

## Reconciliation of Tesco Bank Income Statement from Tesco PLC Interim Results to Tesco Personal Finance plc Interim Financial Statements

### Tesco Bank Income Statement 6 months ended 31 Aug 2019

#### 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  
Impairment loss on financial assets

#### Operating profit

Net finance costs

Share of profit of joint venture  
Movement on derivatives  
Restructuring and other one off costs

#### Profit before tax<sup>4</sup>

| Tesco PLC Interim Results              | Group Reporting Adjustments <sup>1</sup> | Statutory Adjustments and Reclassifications <sup>2</sup> | Tesco Personal Finance plc Interim Report |
|--|--|--|---|
| £m                                     | £m                                       | £m   | £m  |
| Revenue                                |  |  |   |
| Interest receivable and similar income | -  | (33)   | 346                                       |
| Fee and commissions receivable         | -  | 2  | 185                                       |
| <b>562</b>                             | <b>-</b>                                 | <b>(31)</b>  | <b>531</b>                                |
| Direct costs                           |  |  |   |
| Interest payable                       | -  | (12)   | (106)                                     |
| Fees and commissions payable           | -  | (2)  | (15)                                      |
| <b>(107)</b>                           | <b>-</b>                                 | <b>(14)</b>  | <b>(121)</b>                              |
| Other income                           | -  | (3)  | (3)                                       |
| <b>455</b>                             | <b>-</b>                                 | <b>(48)</b>  | <b>407</b>                                |
| Other expenses                         |  |  |   |
| Staff costs                            | -  | (6)  | (92)                                      |
| Premises and equipment                 | -  | -  | (37)                                      |
| Other administrative expenses          | 17                                       | (41)   | (117)                                     |
| Depreciation and amortisation          | -  | 1  | (38)                                      |
| Impairment loss on financial assets    | -  | -  | (113)                                     |
| <b>87</b>                              | <b>17</b>                                | <b>(94)</b>  | <b>10</b>                                 |
| Net finance costs                      | -  | 3  | -   |
| Share of profit of joint venture       | -  | -  | 7   |
| Movement on derivatives                | -  | 10   | -   |
| Restructuring and other one off costs  | -  | 57   | -   |
| <b>24</b>                              | <b>17</b>                                | <b>(24)</b>  | <b>17</b>                                 |

<sup>1</sup> Comprising ATM commission (£17m).

<sup>2</sup> Comprising statutory adjustments and reclassifications including; one-off costs (£57m); discontinued operations (£24m); IFRIC 13 (£3m) and legal entity structure (Tesco Personal Finance Group).

<sup>3</sup> The sale of the mortgage book has been treated as a post-balance sheet event in the Tesco PLC Interim Results and as a discontinued operation in the Tesco Personal Finance plc Interim Report.

## Reconciliation of Tesco Bank Balance Sheet from Tesco PLC Interim Results to Tesco Personal Finance plc Interim Financial Statements

### Tesco Bank Balance Sheet as at 31 Aug 2019

#### Non-current assets

|   |              |
|---|--------------|
| Goodwill and other intangible assets                | 1,007        |
| Property, plant and equipment                       | 73           |
| Investments in joint venture                        | 84           |
| Non-current financial assets at FVOCI               | 1,009        |
| Non-current trade and other receivables             | 37           |
| Non-current loans & advances to customers and banks | 4,186        |
| Deferred tax assets                                 | 61           |
| Non-current assets                                  | <b>6,457</b> |

|   |          |
|---|----------|
| Current trade and other receivables             | 319      |
| Trade and other payables                        | (241)    |
| Current financial assets at FVOCI               | 30       |
| Current loans & advances to customers and banks | 4,962    |
| Customer deposits and deposits from banks       | (11,902) |
| Total provisions                                | (81)     |
| Assets of disposal Group                        | 3,690    |
| Liabilities of disposal Group                   | (4)      |
| Current tax liability                           | (23)     |

|   |         |
|---|---------|
| Cash and cash equivalents                                 | 693     |
| Loans to joint venture                                    | 21      |
| Derivative financial instrument receivable                | 14      |
| Derivative financial instruments receivable - non current | 26      |
| Derivative financial instrument payable - current         | (2)     |
| Derivative financial instrument payable - non current     | (61)    |
| Net loan interest IC                                      | (1)     |
| Lease liabilities   | (34)    |
| MTNs and bonds - principle - current                      | (73)    |
| MTNs and bonds - principle - non current                  | (1,038) |
| Net loans principal intercompany                          | (235)   |

#### Net assets

| Tesco PLC Interim Results                                 | Group Reporting Adjustments | Statutory Adjustments and Reclassifications <sup>1</sup> | Tesco Personal Finance plc Interim Report |
|---|-----------------------------|--|---|
| £m  | £m                          | £m   | £m  |
| Goodwill and other intangible assets                      | 0                           | (802)  | 205                                       |
| Property, plant and equipment                             | 0                           | 0  | 73  |
| Investments in joint venture                              | 0                           | 0  | 84  |
| Non-current financial assets at FVOCI                     | 0                           | 21   | 1,030                                     |
| Non-current trade and other receivables                   | 0                           | 0  | 37  |
| Non-current loans & advances to customers and banks       | 0                           | 0  | 4,186                                     |
| Deferred tax assets                                       | 0                           | 0  | 61  |
| <b>6,457</b>  | <b>0</b>                    | <b>(781)</b>   | <b>5,676</b>                              |
| Current trade and other receivables                       | 14                          | (31)   | 302                                       |
| Trade and other payables                                  | (21)                        | (34)   | (296)                                     |
| Current financial assets at FVOCI                         | 0                           | 0  | 30  |
| Current loans & advances to customers and banks           | 0                           | 0  | 4,962                                     |
| Customer deposits and deposits from banks                 | 0                           | (11)   | (11,913)                                  |
| Total provisions  | 0                           | (1)  | (82)                                      |
| Assets of disposal Group                                  | 0                           | 0  | 3,690                                     |
| Liabilities of disposal Group                             | 0                           | 0  | (4)                                       |
| Current tax liability                                     | 0                           | 0  | (23)                                      |
| <b>(3,250)</b>  | <b>(7)</b>                  | <b>(77)</b>  | <b>(3,334)</b>                            |
| Cash and cash equivalents                                 | 0                           | 30   | 723                                       |
| Loans to joint venture                                    | 0                           | (21)   | 0   |
| Derivative financial instrument receivable                | 0                           | 0  | 14  |
| Derivative financial instruments receivable - non current | 0                           | 0  | 26  |
| Derivative financial instrument payable - current         | 0                           | 0  | (2)                                       |
| Derivative financial instrument payable - non current     | 0                           | 0  | (61)                                      |
| Net loan interest IC                                      | 0                           | 1  | 0   |
| Lease liabilities   | 0                           | 34   | 0   |
| MTNs and bonds - principle - current                      | 0                           | 0  | (73)                                      |
| MTNs and bonds - principle - non current                  | 0                           | (1)  | (1,039)                                   |
| Net loans principal intercompany                          | 0                           | 0  | (235)                                     |
| <b>(690)</b>  | <b>0</b>                    | <b>43</b>  | <b>(647)</b>                              |
| <b>2,517</b>  | <b>(7)</b>                  | <b>(815)</b>   | <b>1,695</b>                              |

<sup>1</sup> Comprising statutory adjustments and reclassifications including: Goodwill of £802m, Loan to joint venture of £21m, Mandatory Reserve deposits with Bank of England of £31m and lease liabilities of £34m.

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

### Tesco Bank Cash Flow Statement for 6 months to 31 Aug 2019

#### Operating profit <sup>1</sup>

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

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

Interest paid

Corporation tax paid

#### Net cash generated from operating activities

Purchase of property, plant and equipment

Purchase of intangible assets

Net investments in joint ventures

Net sale of other investments

#### Net cash used in 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

Interest paid on subordinated liabilities

Principal repayments on lease liabilities

Interest payments on lease liabilities

#### Net cash used in financing activities

(Decrease)/Increase in net intercompany working capital

#### InterGroup funding and intercompany transactions

#### Net decrease 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 <sup>4</sup>

| Tesco PLC Interim Results | Group Reporting Adjustments <sup>2</sup> | Statutory Adjustments and Reclassifications <sup>3</sup> | Tesco Personal Finance plc Interim Report |
|---------------------------|--|--|---|
| £m                        | £m                                       | £m   | £m  |
| 30                        | 17                                       | -  | 47  |
| (3)                       | -  | -  | (3)                                       |
| 7                         | -  | -  | 7   |
| (10)                      | -  | -  | (10)                                      |
| 24                        | 17                                       | -  | 41  |
| 42                        | -  | -  | 42  |
| 17                        | (17)                                     | -  | -   |
| 1                         | -  | -  | 1   |
| 78                        | -  | 59   | 137                                       |
| 162                       | -  | 59   | 221                                       |
| (393)                     | -  | (53)   | (446)                                     |
| (231)                     | -  | 6  | (225)                                     |
| (4)                       | -  | 4  | -   |
| (32)                      | -  | -  | (32)                                      |
| (267)                     | -  | 10   | (257)                                     |
| (1)                       | -  | 1  | -   |
| (18)                      | -  | (1)  | (19)                                      |
| 24                        | -  | (1)  | 23  |
| 14                        | -  | -  | 14  |
| 19                        | -  | (1)  | 18  |
| -                         | -  | (11)   | (11)                                      |
| -                         | -  | 4  | 4   |
| 250                       | -  | -  | 250                                       |
| (350)                     | -  | -  | (350)                                     |
| -                         | -  | (3)  | (3)                                       |
| (1)                       | -  | -  | (1)                                       |
| -                         | -  | (1)  | (1)                                       |
| (101)                     | -  | (11)   | (112)                                     |
| (1)                       | -  | 1  | -   |
| (1)                       | -  | 1  | -   |
| (350)                     | -  | (1)  | (351)                                     |
| 1,043                     | -  | -  | 1,043                                     |
| 693                       | -  | (1)  | 692                                       |

### Notes

<sup>1</sup> Tesco Bank operating profit is per Tesco Bank Income Statement.

<sup>2</sup> Comprising ATM commission (£17m).

<sup>3</sup> 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).

<sup>4</sup> Mandatory reserve deposits held within the Bank of England of £31m 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.