

## Cash Flow Statement

### For the year ended 31 December 2005

	Group		Company	
	2005 \$million	2004 \$million	2005 \$million	2004 \$million
<b>Cash flow from operating activities</b>				
Profit before taxation	2,681	2,251	785	663
Adjustment for items not involving cash flow or shown separately			–	–
Depreciation and amortisation of premises, plant and equipment	250	238	–	–
Gain on disposal of property, plant and equipment	1	(4)	–	–
Gain on disposal of investment securities	(107)	(164)	–	–
Amortisation of investments	18	(41)	–	–
Loan impairment losses	319	214	–	–
Other impairment	50	68	–	–
Assets written off, net of recoveries	(718)	(504)	–	–
Increase in accruals and deferred income	952	80	1,453	–
Increase in prepayments and accrued income	(1,248)	(164)	–	–
Net increase/(decrease) in mark to market adjustment	939	(259)	–	–
Interest paid on subordinated loan capital	274	338	79	34
UK and overseas taxes paid	(611)	(573)	–	–
Net increase in treasury bills and other eligible bills	(686)	(78)	–	–
Net increase in loans and advances to banks and customers	(5,730)	(11,999)	–	–
Net increase in deposits from banks, customer accounts/debt securities in issue	18,996	15,004	–	–
Net increase in dealing securities	(1,494)	(2,118)	–	–
Net (decrease)/increase in other accounts	(4,082)	2,730	144	(156)
<b>Net cash from operating activities</b>	<b>9,804</b>	<b>5,019</b>	<b>2,461</b>	<b>541</b>
<b>Net cash flows from investing activities</b>				
Purchase of property, plant and equipment	(135)	(240)	–	–
Acquisition of investment in subsidiaries, net of cash acquired	(1,093)	(333)	(3,681)	–
Acquisition of treasury bills	(13,443)	(9,188)	–	–
Acquisition of debt securities	(33,655)	(75,353)	–	–
Acquisition of equity shares	(658)	(121)	–	–
Disposal of subsidiaries, associated undertakings and branches	–	6	–	–
Disposal of property, plant and equipment	8	51	–	–
Disposal and maturity of treasury bills	12,599	10,778	–	–
Disposal and maturity of debt securities	35,748	71,482	–	–
Disposal of equity shares	351	356	–	–
<b>Net cash used in investing activities</b>	<b>(278)</b>	<b>(2,562)</b>	<b>(3,681)</b>	<b>–</b>
<b>Net cash (outflow)/inflow from financing activities</b>				
Issue of ordinary share capital	2,000	17	2,000	17
Purchase of own shares, net of exercise, for share option awards	150	(95)	–	–
Interest paid on subordinated loan capital	(274)	(338)	(79)	(34)
Gross proceeds from issue of subordinated loan capital	3,874	499	–	–
Repayment of subordinated liabilities	(1,026)	(25)	–	–
Dividends and payments to minority interests and preference shareholders	(173)	(75)	(29)	(59)
Dividends paid to ordinary shareholders	(685)	(587)	(685)	(587)
<b>Net cash from/(used in) financing activities</b>	<b>3,866</b>	<b>(604)</b>	<b>1,207</b>	<b>(663)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>13,392</b>	<b>1,853</b>	<b>(13)</b>	<b>(122)</b>
Cash and cash equivalents at beginning of year	22,112	20,202	1,603	1,705
Effect of exchange rate change on cash and cash equivalents	(278)	57	–	20
<b>Cash and cash equivalents at end of year (note 41)</b>	<b>35,226</b>	<b>22,112</b>	<b>1,590</b>	<b>1,603</b>