

## Supplementary Financial Information

### Average Balance Sheets and Yield

The following tables set out the average balances and yields for the Group's assets and liabilities for the years ended 31 December 2007 and 31 December 2006. For the purpose of the following table, average balances have generally been determined on the basis of daily balances, except for certain

categories, for which balances have been determined less frequently.

The Group does not believe that the information presented in this table would be significantly different had such balances been determined on a daily basis.

	2007			
	Average non-interest earning balance \$million	Average interest earning balance \$million	Interest income \$million	Gross yield %
<b>Assets</b>				
Cash and balances at central banks	5,910	3,087	39	1.3
Gross loans and advances to banks	2,602	31,446	1,975	6.3
Gross loans and advances to customers	1,324	152,555	10,812	7.1
Impairment provisions against loans and advances to banks and customers	(1,629)	–	–	–
Investment securities	2,666	66,131	3,350	5.1
Property, plant and equipment and intangible assets	3,263	–	–	–
Prepayments, accrued income and other assets	36,996	–	–	–
<b>Total average assets</b>	<b>51,132</b>	<b>253,219</b>	<b>16,176</b>	<b>6.4</b>

	2006			
	Average non-interest earning balance \$million	Average interest earning balance \$million	Interest income \$million	Gross yield %
<b>Assets</b>				
Cash and balances at central banks	4,736	959	29	3.0
Gross loans and advances to banks	1,715	23,528	1,177	5.0
Gross loans and advances to customers	308	128,278	9,049	7.1
Impairment provisions against loans and advances to banks and customers	(1,723)	–	–	–
Investment securities	628	58,721	2,732	4.7
Property, plant and equipment and intangible assets	6,610	–	–	–
Prepayments, accrued income and other assets	26,186	–	–	–
<b>Total average assets</b>	<b>38,460</b>	<b>211,486</b>	<b>12,987</b>	<b>6.1</b>

## Average Balance Sheets and Yield continued

	2007			
	Average non-interest bearing balance \$million	Average interest bearing balance \$million	Interest expense \$million	Rate paid %
<b>Liabilities</b>				
Non-interest bearing current and demand accounts	18,004	–	–	–
Interest bearing current accounts and savings deposits	–	65,718	1,508	2.3
Time and other deposits	547	112,616	6,049	5.4
Debt securities in issue	1,302	26,637	1,543	5.8
Accruals, deferred income and other liabilities	46,566	–	–	–
Subordinated liabilities and other borrowed funds	–	14,220	811	5.7
Minority interests	425	–	–	–
Shareholders' funds	18,316	–	–	–
Total average liabilities and shareholders' funds	85,160	219,191	9,911	4.5
Net yield				1.9
Net interest margin				2.5

	2006			
	Average non-interest bearing balance \$million	Average interest bearing balance \$million	Interest expense \$million	Rate paid %
<b>Liabilities</b>				
Non-interest bearing current and demand accounts	13,742	–	–	–
Interest bearing current accounts and savings deposits	–	52,893	1,567	3.0
Time and other deposits	632	98,501	4,263	4.3
Debt securities in issue	2,326	24,610	1,186	4.8
Accruals, deferred income and other liabilities	31,238	–	–	–
Subordinated liabilities and other borrowed funds	–	12,711	643	5.1
Minority interests	420	–	–	–
Shareholders' funds	14,369	–	–	–
Total average liabilities and shareholders' funds	62,727	188,715	7,659	4.1
Net yield				2.1
Net interest margin				2.5

### Volume and Price Variances

The following table analyses the estimated change in the Group's net interest income attributable to changes in the average volume of interest-earning assets and interest-bearing liabilities, and changes in their respective interest rates for the periods presented. Volume and rate variances have been determined

based on movements in average balances and average exchange rates over the period and changes in interest rates on average interest-earning assets and average interest-bearing liabilities. Variances caused by changes in both volume and rate have been allocated to changes in volume.

	2007 versus 2006		
	Increase/(decrease) in interest due to:		Net increase/ (decrease) in interest \$million
	Volume \$million	Rate \$million	
<b>Interest earning assets</b>			
Cash and unrestricted balances at central banks	27	(17)	10
Loans and advances to banks	498	300	798
Loans and advances to customers	1,724	39	1,763
Investment securities	378	240	618
<b>Total interest earning assets</b>	<b>2,627</b>	<b>562</b>	<b>3,189</b>
<b>Interest bearing liabilities</b>			
Subordinated liabilities and other borrowed funds	86	82	168
Interest bearing current accounts and savings deposits	294	(353)	(59)
Time and other deposits	762	1,024	1,786
Debt securities in issue	118	239	357
<b>Total interest bearing liabilities</b>	<b>1,260</b>	<b>992</b>	<b>2,252</b>

	2006 versus 2005		
	Increase/(decrease) in interest due to:		Net increase in interest \$million
	Volume \$million	Rate \$million	
<b>Interest earning assets</b>			
Cash and unrestricted balances at central banks	11	10	21
Treasury bills and other eligible bills			
Loans and advances to banks	(99)	424	325
Loans and advances to customers	1,893	1,006	2,899
Investment securities	724	268	992
<b>Total interest earning assets</b>	<b>2,529</b>	<b>1,708</b>	<b>4,237</b>
<b>Interest bearing liabilities</b>			
Subordinated liabilities and other borrowed funds	97	24	121
Interest bearing current accounts and savings deposits	391	563	954
Time and other deposits	873	813	1,686
Debt securities in issue	101	382	483
<b>Total interest bearing liabilities</b>	<b>1,462</b>	<b>1,782</b>	<b>3,244</b>

### Continuing Connected Transactions

As noted in the Directors' Report on page 66 the Group is required to include in this Annual Report information regarding certain transactions with Temasek.

During the year to 31 December 2007, members of the Group have entered into non-exempt continuing connected transactions (as defined by reference to the HK Listing Rules) with Temasek or its associates in the ordinary and usual course of its business and

on normal commercial terms (and with reference to prevailing market rates as applicable) or in accordance with the practice commonly adopted in the market (where applicable). These transactions are detailed in the tables on page 163. Additional details are provided on page 66 of the Report of the Directors. The increase in volume of transactions compared to 2006 is largely due to the inclusion of several new Temasek associates.

## Continuing Connected Transactions continued

Transaction Category	Notes	Year to 31 December 2007*				Total number of Temasek associates with whom transactions were entered
		Aggregate notional value/ principal amounts during the year \$million	Notional value of outstanding transactions or principal amounts as at 31 December 2007 \$million	Fair value of outstanding transactions as at 31 December 2007 \$million	Total number of transactions during the year	
Foreign exchange	i	145,160	5,843	(9)	17,157	83
Derivatives	ii	66,734	21,467	(530)	5,294	29
Capital markets dealing	iii	1,665	–	–	832	12
Physical commodity dealing	iv	18	–	–	8	2
Financial assistance by non-banking licensed subsidiaries	v	16	–	–	1	1

Transaction Category	Notes	Period from 20 July 2006 to 31 December 2006				Total number of Temasek associates with whom transactions were entered
		Aggregate notional value/ principal amounts during the period \$million	Notional value of outstanding transactions or principal amounts as at 31 December 2006 \$million	Fair value of outstanding transactions as at 31 December 2006 \$million	Total number of transactions during the period	
Foreign exchange	i	15,916	1,119	4	2,650	44
Derivatives	ii	8,827	2,555	19	755	16
Capital markets dealing	iii	709	–	–	125	13
Financial assistance by non-banking licensed subsidiaries	v	14	14	–	1	1

Transaction Category	Notes	Year to 31 December 2007*		Period from 20 July 2006 to 31 December 2006	
		Gross fee revenue to the Group \$million	Total number of Temasek associates with whom transactions were entered	Gross fee revenue to the Group \$million	Total number of Temasek associates with whom transactions were entered
Securities services	vi	4.0	18	1.8	13
Cash management services	vii	0.7	111	1.2	93
Trade services	viii	2.9	74	0.5	19
Advisory and arranging services	xi	1.5	10	0.2	2

\* This data reflects transactions with Temasek or its associates (as defined by the HK Listing Rules) which the Group was able to identify within the extensive Temasek group of companies as at 15 December 2007.

- i Foreign exchange includes spot, forward and foreign exchange swap transactions.
- ii Derivatives includes over-the-counter derivatives (including swaps, forwards, options and combinations thereof) on currencies, interest rates, commodities, credit risk, bonds, equities and any other classes of underlying prices, rates, indices or instruments.
- iii Capital markets dealing includes sales, purchases and participations of securities, loans and other financial instruments.
- iv Physical commodity dealing relates to financing transactions, such as inventory finance in which a member of the Group takes title to the relevant commodities, and have the benefit of the financial assistance exemptions in the HK Listing Rules. However, transactions entered into for hedging purposes in connection with commodity derivatives and some other transactions in physical commodities are not connected with a financing and are not, therefore, exempt under the HK Listing Rules.
- v Financial assistance by non-banking subsidiaries includes the granting of credit, lending money, providing security for or guaranteeing a loan and transactions of a similar nature or directly related to the same, by members of the Group which are not licensed as banking companies which would otherwise have allowed them to benefit from the exemption for such transactions as is available to licensed banking companies under the HK Listing Rules.
- vi Securities services includes custody, escrow agency, receiving bank, trustee, transfer agency, paying agency and funds administration services, derivatives clearing services and facilities for custody clients to lend their securities.
- vii Cash management services includes account services (payments and collections), liquidity management services and clearing services.
- viii Trade services includes trade services not involving credit exposure, such as export bills collection, advising of letters of credit, document preparation, processing and checking services and safekeeping of documents.
- xi Advisory and arranging services includes corporate finance advisory services, arranging and advising on loans from third party lenders and public and private placements of securities (where the Group does not participate as lender, underwriter or subscriber).

## Five Year Summary

	2007 \$million	2006* \$million	2005 \$million	2004** \$million	2003† \$million
Operating profit before impairment losses and taxation	<b>4,852</b>	3,824	3,050	2,533	2,097
Impairment losses on loans and advances and other credit risk provisions	<b>(761)</b>	(629)	(319)	(214)	(536)
Other impairment	<b>(57)</b>	(15)	(50)	(68)	(11)
Profit before taxation	<b>4,035</b>	3,178	2,681	2,251	1,550
Profit attributable to shareholders	<b>2,841</b>	2,278	1,946	1,578	1,024
Loans and advances to banks	<b>35,365</b>	19,724	21,701	16,687	13,354
Loans and advances to customers	<b>154,266</b>	139,300	111,791	72,019	59,744
Total assets	<b>329,205</b>	266,102	215,096	147,124	120,202
Deposits by banks	<b>25,880</b>	26,233	18,834	15,162	10,924
Customer accounts	<b>179,760</b>	147,382	119,931	85,093	73,767
Shareholders' equity	<b>20,851</b>	16,853	11,882	9,105	7,529
Total capital resources <sup>1</sup>	<b>37,192</b>	30,096	22,682	16,837	14,110
<b>Information per ordinary share</b>					
Basic earnings per share	<b>201.1c</b>	169.0c	148.5c	129.6c	82.0c
Normalised earning per share <sup>2</sup>	<b>197.6c</b>	170.7c	153.7c	124.6c	90.1c
Dividends per share	<b>79.35c</b>	71.04c	64.0c	57.5c	52.0c
Net asset value per share	<b>1,374.2c</b>	1,208.5c	897.3c	719.0c	588.0c
<b>Ratios</b>					
Post-tax return on ordinary shareholders' equity – normalised basis <sup>2</sup>	<b>15.6%</b>	16.9%	18.0%	18.6%	15.7%
Basic cost-income ratio	<b>56.2%</b>	55.6%	55.5%	52.9%	55.8%
Cost-income ratio – normalised basis <sup>2</sup>	<b>56.0%</b>	55.2%	54.5%	54.0%	53.6%
Capital ratios:					
Tier 1 capital <sup>#</sup>	<b>9.8%</b>	8.3%	7.7%	8.6%	8.6%
Total capital <sup>#</sup>	<b>16.7%</b>	14.2%	13.6%	15.0%	14.5%

<sup>1</sup> Shareholders' funds, minority interests and subordinated loan capital.

<sup>2</sup> Results on a normalised basis reflect the Group's results, excluding amortisation and impairment of intangible assets, profits and losses of a capital nature, and profits and losses on repurchase of share capital.

\* Amounts have been restated as explained in note 51 on page 154.

\*\* IFRS (excluding IAS 32 and 39).

† UK GAAP.

# Unaudited.