

# Consolidated Cash Flow Statement

for the year ended 31 December 2003

|  | Notes | 2003<br>\$million | 2002<br>\$million |
|--|-------|-------------------|-------------------|
| <b>Net cash inflow from operating activities</b>   | 39    | <b>3,748</b>      | 4,778             |
| <b>Returns on investment and servicing of finance</b>  |       |                   |                   |
| Interest paid on subordinated loan capital   |       | (298)             | (330)             |
| Premium and costs on repayment of subordinated liabilities   |       | –                 | (10)              |
| Dividends paid to minority shareholders of subsidiary undertakings   |       | (22)              | (18)              |
| Dividends paid on preference shares  |       | (55)              | (123)             |
| <b>Net cash outflow from returns on investments and servicing of finance</b>   |       | <b>(375)</b>      | (481)             |
| <b>Taxation</b>  |       |                   |                   |
| UK taxes paid  |       | (161)             | (25)              |
| Overseas taxes paid  |       | (353)             | (303)             |
| <b>Total taxes paid</b>  |       | <b>(514)</b>      | (328)             |
| <b>Capital expenditure and financial investment</b>  |       |                   |                   |
| Purchases of tangible fixed assets   |       | (156)             | (209)             |
| Acquisitions of treasury bills held for investment purposes  |       | (12,604)          | (10,453)          |
| Acquisitions of debt securities held for investment purposes   |       | (49,247)          | (38,314)          |
| Acquisitions of equity shares held for investment purposes   |       | (194)             | (175)             |
| Disposals of tangible fixed assets   |       | 14                | 32                |
| Disposals and maturities of treasury bills held for investment purposes  |       | 12,632            | 10,667            |
| Disposals and maturities of debt securities held for investment purposes   |       | 49,498            | 35,530            |
| Disposals of equity shares held for investment purposes  |       | 13                | 18                |
| <b>Net cash outflow from capital expenditure and financial investment</b>  |       | <b>(44)</b>       | (2,904)           |
| <b>Net cash inflow before equity dividends paid and financing</b>  |       | <b>2,815</b>      | 1,065             |
| <b>Net cash outflow from disposal of interests in subsidiary and associated undertakings and the business of a branch*</b> |       | <b>(95)</b>       | –                 |
| <b>Equity dividends paid to members of the Company</b>   |       | <b>(531)</b>      | (462)             |
| <b>Financing</b>   |       |                   |                   |
| Gross proceeds from issue of ordinary shares   |       | 3                 | 399               |
| Ordinary share issue expenses  |       | –                 | (31)              |
| Repurchase of preference share capital   |       | (20)              | (732)             |
| Preference share repurchase expenses   |       | –                 | (9)               |
| Issue of subordinated loan capital   |       | –                 | 11                |
| Repayment of subordinated liabilities  |       | –                 | (355)             |
| <b>Net cash outflow from financing</b>   |       | <b>(17)</b>       | (717)             |
| <b>Increase/(decrease) in cash in the year</b>   |       | <b>2,172</b>      | (114)             |

\* A net figure of \$17 million was paid to counterparties for the net sale/purchase of the business of a branch. \$112 million worth of cash and cash equivalents were included in balances transferred on sale of the business of a branch, which is included in the \$95 million net outflow.