

## Reconciliation of Tesco Bank Income Statement from Tesco PLC Investor Relations pack to Tesco Personal Finance plc Annual Financial Statements

### Tesco Bank Income Statement 12 months ended 28 Feb 19

	Per Tesco plc IR Pack £m	Group Reporting Adjustments * £m	Statutory Adjustments and Reclassifications ** £m	Tesco Personal Finance plc Annual Report £m
<b>Revenue</b>				
Interest receivable and similar income	729	-	-	729
Fee and commissions receivable	368	-	(2)	366
	<b>1,097</b>	-	<b>(2)</b>	<b>1,095</b>
<b>Direct costs</b>				
Interest payable	(175)	-	(5)	(180)
Fees and commissions payable	(27)	-	(6)	(33)
	<b>(202)</b>	-	<b>(11)</b>	<b>(213)</b>
Other income	-	-	4	4
<b>Gross profit</b>	<b>895</b>	-	<b>(9)</b>	<b>886</b>
Other expenses				
Staff costs	(170)	-	(1)	(171)
Premises and equipment	(80)	-	1	(79)
Other administrative expenses	(201)	34	(31)	(198)
Depreciation and amortisation	(83)	-	-	(83)
Impairment loss on financial assets	(164)	-	-	(164)
<b>Operating profit</b>	<b>197</b>	<b>34</b>	<b>(40)</b>	<b>191</b>
Net finance costs	(4)	-	4	-
Share of profit of joint venture	8	-	-	8
Movement on derivatives	(4)	-	4	-
Restructuring and other one off costs	(30)	-	30	-
<b>Profit before tax</b>	<b>167</b>	<b>34</b>	<b>(2)</b>	<b>199</b>

\* Comprising ATM commission (£34m).

\*\* Comprising statutory adjustments and reclassifications including IFRIC 13 (£5m) and legal entity structure (Tesco Personal Finance Group).

## Reconciliation of Tesco Bank Balance Sheet from Tesco PLC Annual Report to Tesco Personal Finance plc Annual Financial Statements

<u>Tesco Bank Balance Sheet as at 28 Feb 19</u>	Per Tesco plc Annual Report £m	Group Reporting Adjustments £m	Statutory Adjustments and Reclassifications *	Tesco Personal Finance plc Annual Report £m
<b>Non-current assets</b>				
Goodwill and other intangible assets	1,026	0	(802)	224
Property, plant and equipment	62	0	0	62
Investments in joint venture	86	0	0	86
Non-current financial assets at FVOCI	976	0	29	1,005
Non-current trade and other receivables	19	0	0	19
Non-current loans & advances to customers and banks	7,868	0	0	7,868
Deferred tax assets	58	0	0	58
<b>Non-current assets</b>	<b>10,095</b>	<b>0</b>	<b>(773)</b>	<b>9,322</b>
Current trade and other receivables	285	11	(29)	267
Trade and other payables	(241)	(21)	2	(260)
Current financial assets at FVOCI	67	0	0	67
Current loans & advances to customers and banks	4,882	0	0	4,882
Customer deposits and deposits from banks	(12,128)	0	(14)	(12,142)
Total provisions	(52)	0	(3)	(55)
Current tax liability	(31)	0	0	(31)
	<b>(7,218)</b>	<b>(10)</b>	<b>(44)</b>	<b>(7,272)</b>
Cash and cash equivalents	1,043	0	29	1,072
Loans to joint venture	29	0	(29)	0
Derivative financial instrument receivable	14	0	0	14
Derivative financial instruments receivable - non current	17	0	0	17
Derivative financial instrument payable - current	(3)	0	0	(3)
Derivative financial instrument payable - non current	(57)	0	0	(57)
Net loan interest IC	(1)	0	1	0
MTNs and bonds - principle - current	(422)	0	0	(422)
MTNs and bonds - principle - non current	(763)	0	0	(763)
Net loans principal intercompany	(235)	0	0	(235)
	<b>(378)</b>	<b>0</b>	<b>1</b>	<b>(377)</b>
<b>Net assets</b>	<b>2,499</b>	<b>(10)</b>	<b>(816)</b>	<b>1,673</b>

\* Comprising statutory adjustments and reclassifications including: Goodwill of £802m, Loan to joint venture of £29m, Mandatory Reserve deposits with Bank of England of £29m.

## 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 2019

Tesco PLC Preliminary Results	Group Reporting Adjustments <sup>2</sup>	Statutory Adjustments and Reclassifications <sup>3</sup>	Tesco Personal Finance plc Annual Report
£m	£m	£m	£m
<b>Operating profit <sup>1</sup></b>	<b>167</b>	<b>34</b>	<b>191</b>
Net finance costs: interest paid	(4)	-	-
Share of profit of joint venture	8	-	8
Movement on derivatives	(4)	-	-
<b>Profit before tax</b>	<b>167</b>	<b>34</b>	<b>199</b>
Depreciation, amortisation and net intangible asset impairment	83	-	83
ATM net income	34	(34)	-
Loss/(profit) arising on disposal of property, plant and equipment and intangible assets	(8)	-	(7)
Loss/(profit) arising on sale of other investments	-	-	-
Share-based payments	(5)	-	(5)
Tesco Bank non-cash items included in profit before tax	123	-	196
<b>Cash flow from operations excluding working capital</b>	<b>394</b>	<b>-</b>	<b>466</b>
Decrease/(Increase) in working capital	(258)	-	(278)
<b>Cash generated from operations</b>	<b>136</b>	<b>-</b>	<b>188</b>
Corporation tax paid	(68)	-	(68)
<b>Net cash generated from operating activities</b>	<b>68</b>	<b>-</b>	<b>120</b>
Purchase of property, plant and equipment	(3)	-	(3)
Purchase of intangible assets	(27)	-	(27)
Net investments in joint ventures	15	-	15
Proceeds from disposal of property, plant and equipment and intangible assets	1	-	-
Dividends from Tesco Bank	(50)	-	-
Net sale of other investments	(124)	-	(122)
<b>Net cash used in investing activities</b>	<b>(188)</b>	<b>-</b>	<b>(137)</b>
Interest paid on debt securities in issue	-	-	(23)
Interest received on assets held to hedge debt securities in issue	-	-	-
Increase of borrowings	271	-	270
Repayment of borrowings	(425)	-	(425)
Dividends paid	-	-	(60)
Interest paid on subordinated liabilities	-	-	(5)
<b>Net cash used in financing activities</b>	<b>(154)</b>	<b>-</b>	<b>(243)</b>
(Decrease)/Increase in net intercompany working capital	14	-	-
Dividend received	-	-	-
<b>InterGroup funding and intercompany transactions</b>	<b>14</b>	<b>-</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(261)</b>	<b>-</b>	<b>(261)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,304</b>	<b>-</b>	<b>1,304</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,043</b>	<b>-</b>	<b>1,043</b>

### Notes

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

2 Comprising ATM commission (£34m).

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.