

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2005 (Expressed in millions of Renminbi)

	Note	2005	2004
Operating activities			
Net profit		47,096	49,040
Adjustments for:			
— Interest income from special government bond	18(a)	—	(3,242)
— Dividend income		(546)	(777)
— Revaluation (gain)/loss on investments and derivatives	6	(210)	174
— Net gain on disposal of investments, property and equipment, land use rights, and other assets		(1,969)	(2,491)
— Unrealised foreign exchange losses		1,575	12
— Depreciation and amortisation	8	6,686	8,532
— Provisions for impairment losses		15,258	9,358
— Income tax	13(a)	8,268	2,159
— Interest expense on subordinated bonds issued	3	1,850	414
		<u>78,008</u>	<u>63,179</u>
<i>Changes in operating assets and liabilities:</i>			
Increase in balances with central banks		(94,582)	(42,707)
Increase in amounts due from banks and non-bank financial institutions		(3,130)	(20,424)
Increase in loans and advances to customers		(240,302)	(236,312)
(Increase)/decrease in other operating assets		(10,718)	75,953
Decrease in amounts due to central banks		(2,226)	(3,449)
Increase in amounts due to banks and non-bank financial institutions		52,485	2,865
Increase in deposits from customers		514,925	295,448
Increase/(decrease) in certificates of deposit issued		1,688	(605)
Income tax paid		(4,867)	(140)
Increase/(decrease) in other operating liabilities		12,163	(15,456)
		<u>303,444</u>	<u>118,352</u>
Net cash from operating activities			

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	Note	2005	2004
Investing activities			
Proceeds from disposal and redemption of investments		591,361	542,163
Proceeds from disposal of property and equipment, land use rights, and other assets		1,345	2,701
Payments on acquisition of investments		(895,920)	(824,114)
Payments on acquisition of property and equipment, and land use rights		(8,992)	(7,099)
Investment in a new subsidiary	29(c)	70	—
Dividend received		540	777
Net cash used in investing activities		<u>(311,596)</u>	<u>(285,572)</u>
Financing activities			
Proceeds from shares issuance	27(a), 27(b)	74,639	8,000
Proceeds from securitisation of retail mortgages		2,920	—
Dividend paid		(2,914)	—
Cost of issuing shares, net of interest income	27(b)	(2,089)	—
Interest paid on subordinated bonds issued		(1,846)	—
Proceeds from subordinated bonds issued	26	—	40,000
Transaction costs on bonds issued		—	(106)
Net cash from financing activities		<u>70,710</u>	<u>47,894</u>
Net increase/(decrease) in cash and cash equivalents		62,558	(119,326)
Cash and cash equivalents as at 1 January		220,106	339,435
Effect of exchange rate changes on cash held		<u>(1,907)</u>	<u>(3)</u>
Cash and cash equivalents as at 31 December	29(a)	<u>280,757</u>	<u>220,106</u>
Cash flows from operating activities include:			
Interest received		<u>169,177</u>	<u>139,928</u>
Interest paid, excluding interest expense on subordinated bonds issued		<u>(52,552)</u>	<u>(43,948)</u>

The notes on pages 108 to 204 form part of these financial statements.