

Unaudited Consolidated Cash Flow Statement

For the six months ended 30 June 2006 (Expressed in millions of Renminbi)

	Note	Six months ended 30 June	
		2006	2005
Operating activities			
Net profit		23,223	28,349
Adjustments for:			
— dividend income		(192)	(217)
— revaluation gain on investments and derivatives	5	(11)	(55)
— net gain on disposal of investments, property and equipment, land use rights and other assets		(716)	(734)
— unrealised foreign exchange loss/(gain)		2,358	(14)
— depreciation and amortisation	7	3,527	3,393
— provisions for impairment losses		8,534	6,686
— income tax	9(a)	9,591	3,394
— interest expense on subordinated bonds issued	2	930	932
		47,244	41,734
<i>Changes in operating assets and liabilities:</i>			
Decrease/(increase) in balances with central banks		20,217	(36,278)
(Increase)/decrease in amounts due from banks and non-bank financial institutions		(1,321)	7,779
Increase in loans and advances to customers		(359,213)	(147,990)
Increase in other operating assets		(5,157)	(11,466)
Decrease in amounts due to central banks		—	(25)
Increase in amounts due to banks and non-bank financial institutions		59,789	13,025
Increase in deposits from customers		485,520	290,174
Increase in certificates of deposit issued		628	501
Income tax paid		(7,667)	(1,735)
Increase in other operating liabilities		10,665	6,123
		250,705	161,842

Unaudited Consolidated Cash Flow Statement

For the six months ended 30 June 2006 (Expressed in millions of Renminbi)

	Note	Six months ended 30 June	
		2006	2005
Investing activities			
Proceeds from disposal and redemption of investments		308,988	245,337
Dividend received		198	147
Proceeds from disposal of property and equipment, land use rights and other assets		103	878
Payments on acquisition of investments		(665,617)	(411,691)
Payments on acquisition of property and equipment, land use rights and other assets		(1,821)	(2,764)
Net cash used in investing activities		(358,149)	(168,093)
Financing activities			
Interest paid on subordinated bonds issued		(108)	(119)
Dividend paid		—	(2,914)
Net cash used in financing activities		(108)	(3,033)
Net decrease in cash and cash equivalents		(107,552)	(9,284)
Cash and cash equivalents as at 1 January	24(a)	280,757	220,106
Effect of exchange rate changes on cash held		(676)	3
Cash and cash equivalents as at 30 June	24(a)	172,529	210,825
Cash flows from operating activities include:			
Interest received		96,356	77,133
Interest paid, excluding interest expense on subordinated bonds issued		(30,087)	(25,490)

The notes on pages 35 to 107 form part of this interim financial report.