

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

### Tesco Bank Income Statement for 6 months ended 31 Aug 2020

	Per Tesco PLC Interim Results	Group Reporting Adjustments *	Statutory Adjustments and Reclassifications **	Tesco Personal Finance plc Interim Report
	£m	£m	£m	£m
<b>Revenue</b>				
Interest receivable and similar income	292	-	8	300
Fee and commissions receivable	94	-	8	102
	<b>386</b>	<b>-</b>	<b>16</b>	<b>402</b>
<b>Direct costs</b>				
Interest payable	(51)	-	(11)	(62)
Fees and commissions payable	(6)	-	(9)	(15)
	<b>(57)</b>	<b>-</b>	<b>(20)</b>	<b>(77)</b>
Other income	-	-	(1)	(1)
<b>Gross profit</b>	<b>329</b>	<b>-</b>	<b>(5)</b>	<b>324</b>
<b>Other expenses</b>				
Staff costs	(91)	-	(1)	(92)
Premises and equipment	(36)	-	-	(36)
Other administrative expenses	(70)	8	-	(62)
Depreciation and amortisation (excluding amortisation of intangibles arising on acquisition)	(30)	-	-	(30)
Impairment loss on financial assets	(257)	-	-	(257)
<b>Operating loss</b>	<b>(155)</b>	<b>8</b>	<b>(6)</b>	<b>(153)</b>
Net finance costs	(3)	-	3	-
Share of profit of joint venture	9	-	-	9
Movement on derivatives	(1)	-	1	-
Management charges	-	-	-	-
Restructuring and other one off costs	-	-	-	-
<b>Loss before tax</b>	<b>(150)</b>	<b>8</b>	<b>(2)</b>	<b>(144)</b>

\* Comprising ATM commission (£8m).

\*\* Comprising statutory adjustments and reclassifications including; discontinued operations (£1m); IFRIC 13 (£8m) and legal entity structure (Tesco Personal Finance Group).

## 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 2020	Per Tesco PLC Interim Results	Group Reporting Adjustments	Statutory Adjustments and Reclassifications *	Tesco Personal Finance plc Interim Report
	£m	£m	£m	£m
Non-Current Assets				
Goodwill	775	-	(775)	-
Software Licences	130	-	-	130
Property, plant and equipment	76	-	-	76
Investments in joint ventures	95	-	1	96
Non-current other investments - amortised cost	826	-	21	847
Non-current other investments - FVOCI	4	-	-	4
Non-current trade and other receivables	57	-	-	57
Non-current loans & advances to customers	3,655	-	-	3,655
Deferred tax asset	74	-	-	74
<b>Non-current assets</b>	<b>5,692</b>	<b>-</b>	<b>(753)</b>	<b>4,939</b>
Current trade and other receivables	440	6	(27)	419
Trade and other payables	(346)	(118)	(30)	(494)
Current other investments	26	-	-	26
Current loans & advances to customers and banks	3,630	-	-	3,630
Customer deposits and deposits from banks	(7,137)	-	(11)	(7,148)
Total Provisions	(48)	-	(2)	(50)
Assets of disposal Group	-	-	-	-
Liabilities of disposal Group	-	-	-	-
Current tax asset	25	-	-	25
	(3,410)	(112)	(70)	(3,592)
Cash and cash equivalents	1,580	-	25	1,605
Loans to joint ventures	21	-	(21)	-
Derivative financial instrument receivable	2	-	-	2
Derivative financial instruments receivable non current	5	-	-	5
Derivative financial instrument payable - current	(14)	-	-	(14)
Derivative financial instrument payable non current	(58)	-	-	(58)
Net loan interest IC	-	-	-	-
Lease liabilities	(31)	-	31	-
MTNs and bonds - principle -Current	(762)	-	-	(762)
MTNs and bonds - principle - non Current	(254)	-	254	-
Net loans principal intercompany	(235)	-	(254)	(489)
	254	-	34	288
<b>Net Assets</b>	<b>2,536</b>	<b>(112)</b>	<b>(789)</b>	<b>1,635</b>

\* Comprising statutory adjustments and reclassifications including: Goodwill of £775m, Loan to joint venture of £21m, Mandatory Reserve deposits with Bank of England of £27m and lease liabilities of £31m

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

### Tesco Bank Cash Flow Statement for 6 months to 31 August 2020

Per 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
<b>Operating loss <sup>1</sup></b>	<b>8</b>	<b>(6)</b>	<b>(153)</b>
Depreciation, amortisation and net intangible asset impairment	-	1	30
ATM net income	(8)	-	-
Loss/(profit) arising on disposal of property, plant and equipment and intangible assets	-	1	1
Loss/(profit) arising on sale of other investments	-	-	-
Share-based payments	-	-	3
Finance costs	-	18	18
Tesco Bank non-cash items included in profit before tax	-	3	262
<b>Cash flow from operations excluding working capital</b>	<b>-</b>	<b>17</b>	<b>161</b>
Decrease/(Increase) in working capital	-	46	(84)
<b>Cash generated from operations</b>	<b>-</b>	<b>63</b>	<b>77</b>
Interest paid	-	3	-
Corporation tax paid	-	-	(9)
<b>Net cash generated from operating activities</b>	<b>-</b>	<b>66</b>	<b>68</b>
Purchase of property, plant and equipment	-	7	(17)
Purchase of intangible assets	-	-	(18)
Proceeds from disposal of property, plant and equipment and intangible assets	-	(51)	-
Net sale of other investments	-	-	202
<b>Net cash generated from investing activities</b>	<b>-</b>	<b>(44)</b>	<b>167</b>
Increase of borrowings	-	-	-
Repayment of borrowings	-	-	-
Dividends paid	-	-	-
Repayment of obligation under lease	-	1	(1)
Interest paid	-	(18)	(18)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(17)</b>	<b>(19)</b>
(Decrease)/Increase in net intercompany working capital	-	(5)	-
<b>InterGroup funding and intercompany transactions</b>	<b>-</b>	<b>(5)</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>-</b>	<b>-</b>	<b>216</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>-</b>	<b>(2)</b>	<b>1,362</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>-</b>	<b>(2)</b>	<b>1,578</b>

### Notes

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

2 Comprising ATM commission (£8m).

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, legal entity structure (Tesco Personal Finance Group) and a reclassification of the proceeds of the sale of the mortgage business from investing activities to operating activities.

4 Mandatory reserve deposits held within the Bank of England of £27m 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.