

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 28 February 2018

Revenue

Interest receivable and similar income
Fee and commissions receivable

Direct costs

Interest payable
Fees and commissions payable

Other income

Gross profit

Other expenses
Staff costs
Premises and equipment
Other administrative expenses
Depreciation and amortisation
Provisions for bad and doubtful debts

Operating profit before exceptional items

Exceptional items³

Operating profit after exceptional items

Net finance costs
Share of profit of joint venture
Movement on derivatives

Profit before tax

Tesco PLC Preliminary Results £m	Group Reporting Adjustments ¹ £m	Statutory Adjustments and Reclassifications ² £m	Tesco Personal Finance plc Annual Report £m
673	-	-	673
378	-	9	387
1,051	-	9	1,060
(176)	-	(4)	(180)
(22)	-	(9)	(31)
(198)	-	(13)	(211)
-	-	11	11
853	-	7	860
(174)	-	-	(174)
(77)	-	(1)	(78)
(209)	37	(23)	(195)
(83)	-	-	(83)
(137)	-	-	(137)
173	37	(17)	193
(24)	-	24	-
149	37	7	193
(4)	-	4	-
10	-	-	10
11	-	(11)	-
166	37	0	203

Notes

1 Comprising ATM commission (£37m).

2 Comprising statutory adjustments and reclassifications including IFRIC 13 (£9m) and legal entity structure (Tesco Personal Finance Group).

3 Exceptional items in 2018 consist of an increase in PPI provision of £35.0m partially offset by a decrease in CCA provision of £1.5m and a credit of £9.8m received following the conclusion of negotiations with a third party in respect of previously recognised customer redress.

Tesco Bank Balance Sheet as at 28 February 2018

Goodwill and other intangible assets
Property, plant and equipment
Investments in joint ventures
Non-current other investments
Non-current loans & advances to customers

- Trade and other receivables
- Trade and other payables
- Current other investments
- Current loans & advances to customers
- Customer deposits and deposits from banks
- Total provisions
- Deferred tax liabilities
- Current tax liability

- Cash and cash equivalents
- Loans to joint ventures
- Derivative financial instrument receivable
- Derivative financial instruments receivable non-current
- Derivative financial instrument payable - current
- Derivative financial instrument payable non-current
- Net loan interest IC
- MTNs and bonds - principle - current
- MTNs and bonds - principle - non-current
- Net loans principal intercompany

Notes

1 Comprising statutory adjustments and reclassifications including: Goodwill of £802m, loan to joint venture of £34m and mandatory reserve deposits with Bank of England of £15m.

Tesco PLC Preliminary Results	Group Reporting Adjustments	Statutory Adjustments and Reclassifications ¹	Tesco Personal Finance plc Annual Report
£m	£m	£m	£m
1,073	-	(802)	271
68	-	-	68
90	-	-	90
857	-	34	891
6,885	-	-	6,885
8,973	-	(768)	8,205
308	22	(15)	315
(238)	(18)	3	(253)
68	-	-	68
4,637	-	-	4,637
(10,784)	-	(3)	(10,787)
(77)	-	(2)	(79)
(4)	-	-	(4)
(35)	-	-	(35)
(6,125)	4	(17)	(6,138)
1,304	-	15	1,319
34	-	(34)	-
1	-	-	1
45	-	-	45
(3)	-	-	(3)
(85)	-	-	(85)
(1)	-	1	-
(426)	-	-	(426)
(922)	-	-	(922)
(235)	-	-	(235)
(288)	-	(18)	(306)
2,560	4	(803)	1,761

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

Tesco Bank Cash Flow Statement for 12 months to 28 February 2018

Operating profit ¹

Net finance costs: interest paid

Share of profit of joint venture

Movement on derivatives

Profit before tax

Depreciation, amortisation and net intangible asset impairment

ATM net income

Profit arising on disposal of property, plant and equipment and intangible assets

Share-based payments

Tesco Bank non-cash items included in profit before tax

Cash flow from operations excluding working capital

Decrease/(Increase) in working capital

Cash generated from operations

Corporation tax paid

Net cash generated from operating activities

Purchase of property, plant and equipment

Purchase of intangible assets

Net investments in joint ventures

Proceeds from disposal of property, plant and equipment and intangible assets

Dividends from Tesco Bank

Net sale of other investments

Net cash (used in)/generated from investing activities

Interest paid on debt securities in issue

Interest received on assets held to hedge debt securities in issue

Increase of borrowings

Repayment of borrowings

Dividends paid

Interest paid on subordinated liabilities

Net cash generated from/(used in) used in financing activities

(Decrease)/Increase in net intercompany working capital

InterGroup funding and intercompany transactions

Net increase in cash and cash equivalents

Cash and cash equivalents at the beginning of the period

Cash and cash equivalents at the end of the period

Tesco PLC Preliminary Results £m	Group Reporting Adjustments ² £m	Statutory Adjustments and Reclassifications ³ £m	Tesco Personal Finance plc Annual Report £m
149	37	7	193
(4)	-	4	-
10	-	-	10
11	-	(11)	-
166	37	-	203
83	-	-	83
37	(37)	-	-
-	-	1	1
4	-	-	4
135	-	75	210
425	-	76	501
107	-	(60)	47
532	-	16	548
(45)	-	-	(45)
487	-	16	503
(10)	-	1	(9)
(45)	-	-	(45)
(15)	-	-	(15)
1	-	(1)	-
(50)	-	50	-
6	-	-	6
(113)	-	50	(63)
-	-	(25)	(25)
-	-	4	4
300	-	-	300
(150)	-	-	(150)
-	-	(50)	(50)
-	-	(4)	(4)
150	-	(75)	75
(9)	-	9	-
(9)	-	9	-
515	-	-	515
789	-	-	789
1,304	-	-	1304 ⁴

Notes

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

2 Comprising ATM commission (£37m).

3 Comprising statutory adjustments and reclassifications including cash flow presentational differences such as movements on derivatives, interest paid, 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 £15m 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.