

Cash Flow Statement

For the year ended 31 December 2006

	Group		Company	
	2006 \$million	2005 \$million	2006 \$million	2005 \$million
Cash flow from operating activities				
Profit before taxation	3,178	2,681	713	785
Adjustment for items not involving cash flow or shown separately:				
Depreciation and amortisation	268	283	–	–
(Gain)/Loss on disposal of property, plant and equipment	(16)	1	–	–
Gain on disposal of investment securities	(190)	(107)	–	–
Amortisation of investments	(257)	17	–	–
Impairment losses	629	319	–	–
Other impairment	15	50	–	–
Assets written off, net of recoveries	(940)	(718)	–	–
Decrease/(increase) in accruals and deferred income	786	952	(101)	1,453
Increase in prepayments and accrued income	(901)	(1,248)	–	–
Net increase in mark-to-market adjustment	45	939	–	–
Interest accrued on subordinated loan capital	643	388	115	79
UK and overseas taxes paid	(903)	(611)	–	–
Net increase in treasury bills and other eligible bills	(644)	(686)	–	–
Net increase in loans and advances to banks and customers	(11,664)	(5,730)	–	–
Net increase in deposits from banks, customer accounts and debt securities in issue	16,914	18,996	–	–
Net increase in trading securities	(3,615)	(1,494)	–	–
Net increase/(decrease) in other accounts	5,074	(3,982)	43	144
Net cash from operating activities	8,422	10,050	770	2,461
Net cash flows from investing activities				
Purchase of property plant and equipment	(245)	(135)	–	–
Acquisition of investment in subsidiaries, net of cash acquired	(937)	(1,093)	(2,683)	(3,681)
Acquisition of treasury bills and other eligible bills	(23,376)	(13,443)	–	–
Acquisition of debt securities	(47,411)	(33,655)	–	–
Acquisition of equity shares	(328)	(658)	–	–
Redemption of capital in subsidiary	–	–	1,000	–
Disposal of property, plant and equipment	40	8	–	–
Disposal and maturity of treasury bills	22,650	12,599	–	–
Disposal and maturity of debt securities	40,909	35,748	–	–
Disposal of equity shares	337	351	–	–
Net cash used in investing activities	(8,361)	(278)	(1,683)	(3,681)
Net cash flows from financing activities				
Issue of ordinary share capital	1,996	2,000	1,996	2,000
Purchase of own shares, net of exercise, for share option awards	149	(73)	–	–
Interest paid on subordinated loan capital	(562)	(297)	(124)	(79)
Gross proceeds from issue of subordinated loan capital	1,591	3,874	–	–
Repayment of subordinated liabilities	(390)	(1,026)	–	–
Dividends and payments to minority interests and preference shareholders	(80)	(173)	(25)	(29)
Dividends paid to ordinary shareholders	(496)	(685)	(496)	(685)
Net cash from financing activities	2,208	3,620	1,351	1,207
Net increase in cash and cash equivalents	2,269	13,392	438	(13)
Cash and cash equivalents at beginning of year	35,226	22,112	1,590	1,603
Effect of exchange rate change on cash and cash equivalents	666	(278)	–	–
Cash and cash equivalents at end of year (note 41)	38,161	35,226	2,028	1,590