .....</b>	<b>7,194</b>	<b>(486)</b>	<b>(665)</b>	<b>6,043</b>	<b>4,275</b>	<b>(318)</b>	<b>3,957</b>	<b>(41)</b>	<b>(35)</b>

*For footnotes, see page 15.*

**Reconciliation of reported and underlying profit/loss before tax** (continued)**Customer groups and global businesses****Global Banking and Markets***2010 compared with 2009*

	2009 as reported US\$m	2009 adjust- ments <sup>1</sup> US\$m	Currency translation <sup>2</sup> US\$m	2009 at 2010 exchange rates <sup>3</sup> US\$m	2010 as reported US\$m	2010 adjust- ments <sup>1</sup> US\$m	2010 under- lying US\$m	Re- ported change <sup>4</sup> %	Under- lying change <sup>4</sup> %
Net interest income .....	8,610	–	60	8,670	7,348	(3)	7,345	(15)	(15)
Net fee income .....	4,363	(38)	20	4,345	4,725	–	4,725	8	9
Net trading income .....	6,875	–	103	6,978	5,831	–	5,831	(15)	(16)
Other income .....	1,972	–	–	1,972	2,043	(341)	1,702	4	(14)
<b>Net operating income<sup>6</sup> .....</b>	<b>21,820</b>	<b>(38)</b>	<b>183</b>	<b>21,965</b>	<b>19,947</b>	<b>(344)</b>	<b>19,603</b>	<b>(9)</b>	<b>(11)</b>
Loan impairment charges and other credit risk provisions .....	(3,168)	–	13	(3,155)	(990)	–	(990)	69	69
<b>Net operating income .....</b>	<b>18,652</b>	<b>(38)</b>	<b>196</b>	<b>18,810</b>	<b>18,957</b>	<b>(344)</b>	<b>18,613</b>	<b>2</b>	<b>(1)</b>
Operating expenses .....	(8,537)	51	(25)	(8,511)	(9,962)	2	(9,960)	(17)	(17)
<b>Operating profit .....</b>	<b>10,115</b>	<b>13</b>	<b>171</b>	<b>10,299</b>	<b>8,995</b>	<b>(342)</b>	<b>8,653</b>	<b>(11)</b>	<b>(16)</b>
Income from associates ...	366	–	2	368	541	–	541	48	47
<b>Profit before tax .....</b>	<b>10,481</b>	<b>13</b>	<b>173</b>	<b>10,667</b>	<b>9,536</b>	<b>(342)</b>	<b>9,194</b>	<b>(9)</b>	<b>(14)</b>

*2009 compared with 2008*

	2008 as reported US\$m	2008 adjust- ments <sup>1</sup> US\$m	Currency translation <sup>2</sup> US\$m	2008 at 2009 exchange rates <sup>7</sup> US\$m	2009 as reported US\$m	2009 adjust- ments <sup>1</sup> US\$m	2009 under- lying US\$m	Re- ported change <sup>4</sup> %	Under- lying change <sup>4</sup> %
Net interest income .....	8,541	–	(451)	8,090	8,610	(5)	8,605	1	6
Net fee income .....	4,291	–	(267)	4,024	4,363	(1)	4,362	2	8
Net trading income .....	481	–	(404)	77	6,875	–	6,875	1,329	8,829
Other income .....	205	–	(151)	54	1,972	(2)	1,970	862	3,548
<b>Net operating income<sup>6</sup> .....</b>	<b>13,518</b>	<b>–</b>	<b>(1,273)</b>	<b>12,245</b>	<b>21,820</b>	<b>(8)</b>	<b>21,812</b>	<b>61</b>	<b>78</b>
Loan impairment charges and other credit risk provisions .....	(1,471)	–	45	(1,426)	(3,168)	–	(3,168)	(115)	(122)
<b>Net operating income .....</b>	<b>12,047</b>	<b>–</b>	<b>(1,228)</b>	<b>10,819</b>	<b>18,652</b>	<b>(8)</b>	<b>18,644</b>	<b>55</b>	<b>72</b>
Operating expenses .....	(9,092)	–	743	(8,349)	(8,537)	3	(8,534)	6	(2)
<b>Operating profit .....</b>	<b>2,955</b>	<b>–</b>	<b>(485)</b>	<b>2,470</b>	<b>10,115</b>	<b>(5)</b>	<b>10,110</b>	<b>242</b>	<b>309</b>
Income from associates ...	528	–	6	534	366	–	366	(31)	(31)
<b>Profit before tax .....</b>	<b>3,483</b>	<b>–</b>	<b>(479)</b>	<b>3,004</b>	<b>10,481</b>	<b>(5)</b>	<b>10,476</b>	<b>201</b>	<b>249</b>

*For footnotes, see page 15.*

**Reconciliation of reported and underlying profit/loss before tax** (continued)**Customer groups and global businesses****Global Private Banking***2010 compared with 2009*

	2009 as reported US\$m	2009 adjust- ments <sup>1</sup> US\$m	Currency translation <sup>2</sup> US\$m	2009 at 2010 exchange rates <sup>3</sup> US\$m	2010 as reported US\$m	2010 adjust- ments <sup>1</sup> US\$m	2010 under- lying US\$m	Re- ported change <sup>4</sup> %	Under- lying change <sup>4</sup> %
Net interest income .....	1,474	–	(2)	1,472	1,345	–	1,345	(9)	(9)
Net fee income .....	1,236	–	(1)	1,235	1,299	–	1,299	5	5
Other income .....	402	–	–	402	449	1	450	12	12
<b>Net operating income<sup>6</sup> .....</b>	<b>3,112</b>	<b>–</b>	<b>(3)</b>	<b>3,109</b>	<b>3,093</b>	<b>1</b>	<b>3,094</b>	<b>(1)</b>	<b>–</b>
Loan impairment charges and other credit risk provisions .....	(128)	–	1	(127)	12	–	12		
<b>Net operating income .....</b>	<b>2,984</b>	<b>–</b>	<b>(2)</b>	<b>2,982</b>	<b>3,105</b>	<b>1</b>	<b>3,106</b>	<b>4</b>	<b>4</b>
Operating expenses .....	(1,884)	–	3	(1,881)	(2,035)	–	(2,035)	(8)	(8)
<b>Operating profit .....</b>	<b>1,100</b>	<b>–</b>	<b>1</b>	<b>1,101</b>	<b>1,070</b>	<b>1</b>	<b>1,071</b>	<b>(3)</b>	<b>(3)</b>
Income from associates ...	8	–	–	8	(16)	–	(16)		
<b>Profit before tax .....</b>	<b>1,108</b>	<b>–</b>	<b>1</b>	<b>1,109</b>	<b>1,054</b>	<b>1</b>	<b>1,055</b>	<b>(5)</b>	<b>(5)</b>

*2009 compared with 2008*

	2008 as reported US\$m	2008 adjust- ments <sup>1</sup> US\$m	Currency translation <sup>2</sup> US\$m	2008 at 2009 exchange rates <sup>7</sup> US\$m	2009 as reported US\$m	2009 adjust- ments <sup>1</sup> US\$m	2009 under- lying US\$m	Re- ported change <sup>4</sup> %	Under- lying change <sup>4</sup> %
Net interest income .....	1,612	–	(52)	1,560	1,474	–	1,474	(9)	(6)
Net fee income .....	1,476	–	(33)	1,443	1,236	–	1,236	(16)	(14)
Other income .....	543	–	(19)	524	402	–	402	(26)	(23)
<b>Net operating income<sup>6</sup> .....</b>	<b>3,631</b>	<b>–</b>	<b>(104)</b>	<b>3,527</b>	<b>3,112</b>	<b>–</b>	<b>3,112</b>	<b>(14)</b>	<b>(12)</b>
Loan impairment charges and other credit risk provisions .....	(68)	–	2	(66)	(128)	–	(128)	(88)	(94)
<b>Net operating income .....</b>	<b>3,563</b>	<b>–</b>	<b>(102)</b>	<b>3,461</b>	<b>2,984</b>	<b>–</b>	<b>2,984</b>	<b>(16)</b>	<b>(14)</b>
Operating expenses .....	(2,116)	–	54	(2,062)	(1,884)	–	(1,884)	11	9
<b>Operating profit .....</b>	<b>1,447</b>	<b>–</b>	<b>(48)</b>	<b>1,399</b>	<b>1,100</b>	<b>–</b>	<b>1,100</b>	<b>(24)</b>	<b>(21)</b>
Income from associates ...	–	–	–	–	8	–	8		
<b>Profit before tax .....</b>	<b>1,447</b>	<b>–</b>	<b>(48)</b>	<b>1,399</b>	<b>1,108</b>	<b>–</b>	<b>1,108</b>	<b>(23)</b>	<b>(21)</b>

*For footnotes, see page 15.*



**Reconciliation of reported and underlying profit/loss before tax** (continued)**Customer groups and global businesses****Other***2010 compared with 2009*

	2009 as reported US\$m	2009 adjust- ments <sup>1</sup> US\$m	Currency translation <sup>2</sup> US\$m	2009 at 2010 exchange rates <sup>3</sup> US\$m	2010 as reported US\$m	2010 adjust- ments <sup>1</sup> US\$m	2010 under- lying US\$m	Re- ported change <sup>4</sup> %	Under- lying change <sup>4</sup> %
Net interest expense .....	(1,035)	–	21	(1,014)	(998)	–	(998)	4	2
Net fee income .....	125	–	(3)	122	31	–	31	(75)	(75)
Changes in fair value <sup>5</sup> .....	(6,533)	6,533	–	–	(63)	63	–	99	–
Other income .....	5,420	–	29	5,449	5,690	(250)	5,440	5	–
<b>Net operating income/ (expense)<sup>6</sup> .....</b>	<b>(2,023)</b>	<b>6,533</b>	<b>47</b>	<b>4,557</b>	<b>4,660</b>	<b>(187)</b>	<b>4,473</b>		<b>(2)</b>
Loan impairment (charges)/recoveries and other credit risk provisions .....	<b>(8)</b>	–	–	<b>(8)</b>	<b>3</b>	–	<b>3</b>		
<b>Net operating income/ (expense) .....</b>	<b>(2,031)</b>	<b>6,533</b>	<b>47</b>	<b>4,549</b>	<b>4,663</b>	<b>(187)</b>	<b>4,476</b>		<b>(2)</b>
Operating expenses .....	(4,715)	–	(50)	(4,765)	(5,918)	–	(5,918)	(26)	(24)
<b>Operating loss .....</b>	<b>(6,746)</b>	<b>6,533</b>	<b>(3)</b>	<b>(216)</b>	<b>(1,255)</b>	<b>(187)</b>	<b>(1,442)</b>	<b>81</b>	<b>(568)</b>
Income from associates ...	26	–	–	26	94	–	94	262	262
<b>Loss before tax .....</b>	<b>(6,720)</b>	<b>6,533</b>	<b>(3)</b>	<b>(190)</b>	<b>(1,161)</b>	<b>(187)</b>	<b>(1,348)</b>	<b>83</b>	<b>(609)</b>

*2009 compared with 2008*

	2008 as reported US\$m	2008 adjust- ments <sup>1</sup> US\$m	Currency translation <sup>2</sup> US\$m	2008 at 2009 exchange rates <sup>7</sup> US\$m	2009 as reported US\$m	2009 adjust- ments <sup>1</sup> US\$m	2009 under- lying US\$m	Re- ported change <sup>4</sup> %	Under- lying change <sup>4</sup> %
Net interest expense .....	(956)	–	12	(944)	(1,035)	–	(1,035)	(8)	(10)
Net fee income .....	53	–	(3)	50	125	–	125	136	150
Changes in fair value <sup>5</sup> .....	6,570	(6,570)	–	–	(6,533)	6,533	–		
Gains on disposal of French regional banks ..	2,445	(2,445)	–	–	–	–	–	(100)	
Other income .....	4,183	(95)	(13)	4,075	5,420	–	5,420	30	33
<b>Net operating income/ (expense)<sup>6</sup> .....</b>	<b>12,295</b>	<b>(9,110)</b>	<b>(4)</b>	<b>3,181</b>	<b>(2,023)</b>	<b>6,533</b>	<b>4,510</b>		<b>42</b>
Loan impairment charges and other credit risk provisions .....	<b>(5)</b>	–	(1)	<b>(6)</b>	<b>(8)</b>	–	<b>(8)</b>	<b>(60)</b>	<b>(33)</b>
<b>Net operating income/ (expense) .....</b>	<b>12,290</b>	<b>(9,110)</b>	<b>(5)</b>	<b>3,175</b>	<b>(2,031)</b>	<b>6,533</b>	<b>4,502</b>		<b>42</b>
Operating expenses .....	(4,174)	–	70	(4,104)	(4,715)	–	(4,715)	(13)	(15)
<b>Operating profit/(loss) .....</b>	<b>8,116</b>	<b>(9,110)</b>	<b>65</b>	<b>(929)</b>	<b>(6,746)</b>	<b>6,533</b>	<b>(213)</b>		<b>77</b>
Income from associates ...	41	–	(1)	40	26	–	26	(37)	(35)
<b>Profit/(loss) before tax .....</b>	<b>8,157</b>	<b>(9,110)</b>	<b>64</b>	<b>(889)</b>	<b>(6,720)</b>	<b>6,533</b>	<b>(187)</b>		<b>79</b>

*For footnotes, see page 15.*

**Reconciliation of reported and underlying profit/loss before tax** (continued)**Geographical regions****Geographical regions****Europe***2010 compared with 2009*

	2009 as reported US\$m	2009 adjust- ments <sup>1</sup> US\$m	Currency translation <sup>2</sup> US\$m	2009 at 2010 exchange rates <sup>3</sup> US\$m	2010 as reported US\$m	2010 adjust- ments <sup>1</sup> US\$m	2010 under- lying US\$m	Re- ported change <sup>4</sup> %	Under- lying change <sup>4</sup> %
Net interest income .....	12,268	(1)	(189)	12,078	11,250	–	11,250	(8)	(7)
Net fee income .....	6,267	(210)	(125)	5,932	6,371	–	6,371	2	7
Changes in fair value <sup>5</sup> .....	(2,841)	2,841	–	–	(198)	198	–	93	–
Other income .....	7,850	(283)	(104)	7,463	5,327	(362)	4,965	(32)	(33)
<b>Net operating income<sup>6</sup> .....</b>	<b>23,544</b>	<b>2,347</b>	<b>(418)</b>	<b>25,473</b>	<b>22,750</b>	<b>(164)</b>	<b>22,586</b>	<b>(3)</b>	<b>(11)</b>
Loan impairment charges and other credit risk provisions .....	(5,568)	–	48	(5,520)	(3,020)	–	(3,020)	46	45
<b>Net operating income .....</b>	<b>17,976</b>	<b>2,347</b>	<b>(370)</b>	<b>19,953</b>	<b>19,730</b>	<b>(164)</b>	<b>19,566</b>	<b>10</b>	<b>(2)</b>
Operating expenses .....	(13,988)	200	220	(13,568)	(15,445)	–	(15,445)	(10)	(14)
<b>Operating profit .....</b>	<b>3,988</b>	<b>2,547</b>	<b>(150)</b>	<b>6,385</b>	<b>4,285</b>	<b>(164)</b>	<b>4,121</b>	<b>7</b>	<b>(35)</b>
Income from associates .....	21	(1)	(2)	18	17	–	17	(19)	(6)
<b>Profit before tax .....</b>	<b>4,009</b>	<b>2,546</b>	<b>(152)</b>	<b>6,403</b>	<b>4,302</b>	<b>(164)</b>	<b>4,138</b>	<b>7</b>	<b>(35)</b>

*2009 compared with 2008*

	2008 as reported US\$m	2008 adjust- ments <sup>1</sup> US\$m	Currency translation <sup>2</sup> US\$m	2008 at 2009 exchange rates <sup>7</sup> US\$m	2009 as reported US\$m	2009 adjust- ments <sup>1</sup> US\$m	2009 under- lying US\$m	Re- ported change <sup>4</sup> %	Under- lying change <sup>4</sup> %
Net interest income .....	9,696	(65)	(1,049)	8,582	12,268	–	12,268	27	43
Net fee income .....	7,492	(58)	(917)	6,517	6,267	–	6,267	(16)	(4)
Changes in fair value <sup>5</sup> .....	3,118	(3,118)	–	–	(2,841)	2,841	–	–	–
Gains on disposal of French regional banks .....	2,445	(2,445)	–	–	–	–	–	(100)	–
Other income .....	7,928	(609)	(1,206)	6,113	7,850	(280)	7,570	(1)	24
<b>Net operating income<sup>6</sup> .....</b>	<b>30,679</b>	<b>(6,295)</b>	<b>(3,172)</b>	<b>21,212</b>	<b>23,544</b>	<b>2,561</b>	<b>26,105</b>	<b>(23)</b>	<b>23</b>
Loan impairment charges and other credit risk provisions .....	(3,754)	6	395	(3,353)	(5,568)	–	(5,568)	(48)	(66)
<b>Net operating income .....</b>	<b>26,925</b>	<b>(6,289)</b>	<b>(2,777)</b>	<b>17,859</b>	<b>17,976</b>	<b>2,561</b>	<b>20,537</b>	<b>(33)</b>	<b>15</b>
Operating expenses .....	(16,072)	68	1,723	(14,281)	(13,988)	–	(13,988)	13	2
<b>Operating profit .....</b>	<b>10,853</b>	<b>(6,221)</b>	<b>(1,054)</b>	<b>3,578</b>	<b>3,988</b>	<b>2,561</b>	<b>6,549</b>	<b>(63)</b>	<b>83</b>
Income from associates .....	16	–	–	16	21	–	21	31	31
<b>Profit before tax .....</b>	<b>10,869</b>	<b>(6,221)</b>	<b>(1,054)</b>	<b>3,594</b>	<b>4,009</b>	<b>2,561</b>	<b>6,570</b>	<b>(63)</b>	<b>83</b>

*For footnotes, see page 15.*

**Reconciliation of reported and underlying profit/loss before tax** (continued)**Geographical regions****Hong Kong***2010 compared with 2009*

	2009 as reported US\$m	2009 adjust- ments <sup>1</sup> US\$m	Currency translation <sup>2</sup> US\$m	2009 at 2010 exchange rates <sup>3</sup> US\$m	2010 as reported US\$m	2010 adjust- ments <sup>1</sup> US\$m	2010 under- lying US\$m	Re- ported change <sup>4</sup> %	Under- lying change <sup>4</sup> %
Net interest income .....	4,195	–	(7)	4,188	4,246	–	4,246	1	1
Net fee income .....	2,669	–	(4)	2,665	2,962	–	2,962	11	11
Changes in fair value <sup>5</sup> .....	(1)	1	–	–	(6)	6	–	(500)	–
Other income .....	2,604	–	(6)	2,598	3,000	(136)	2,864	15	10
<b>Net operating income<sup>6</sup> .....</b>	<b>9,467</b>	<b>1</b>	<b>(17)</b>	<b>9,451</b>	<b>10,202</b>	<b>(130)</b>	<b>10,072</b>	<b>8</b>	<b>7</b>
Loan impairment charges and other credit risk provisions .....	(500)	–	1	(499)	(114)	–	(114)	77	77
<b>Net operating income .....</b>	<b>8,967</b>	<b>1</b>	<b>(16)</b>	<b>8,952</b>	<b>10,088</b>	<b>(130)</b>	<b>9,958</b>	<b>13</b>	<b>11</b>
Operating expenses .....	(3,946)	–	6	(3,940)	(4,431)	–	(4,431)	(12)	(12)
<b>Operating profit .....</b>	<b>5,021</b>	<b>1</b>	<b>(10)</b>	<b>5,012</b>	<b>5,657</b>	<b>(130)</b>	<b>5,527</b>	<b>13</b>	<b>10</b>
Income from associates ...	8	–	–	8	35	–	35	338	338
<b>Profit before tax .....</b>	<b>5,029</b>	<b>1</b>	<b>(10)</b>	<b>5,020</b>	<b>5,692</b>	<b>(130)</b>	<b>5,562</b>	<b>13</b>	<b>11</b>

*2009 compared with 2008*

	2008 as reported US\$m	2008 adjust- ments <sup>1</sup> US\$m	Currency translation <sup>2</sup> US\$m	2008 at 2009 exchange rates <sup>7</sup> US\$m	2009 as reported US\$m	2009 adjust- ments <sup>1</sup> US\$m	2009 under- lying US\$m	Re- ported change <sup>4</sup> %	Under- lying change <sup>4</sup> %
Net interest income .....	5,698	–	21	5,719	4,195	–	4,195	(26)	(27)
Net fee income .....	2,580	–	10	2,590	2,669	–	2,669	3	3
Changes in fair value <sup>5</sup> .....	5	(5)	–	–	(1)	1	–	–	–
Other income .....	1,871	–	7	1,878	2,604	–	2,604	39	39
<b>Net operating income<sup>6</sup> .....</b>	<b>10,154</b>	<b>(5)</b>	<b>38</b>	<b>10,187</b>	<b>9,467</b>	<b>1</b>	<b>9,468</b>	<b>(7)</b>	<b>(7)</b>
Loan impairment charges and other credit risk provisions .....	(765)	–	(2)	(767)	(500)	–	(500)	35	35
<b>Net operating income .....</b>	<b>9,389</b>	<b>(5)</b>	<b>36</b>	<b>9,420</b>	<b>8,967</b>	<b>1</b>	<b>8,968</b>	<b>(4)</b>	<b>(5)</b>
Operating expenses .....	(3,943)	–	(16)	(3,959)	(3,946)	–	(3,946)	–	–
<b>Operating profit .....</b>	<b>5,446</b>	<b>(5)</b>	<b>20</b>	<b>5,461</b>	<b>5,021</b>	<b>1</b>	<b>5,022</b>	<b>(8)</b>	<b>(8)</b>
Income from associates ...	15	–	–	15	8	–	8	(47)	(47)
<b>Profit before tax .....</b>	<b>5,461</b>	<b>(5)</b>	<b>20</b>	<b>5,476</b>	<b>5,029</b>	<b>1</b>	<b>5,030</b>	<b>(8)</b>	<b>(8)</b>

*For footnotes, see page 15.*

**Reconciliation of reported and underlying profit/loss before tax** (continued)**Geographical regions****Rest of Asia-Pacific***2010 compared with 2009*

	2009 as reported US\$m	2009 adjust- ments <sup>1</sup> US\$m	Currency translation <sup>2</sup> US\$m	2009 at 2010 exchange rates <sup>3</sup> US\$m	2010 as reported US\$m	2010 adjust- ments <sup>1</sup> US\$m	2010 under- lying US\$m	Re- ported change <sup>4</sup> %	Under- lying change <sup>4</sup> %
Net interest income .....	3,539	–	240	3,779	3,828	(31)	3,797	8	–
Net fee income .....	1,557	–	109	1,666	1,932	(3)	1,929	24	16
Changes in fair value <sup>5</sup> .....	(3)	3	–	–	(1)	1	–	67	–
Other income .....	2,910	–	208	3,118	3,473	(197)	3,276	19	5
<b>Net operating income<sup>6</sup> .....</b>	<b>8,003</b>	<b>3</b>	<b>557</b>	<b>8,563</b>	<b>9,232</b>	<b>(230)</b>	<b>9,002</b>	<b>15</b>	<b>5</b>
Loan impairment charges and other credit risk provisions .....	(896)	–	(74)	(970)	(439)	–	(439)	51	55
<b>Net operating income .....</b>	<b>7,107</b>	<b>3</b>	<b>483</b>	<b>7,593</b>	<b>8,793</b>	<b>(230)</b>	<b>8,563</b>	<b>24</b>	<b>13</b>
Operating expenses .....	(4,450)	–	(291)	(4,741)	(5,143)	19	(5,124)	(16)	(8)
<b>Operating profit .....</b>	<b>2,657</b>	<b>3</b>	<b>192</b>	<b>2,852</b>	<b>3,650</b>	<b>(211)</b>	<b>3,439</b>	<b>37</b>	<b>21</b>
Income from associates ...	1,543	–	13	1,556	2,252	–	2,252	46	45
<b>Profit before tax .....</b>	<b>4,200</b>	<b>3</b>	<b>205</b>	<b>4,408</b>	<b>5,902</b>	<b>(211)</b>	<b>5,691</b>	<b>41</b>	<b>29</b>

*2009 compared with 2008*

	2008 as reported US\$m	2008 adjust- ments <sup>1</sup> US\$m	Currency translation <sup>2</sup> US\$m	2008 at 2009 exchange rates <sup>7</sup> US\$m	2009 as reported US\$m	2009 adjust- ments <sup>1</sup> US\$m	2009 under- lying US\$m	Re- ported change <sup>4</sup> %	Under- lying change <sup>4</sup> %
Net interest income .....	3,937	–	(165)	3,772	3,539	(53)	3,486	(10)	(8)
Net fee income .....	1,867	–	(80)	1,787	1,557	(6)	1,551	(17)	(13)
Changes in fair value <sup>5</sup> .....	3	(3)	–	–	(3)	3	–	(8)	(3)
Other income .....	3,174	–	(205)	2,969	2,910	(18)	2,892	(8)	(3)
<b>Net operating income<sup>6</sup> .....</b>	<b>8,981</b>	<b>(3)</b>	<b>(450)</b>	<b>8,528</b>	<b>8,003</b>	<b>(74)</b>	<b>7,929</b>	<b>(11)</b>	<b>(7)</b>
Loan impairment charges and other credit risk provisions .....	(852)	–	31	(821)	(896)	–	(896)	(5)	(9)
<b>Net operating income .....</b>	<b>8,129</b>	<b>(3)</b>	<b>(419)</b>	<b>7,707</b>	<b>7,107</b>	<b>(74)</b>	<b>7,033</b>	<b>(13)</b>	<b>(9)</b>
Operating expenses .....	(4,704)	–	208	(4,496)	(4,450)	31	(4,419)	5	2
<b>Operating profit .....</b>	<b>3,425</b>	<b>(3)</b>	<b>(211)</b>	<b>3,211</b>	<b>2,657</b>	<b>(43)</b>	<b>2,614</b>	<b>(22)</b>	<b>(19)</b>
Income from associates ...	1,297	–	27	1,324	1,543	–	1,543	19	17
<b>Profit before tax .....</b>	<b>4,722</b>	<b>(3)</b>	<b>(184)</b>	<b>4,535</b>	<b>4,200</b>	<b>(43)</b>	<b>4,157</b>	<b>(11)</b>	<b>(8)</b>

*For footnotes, see page 15.*

**Reconciliation of reported and underlying profit/loss before tax** (continued)**Geographical regions****Middle East***2010 compared with 2009*

	2009 as reported US\$m	2009 adjust- ments <sup>1</sup> US\$m	Currency translation <sup>2</sup> US\$m	2009 at 2010 exchange rates <sup>3</sup> US\$m	2010 as reported US\$m	2010 adjust- ments <sup>1</sup> US\$m	2010 under- lying US\$m	Re- ported change <sup>4</sup> %	Under- lying change <sup>4</sup> %
Net interest income .....	1,485	–	(4)	1,481	1,367	–	1,367	(8)	(8)
Net fee income .....	625	–	(1)	624	677	–	677	8	8
Other income .....	484	–	(1)	483	366	42	408	(24)	(16)
<b>Net operating income<sup>6</sup> .....</b>	<b>2,594</b>	<b>–</b>	<b>(6)</b>	<b>2,588</b>	<b>2,410</b>	<b>42</b>	<b>2,452</b>	<b>(7)</b>	<b>(5)</b>
Loan impairment charges and other credit risk provisions .....	(1,334)	–	1	(1,333)	(627)	–	(627)	53	53
<b>Net operating income .....</b>	<b>1,260</b>	<b>–</b>	<b>(5)</b>	<b>1,255</b>	<b>1,783</b>	<b>42</b>	<b>1,825</b>	<b>42</b>	<b>45</b>
Operating expenses .....	(1,001)	–	3	(998)	(1,078)	–	(1,078)	(8)	(8)
<b>Operating profit .....</b>	<b>259</b>	<b>–</b>	<b>(2)</b>	<b>257</b>	<b>705</b>	<b>42</b>	<b>747</b>	<b>172</b>	<b>191</b>
Income from associates ...	196	–	–	196	187	–	187	(5)	(5)
<b>Profit before tax .....</b>	<b>455</b>	<b>–</b>	<b>(2)</b>	<b>453</b>	<b>892</b>	<b>42</b>	<b>934</b>	<b>96</b>	<b>106</b>

*2009 compared with 2008*

	2008 as reported US\$m	2008 adjust- ments <sup>1</sup> US\$m	Currency translation <sup>2</sup> US\$m	2008 at 2009 exchange rates <sup>7</sup> US\$m	2009 as reported US\$m	2009 adjust- ments <sup>1</sup> US\$m	2009 under- lying US\$m	Re- ported change <sup>4</sup> %	Under- lying change <sup>4</sup> %
Net interest income .....	1,556	–	(7)	1,549	1,485	–	1,485	(5)	(4)
Net fee income .....	691	–	(4)	687	625	–	625	(10)	(9)
Other income .....	421	–	(7)	414	484	–	484	15	17
<b>Net operating income<sup>6</sup> .....</b>	<b>2,668</b>	<b>–</b>	<b>(18)</b>	<b>2,650</b>	<b>2,594</b>	<b>–</b>	<b>2,594</b>	<b>(3)</b>	<b>(2)</b>
Loan impairment charges and other credit risk provisions .....	(279)	–	(1)	(280)	(1,334)	–	(1,334)	(378)	(376)
<b>Net operating income .....</b>	<b>2,389</b>	<b>–</b>	<b>(19)</b>	<b>2,370</b>	<b>1,260</b>	<b>–</b>	<b>1,260</b>	<b>(47)</b>	<b>(47)</b>
Operating expenses .....	(959)	–	11	(948)	(1,001)	–	(1,001)	(4)	(6)
<b>Operating profit .....</b>	<b>1,430</b>	<b>–</b>	<b>(8)</b>	<b>1,422</b>	<b>259</b>	<b>–</b>	<b>259</b>	<b>(82)</b>	<b>(82)</b>
Income from associates ...	316	–	1	317	196	–	196	(38)	(38)
<b>Profit before tax .....</b>	<b>1,746</b>	<b>–</b>	<b>(7)</b>	<b>1,739</b>	<b>455</b>	<b>–</b>	<b>455</b>	<b>(74)</b>	<b>(74)</b>

*For footnotes, see page 15.*

**Reconciliation of reported and underlying profit/loss before tax** (continued)**Geographical regions****North America***2010 compared with 2009*

	2009 as reported US\$m	2009 adjust- ments <sup>1</sup> US\$m	Currency translation <sup>2</sup> US\$m	2009 at 2010 exchange rates <sup>3</sup> US\$m	2010 as reported US\$m	2010 adjust- ments <sup>1</sup> US\$m	2010 under- lying US\$m	Re- ported change <sup>4</sup> %	Under- lying change <sup>4</sup> %
Net interest income .....	13,670	–	134	13,804	12,439	–	12,439	(9)	(10)
Net fee income .....	4,817	–	56	4,873	3,664	–	3,664	(24)	(25)
Changes in fair value <sup>5</sup> .....	(3,688)	3,688	–	–	142	(142)	–		
Other income/ (expense) .....	1,506	–	12	1,518	802	(66)	736	(47)	(52)
<b>Net operating income<sup>6</sup> .....</b>	<b>16,305</b>	<b>3,688</b>	<b>202</b>	<b>20,195</b>	<b>17,047</b>	<b>(208)</b>	<b>16,839</b>	<b>5</b>	<b>(17)</b>
Loan impairment charges and other credit risk provisions .....	(15,664)	–	(53)	(15,717)	(8,295)	–	(8,295)	47	47
<b>Net operating income .....</b>	<b>641</b>	<b>3,688</b>	<b>149</b>	<b>4,478</b>	<b>8,752</b>	<b>(208)</b>	<b>8,544</b>	<b>1,265</b>	<b>91</b>
Operating expenses (excluding goodwill impairment) .....	(8,391)	–	(103)	(8,494)	(8,322)	–	(8,322)	1	2
<b>Operating profit/(loss) .....</b>	<b>(7,750)</b>	<b>3,688</b>	<b>46</b>	<b>(4,016)</b>	<b>430</b>	<b>(208)</b>	<b>222</b>		
Income from associates ...	12	–	–	12	24	–	24	100	100
<b>Profit/(loss) before tax .....</b>	<b>(7,738)</b>	<b>3,688</b>	<b>46</b>	<b>(4,004)</b>	<b>454</b>	<b>(208)</b>	<b>246</b>		

*2009 compared with 2008*

	2008 as reported US\$m	2008 adjust- ments <sup>1</sup> US\$m	Currency translation <sup>2</sup> US\$m	2008 at 2009 exchange rates <sup>7</sup> US\$m	2009 as reported US\$m	2009 adjust- ments <sup>1</sup> US\$m	2009 under- lying US\$m	Re- ported change <sup>4</sup> %	Under- lying change <sup>4</sup> %
Net interest income .....	15,218	–	(79)	15,139	13,670	–	13,670	(10)	(10)
Net fee income .....	5,227	–	(33)	5,194	4,817	–	4,817	(8)	(7)
Changes in fair value <sup>5</sup> .....	3,444	(3,444)	–	–	(3,688)	3,688	–		
Other income/ (expense) .....	(2,710)	–	(4)	(2,714)	1,506	–	1,506		
<b>Net operating income<sup>6</sup> .....</b>	<b>21,179</b>	<b>(3,444)</b>	<b>(116)</b>	<b>17,619</b>	<b>16,305</b>	<b>3,688</b>	<b>19,993</b>	<b>(23)</b>	<b>13</b>
Loan impairment charges and other credit risk provisions .....	(16,795)	–	(8)	(16,803)	(15,664)	–	(15,664)	7	7
<b>Net operating income .....</b>	<b>4,384</b>	<b>(3,444)</b>	<b>(124)</b>	<b>816</b>	<b>641</b>	<b>3,688</b>	<b>4,329</b>	<b>(85)</b>	<b>431</b>
Operating expenses (excluding goodwill impairment) .....	(9,359)	–	58	(9,301)	(8,391)	–	(8,391)	10	10
Goodwill impairment .....	(10,564)	–	–	(10,564)	–	–	–	100	100
<b>Operating loss .....</b>	<b>(15,539)</b>	<b>(3,444)</b>	<b>(66)</b>	<b>(19,049)</b>	<b>(7,750)</b>	<b>3,688</b>	<b>(4,062)</b>	<b>50</b>	<b>79</b>
Income from associates ...	11	–	(1)	10	12	–	12	9	20
<b>Loss before tax .....</b>	<b>(15,528)</b>	<b>(3,444)</b>	<b>(67)</b>	<b>(19,039)</b>	<b>(7,738)</b>	<b>3,688</b>	<b>(4,050)</b>	<b>50</b>	<b>79</b>

*For footnotes, see page 15.*

**Reconciliation of reported and underlying profit/loss before tax** (continued)**Geographical regions****Latin America***2010 compared with 2009*

	2009 as reported US\$m	2009 adjust- ments <sup>1</sup> US\$m	Currency translation <sup>2</sup> US\$m	2009 at 2010 exchange rates <sup>3</sup> US\$m	2010 as reported US\$m	2010 adjust- ments <sup>1</sup> US\$m	2010 under- lying US\$m	Re- ported change <sup>4</sup> %	Under- lying change <sup>4</sup> %
Net interest income .....	5,573	–	468	6,041	6,311	–	6,311	13	4
Net fee income .....	1,729	–	147	1,876	1,749	–	1,749	1	(7)
Other income .....	1,722	–	169	1,891	1,671	–	1,671	(3)	(12)
<b>Net operating income<sup>6</sup> .....</b>	<b>9,024</b>	<b>–</b>	<b>784</b>	<b>9,808</b>	<b>9,731</b>	<b>–</b>	<b>9,731</b>	<b>8</b>	<b>(1)</b>
Loan impairment charges and other credit risk provisions .....	(2,526)	–	(253)	(2,779)	(1,544)	–	(1,544)	39	44
<b>Net operating income .....</b>	<b>6,498</b>	<b>–</b>	<b>531</b>	<b>7,029</b>	<b>8,187</b>	<b>–</b>	<b>8,187</b>	<b>26</b>	<b>16</b>
Operating expenses .....	(5,375)	–	(453)	(5,828)	(6,394)	–	(6,394)	(19)	(10)
<b>Operating profit .....</b>	<b>1,123</b>	<b>–</b>	<b>78</b>	<b>1,201</b>	<b>1,793</b>	<b>–</b>	<b>1,793</b>	<b>60</b>	<b>49</b>
Income from associates ...	1	–	–	1	2	–	2	100	100
<b>Profit before tax .....</b>	<b>1,124</b>	<b>–</b>	<b>78</b>	<b>1,202</b>	<b>1,795</b>	<b>–</b>	<b>1,795</b>	<b>60</b>	<b>49</b>

*2009 compared with 2008*

	2008 as reported US\$m	2008 adjust- ments <sup>1</sup> US\$m	Currency translation <sup>2</sup> US\$m	2008 at 2009 exchange rates <sup>7</sup> US\$m	2009 as reported US\$m	2009 adjust- ments <sup>1</sup> US\$m	2009 under- lying US\$m	Re- ported change <sup>4</sup> %	Under- lying change <sup>4</sup> %
Net interest income .....	6,458	–	(783)	5,675	5,573	–	5,573	(14)	(2)
Net fee income .....	2,167	–	(291)	1,876	1,729	–	1,729	(20)	(8)
Other income .....	1,888	(71)	(220)	1,597	1,722	–	1,722	(9)	8
<b>Net operating income<sup>6</sup> .....</b>	<b>10,513</b>	<b>(71)</b>	<b>(1,294)</b>	<b>9,148</b>	<b>9,024</b>	<b>–</b>	<b>9,024</b>	<b>(14)</b>	<b>(1)</b>
Loan impairment charges and other credit risk provisions .....	(2,492)	–	294	(2,198)	(2,526)	–	(2,526)	(1)	(15)
<b>Net operating income .....</b>	<b>8,021</b>	<b>(71)</b>	<b>(1,000)</b>	<b>6,950</b>	<b>6,498</b>	<b>–</b>	<b>6,498</b>	<b>(19)</b>	<b>(7)</b>
Operating expenses .....	(5,990)	–	709	(5,281)	(5,375)	–	(5,375)	10	(2)
<b>Operating profit .....</b>	<b>2,031</b>	<b>(71)</b>	<b>(291)</b>	<b>1,669</b>	<b>1,123</b>	<b>–</b>	<b>1,123</b>	<b>(45)</b>	<b>(33)</b>
Income from associates ...	6	–	(2)	4	1	–	1	(83)	(75)
<b>Profit before tax .....</b>	<b>2,037</b>	<b>(71)</b>	<b>(293)</b>	<b>1,673</b>	<b>1,124</b>	<b>–</b>	<b>1,124</b>	<b>(45)</b>	<b>(33)</b>

*For footnotes, see page 15.*

**Reconciliation of reported and underlying profit/loss before tax** (continued)**Footnotes****Footnotes**

- 1 *These columns comprise the net increments or decrements in profits in the current year compared with the previous year which are attributable to acquisitions or disposals of subsidiaries and/or movements in fair value of own debt attributable to credit spread. The inclusion of acquisitions and disposals is determined in the light of events each year.*
- 2 *'Currency translation' is the effect of translating the results of subsidiaries and associates for the previous year at the average rates of exchange applicable in the current year.*
- 3 *Excluding adjustments in 2009.*
- 4 *Positive numbers are favourable; negative numbers are unfavourable.*
- 5 *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.*
- 6 *Net operating income before loan impairment charges and other credit risk provisions.*
- 7 *Excluding adjustments in 2008.*