

Reconciliation of Tesco Bank Income Statement from Tesco PLC Preliminary Results to Tesco Personal Finance plc Annual Financial Statements

Tesco Bank Income Statement 12 months ended 29 February 2016

	Tesco PLC preliminary results £m	Group Reporting Adjustments *	Statutory Adjustments and Reclassifications **	Tesco Personal Finance plc Annual Report £m
Revenue				
Interest receivable and similar income	576	(1)	-	575
Fee and commissions receivable	379	-	27	406
	955	(1)	27	981
Direct costs				
Interest payable	(166)	-	(4)	(170)
Fees and commissions payable	(3)	-	(28)	(31)
	(169)	-	(32)	(201)
Other income	-	-	(7)	(7)
Gross profit	786	(1)	(12)	773
Other expenses				
Staff costs	(172)	-	(2)	(174)
Premises and equipment	(81)	-	4	(77)
Other administrative expenses	(212)	38	(3)	(177)
Depreciation and amortisation (excluding amortisation of intangibles arising on acquisition)	(91)	5	-	(86)
Provisions for bad and doubtful debts	(68)	-	-	(68)
Share of loss of joint ventures and associates		-	(3)	(3)
Operating Profit before exceptional items	162	42	(16)	188
Restructuring and other exceptional items	(1)	-	1	-
Net finance costs; interest	(4)	-	4	-
Share of loss of joint venture	(3)	-	3	-
Net finance costs: Movement on derivatives and hedge accounting	(8)	-	8	-
Management Charges	(1)	-	1	-
Profit before Tax	145	42	1	188

* Comprising fair value release (£1m), amortisation of acquisition intangible (£5m) and ATM Net Income (£38m).

** Comprising statutory adjustments and reclassifications including IFRIC 13 (£28m) and legal entity structure (Tesco Compare and Tesco Personal Finance Group).

Reconciliation of Tesco Bank Balance Sheet from Tesco PLC preliminary results to Tesco Personal Finance plc Annual Financial Statements

<u>Tesco Bank Balance Sheet as at 29 February 2016</u>	Tesco PLC preliminary results	Group Reporting Adjustments *	Statutory Adjustments and Reclassifications **	Teso Personal Finance plc Annual Report
	£m	£m	£m	£m
Non-Current Assets				
Goodwill and other intangible assets	1,174	(8)	(802)	364
Property, plant and equipment	78	-	1	79
Investments in Joint Ventures	76	-	-	76
Other investments	984	-	34	1,018
Loans & advances to customers	4,723	2	-	4,725
Non-current assets	7,035	(6)	(767)	6,262
Trade and other receivables	314	19	(13)	320
Trade and other payables	(252)	(19)	-	(271)
Loans & advances to customers - current	3,819	2	-	3,821
Customer Deposits and deposits from banks	(7,479)	-	(1)	(7,480)
Total Provisions	(58)	-	-	(58)
Deferred tax liabilities	(32)	1	-	(31)
Current tax asset	2	-	-	2
	(3,686)	3	(14)	(3,697)
Cash and Cash Equivalents	554	-	11	565
Loans to Associates and Joint Ventures	34	-	(34)	-
Derivative Financial Instruments Receivable Non Current	29	-	-	29
Derivative Financial Instrument Payable - Current	(7)	-	-	(7)
Derivative Financial Instrument Payable Non Current	(143)	-	-	(143)
Net loan interest IC	(1)	-	-	(1)
MTNs and Bonds - Principle - Non Current	(1,206)	-	(1)	(1,207)
Net Loans Principal Intercompany	(235)	-	-	(235)
	(975)	-	(24)	(999)
Net Assets	2,374	(3)	(805)	1,566

* Comprising fair value release (£4m), amortisation of acquisition intangible (£8m) and Intercompany balances (£19m).

** Comprising statutory adjustments and reclassifications including: Goodwill of £802m, Loan to joint venture of £34m, Mandatory Reserve deposits with Bank of England of £13m.

Reconciliation of Tesco Bank Cashflow Statement from Tesco PLC Preliminary Results to Tesco Personal Finance plc Annual Financial Statements

Tesco Bank Cashflow Statement 12 months ended 29 February 2016

Tesco PLC preliminary results	Group Reporting Adjustments ²	Statutory Adjustments and Reclassifications ³	Tesco Personal Finance plc Annual Report
£m	£m	£m	£m
Operating Profit ¹	38	(11)	188
Depreciation, amortisation and net intangible asset impairment	(5)	-	86
ATM net income	(38)	-	-
Loss/(profit) arising on sale of non property related items	(1)	-	(1)
Share-based payments	-	-	10
Tesco Bank non-cash items included in profit before tax	-	25	97
Cashflow from operations excluding working capital	(5)	14	380
Decrease in working capital	-	-	(518)
Cash used in operations	(5)	14	(138)
Interest paid	4	-	-
Corporation tax paid	-	-	(7)
Net cash used in operating activities	(1)	14	(145)
Purchase of property, plant and equipment, and intangible assets	-	(6)	(40)
Net purchase of other investments	-	-	(120)
Net cash used in investing activities	-	(6)	(160)
Increase in borrowings	-	(2)	298
Dividends paid	-	(50)	(50)
Interest paid	-	(4)	(4)
Net cash generated from financing activities	-	(56)	244
Increase/(decrease) in net intercompany working capital	-	-	-
Increase/(decrease) in net intercompany working capital	-	-	-
Dividend Received	(50)	50	-
InterGroup funding and intercompany transactions	-	50	-
Net decrease in cash and cash equivalents	(1)	2	(61)
Cash and cash equivalents at the beginning of the period	-	(3)	613
Cash and cash equivalents at the end of the period	(1)	(1)	552 ⁴

Notes

1 Tesco Bank operating profit is per Tesco Bank Income Statement.

2 Comprising ATM net income (£38m), amortisation of acquisition intangible (£5m) and fair value release (£1m).

3 Comprising statutory adjustments and reclassifications including cashflow presentational differences such as movements on derivatives, interest paid, customer redress provision, intra-group balances and further detail on balance sheet movements and legal entity structure (Tesco Personal Finance Group).

4 Mandatory reserve deposits held within the Bank of England of £13m are not included within cash and cash equivalents for the purposes of the cash flow statement as these do not have a maturity of less than three months