

# Condensed Consolidated Cash Flow Statements

For The Six Month Period Ended 30 June 2006

(Amount in millions of Renminbi, unless otherwise stated)

	Notes	For the six month period ended 30 June	
		2006 (unaudited)	2005 (unaudited)
<b>Cash flows from operating activities</b>			
Profit before income tax		34,709	28,731
Adjustments:			
Impairment losses on loans and advances		5,479	4,966
Impairment losses on other assets		418	20
Depreciation of property and equipment		2,503	2,539
Amortization of intangible assets and other long term assets		337	596
Net gains on disposal of property and equipment and other assets		(70)	(517)
Net gains on disposal of shares in a subsidiary		(138)	-
Share of results of associates		(371)	(48)
Interest expenses arising from bonds issued		1,384	1,178
Net changes in operating assets and liabilities:			
Net increase in balances with central banks		(18,820)	(24,116)
Net decrease in due from banks and placements with banks and other financial institutions		15,392	58,072
Net increase in loans and advances to customers		(170,992)	(138,684)
Net increase in investment securities		(309,892)	(166,328)
Net increase in other assets		(22,798)	(4,012)
Net increase in due to banks		37,205	15,093
Net increase/(decrease) in due to central banks		440	(7,925)
Net (decrease)/increase in certificates of deposits and placements from banks and other financial institutions		(21,746)	30,625
Net increase in due to customers		348,974	246,305
Net decrease in other liabilities		(4,324)	(12,667)
Cash (paid) /received in operations		(102,310)	33,828
Income tax paid		(15,279)	(13,331)
Net cash (outflows)/inflows from operating activities		(117,589)	20,497

The accompanying notes form an integral part of these financial statements.

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<b>Cash flows from investing activities</b>			
Cash received from disposal of investments in other subsidiaries and associates		21	272
Cash received from disposal of property and equipment, intangible assets and other long term assets		625	1,651
Dividends received		20	36
Cash paid for increase of investments in subsidiaries and associates		(84)	-
Cash paid for purchase of property and equipment, intangible assets and other long term assets		(2,190)	(1,766)
Net cash (outflows)/inflows from investing activities		(1,608)	193
Net cash (outflows)/inflows before financing activities		(119,197)	20,690
<b>Cash flows from financing activities</b>			
Capital contribution from equity holders		117,423	-
Cash received from issuance of subordinated bonds		-	33,930
Cash received from minority equity holders of subsidiaries		86	5
Cash payments for interest on bonds issued		(1,379)	(15)
Dividend paid		(3,266)	(1,637)
Other cash payments related to financing activities		(238)	-
Net cash inflows from financing activities		112,626	32,283
Effect of exchange rate changes on cash and cash equivalents		(1,068)	(4,159)
Net (decrease)/increase in cash and cash equivalents		(7,639)	48,814
Cash and cash equivalents as at 1 January		397,112	366,142
Cash and cash equivalents as at 30 June	II.31	389,473	414,956

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