

## Reconciliation of Tesco Bank Income Statement from Tesco PLC Preliminary Results to Tesco Personal Finance plc Annual Report

### Tesco Bank Income Statement Year Ended 28 February 2021

#### Revenue

Interest receivable and similar income  
Fee and commissions receivable

#### Direct costs

Interest payable  
Fees and commissions payable

Other income

#### Gross profit

Staff costs  
Premises and equipment  
Other administrative expenses  
Depreciation and amortisation (excluding amortisation of intangibles arising on acquisition)  
Impairment loss on financial assets

#### Operating loss before exceptional items

Exceptional items

#### Operating loss

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

#### Loss before tax

Per Tesco PLC Preliminary Results £m	Group Reporting Adjustments <sup>1</sup> £m	Statutory Adjustments and Reclassifications <sup>2</sup> £m	Tesco Personal Finance plc Annual Report £m
542	-	20	562
193	-	16	209
<b>735</b>	<b>-</b>	<b>36</b>	<b>771</b>
(83)	-	(25)	(108)
(17)	-	(16)	(33)
<b>(100)</b>	<b>-</b>	<b>(41)</b>	<b>(141)</b>
-	-	(3)	(3)
<b>635</b>	<b>-</b>	<b>(8)</b>	<b>627</b>
(176)	-	-	(176)
(75)	-	-	(75)
(142)	13	(1)	(130)
(57)	-	-	(57)
(360)	-	-	(360)
<b>(175)</b>	<b>13</b>	<b>(9)</b>	<b>(171)</b>
(295)	295	-	-
<b>(470)</b>	<b>308</b>	<b>(9)</b>	<b>(171)</b>
(6)	-	6	-
16	-	-	16
(2)	-	2	-
(1)	-	1	-
<b>(463)</b>	<b>308</b>	<b>-</b>	<b>(155)</b>

<sup>1</sup> Comprising ATM Commission Income (£13m) and goodwill impairment charge (£295m)

<sup>2</sup> Comprising statutory adjustments and reclassifications including IFRIC 13 (£15m) and legal entity structure (Tesco Personal Finance Group)

## Reconciliation of Tesco Bank Balance Sheet from Tesco PLC Preliminary Results to Tesco Personal Finance plc Annual Report

<u>Tesco Bank Balance Sheet as at 28 Feb 2021</u>	Per Tesco PLC Preliminary Results	Group Reporting Adjustments	Statutory Adjustments and Reclassifications <sup>1</sup>	Tesco Personal Finance plc Annual Report
£m	£m	£m	£m	£m
<b>Non-Current Assets</b>				
Goodwill	480	-	(480)	-
Software Licences	131	-	-	131
Property, plant and equipment	77	-	-	77
Investments in joint ventures	93	-	-	93
Non-current financial assets at amortised cost	752	-	21	773
Non-current financial assets at FVOCI	2	-	-	2
Non-current trade and other receivables	52	-	-	52
Non-current loans & advances to customers	3,309	-	-	3,309
Deferred tax asset	67	-	-	67
<b>Non-current assets</b>	<b>4,963</b>	<b>-</b>	<b>(459)</b>	<b>4,504</b>
Trade and other receivables	222	5	(27)	201
Trade and other payables	(216)	(26)	(28)	(270)
Current financial assets at amortised cost	175	-	-	175
Current financial assets at FVOCI	3	-	-	3
Current loans & advances to customers and banks	3,093	-	-	3,093
Customer deposits and deposits from banks	(6,338)	-	(13)	(6,351)
Total provisions	(59)	-	-	(59)
Current tax asset	36	-	-	36
	<b>(3,084)</b>	<b>(21)</b>	<b>(69)</b>	<b>(3,172)</b>
Cash and cash equivalents	780	-	23	803
Loans to joint ventures	21	-	(21)	-
Derivative financial instrument receivable	-	-	-	-
Derivative financial instruments receivable non current	6	-	-	6
Derivative financial instrument payable - current	(4)	-	-	(4)
Derivative financial instrument payable non current	(43)	-	-	(43)
Net loan interest IC	(1)	-	1	-
Lease liabilities	(31)	-	31	-
MTNs and bonds - principle -Current	-	-	-	-
MTNs and bonds - principle - non Current	(251)	-	251	-
Net loans principal intercompany	(235)	-	(251)	(486)
	<b>242</b>	<b>-</b>	<b>34</b>	<b>274</b>
<b>Net Assets</b>	<b>2,121</b>	<b>(21)</b>	<b>(494)</b>	<b>1,606</b>

<sup>1</sup> Comprising statutory adjustments and reclassifications including: Goodwill of £480m, Loan to joint venture of £21m, Mandatory Reserve deposits with Bank of England of £25m and lease liabilities of £31m.

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

<u>Tesco Bank Cash Flow Statement for 12 months to 28 February 2021</u>	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 loss<sup>1</sup></b>	<b>(470)</b>	<b>308</b>	<b>(9)</b>	<b>(171)</b>
Depreciation, amortisation and net intangible asset impairment	57	-	-	57
ATM net income	13	(13)	-	-
Loss/(profit) arising on disposal of property, plant and equipment and intangible assets	2	-	-	2
Loss/(profit) arising on sale of other investments	-	-	-	-
Impairment on goodwill	295	(295)	-	-
Share-based payments	(3)	-	-	(3)
Finance costs	0	-	29	29
Tesco Bank non-cash items included in profit before tax	367	-	3	370
<b>Cash flow from operations excluding working capital</b>	<b>261</b>	<b>-</b>	<b>23</b>	<b>284</b>
Decrease/(Increase) in working capital	(152)	(17)	67	(102)
<b>Cash generated from operations</b>	<b>109</b>	<b>(17)</b>	<b>90</b>	<b>182</b>
Interest paid	(6)	-	6	(0)
Corporation tax paid	(9)	-	-	(9)
<b>Net cash generated from operating activities</b>	<b>94</b>	<b>(17)</b>	<b>96</b>	<b>173</b>
Purchase of property, plant and equipment	(21)	-	3	(18)
Purchase of intangible assets	(40)	-	-	(40)
Proceeds from disposal of property, plant and equipment and intangible assets	51	-	(51)	-
Net sale of other investments	117	-	-	117
Dividends received from Tesco Bank	(13)	-	13	-
Dividends received from Joint Ventures and Associates	7	-	-	7
<b>Net cash generated from investing activities</b>	<b>101</b>	<b>-</b>	<b>(35)</b>	<b>66</b>
Increase of borrowings	1	-	(1)	-
Repayment of borrowings	(775)	-	3	(772)
Dividends paid	-	-	(15)	(15)
Repayment of obligation under lease	(3)	-	1	(2)
Interest paid	-	-	(34)	(34)
<b>Net cash used in financing activities</b>	<b>(777)</b>	<b>-</b>	<b>(46)</b>	<b>(823)</b>
(Decrease)/Increase in net intercompany working capital	(2)	17	(15)	-
<b>InterGroup funding and intercompany transactions</b>	<b>(2)</b>	<b>17</b>	<b>(15)</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>(584)</b>	<b>-</b>	<b>-</b>	<b>(584)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,364</b>	<b>-</b>	<b>(2)</b>	<b>1,362</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>780</b>	<b>-</b>	<b>(2)</b>	<b>778</b>

### Notes

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

2 Comprising ATM commissions (£13m), goodwill impairment (£295m) and an adjustment to working capital.

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 £25m 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.