

SUPPLEMENTARY OFFERING CIRCULAR NO.1 DATED 21ST MAY, 2015 TO THE
OFFERING CIRCULAR DATED 18TH NOVEMBER, 2014



TESCO PERSONAL FINANCE PLC

(incorporated with limited liability under the laws of Scotland)

**£2,000,000,000
Euro Note Programme**

This Supplementary Offering Circular No.1 (the “**Supplementary Offering Circular**”) to the Offering Circular dated 18th November, 2014 (the “**Offering Circular**”), which comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the “**Prospectus Directive**”), constitutes a supplementary prospectus for the purposes of section 87G of the Financial Services and Markets Act 2000, as amended (the “**FSMA**”) and is prepared in connection with the £2,000,000,000 Euro Note Programme (the “**Programme**”) of Tesco Personal Finance PLC (the “**Issuer**”). The Financial Conduct Authority (the “**FCA**”), as the United Kingdom competent authority under the Prospectus Directive, has approved this Supplementary Offering Circular.

This Supplementary Offering Circular is supplemental to, and should be read in conjunction with, the Offering Circular and any other supplements to the Offering Circular issued by the Issuer. Terms defined in the Offering Circular have the same meaning when used in this Supplementary Offering Circular.

The purpose of this Supplementary Offering Circular is to:

- (i) incorporate by reference into the Offering Circular the 2015 Financial Statements (as defined below);
- (ii) provide information on changes to the Issuer’s board of directors;
- (iii) following publication of the annual report and financial statements for the year ended 28th February, 2015, update the statements of no significant change and no material adverse change; and
- (iv) supplement the Summary of the Programme set out in the Offering Circular.

The Issuer accepts responsibility for the information contained in this Supplementary Offering Circular. The Issuer confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplementary Offering Circular is, to the best of its knowledge and belief, in accordance with the facts and does not omit anything likely to affect the import of such information.

To the extent that there is any inconsistency between (a) any statement in this Supplementary Offering Circular and (b) any other statement in or incorporated in the Offering Circular (as supplemented from time to time), the statements in (a) above will prevail.

If the document which is incorporated by reference in to the Offering Circular by virtue of this Supplementary Offering Circular itself incorporates any information or other documents

therein, such information or other documents will not form part of the Offering Circular for the purposes of the Prospectus Directive.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in the Offering Circular.

Except as disclosed in this Supplementary Offering Circular, there has been no significant new factor, material mistake or inaccuracy relating to information included in the Offering Circular which is capable of affecting the assessment of Notes issued under the Programme since the publication of the Offering Circular.

The Dealers have not separately verified the information contained in this Supplementary Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Supplementary Offering Circular.

The distribution of the Offering Circular, this Supplementary Offering Circular, any other supplements to the Offering Circular and any Final Terms and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession the Offering Circular, this Supplementary Offering Circular, any other supplements to the Offering Circular or any Final Terms come are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. In particular, there are restrictions on the distribution of the Offering Circular, this Supplementary Offering Circular, any other supplements to the Offering Circular, any Final Terms and other information in relation to the Issuer and the Notes, and the offering or sale of Notes in the European Economic Area (including the United Kingdom, Ireland and France), the United States, Japan, Jersey and the Isle of Man. For a further description of restrictions on offers, sales and transfers of Notes and distribution of the Offering Circular, this Supplementary Offering Circular, any other supplements to the Offering Circular and any Final Terms, see “Subscription and Sale” in the Offering Circular. The Notes have not been and will not be registered under the Securities Act and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

None of the Offering Circular, this Supplementary Offering Circular, any other supplements to the Offering Circular or any Final Terms constitutes an offer of, or an invitation by or on behalf of the Issuer, the Trustee, the Arranger or the Dealers to subscribe for, or purchase, any Notes.

Copies of all documents incorporated by reference in the Offering Circular may be obtained (without charge) from (i) the registered office of the Issuer and/or (ii) the specified office of the Paying Agent and viewed on the website of the Regulatory News Service operated by the London Stock Exchange at: <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

Incorporation of information by reference into the Offering Circular

By virtue of this Supplementary Offering Circular, the auditors’ report and the audited consolidated and non-consolidated financial statements of the Issuer for the 12 months ended 28th February, 2015 (the “**2015 Financial Statements**”), which appear on pages 20 to 102 of the annual report and financial statements for the year ended 28th February, 2015, which was published on 8th May, 2015 and has been filed with the FCA, shall be deemed to be incorporated in, and to form part of, the Offering Circular.

Board of Directors of the Issuer

James McConville and Robert Endersby were appointed as non-executive directors of the Issuer with effect from, respectively, 25th November, 2014 and 5th December, 2014.

Statement of No Significant Change and No Material Adverse Change

There has been no significant change in the financial or trading position of the Group since 28th February, 2015 and there has been no material adverse change in the prospects of the Issuer since 28th February, 2015.

Summary of the Programme

Elements B.10 and B.12 of the Summary of the Programme, which appear on pages 18 to 19 of the Offering Circular, shall be supplemented to reflect the publication of the annual report and financial statements for the year ended 28th February, 2015. Elements B.10 and B.12 of the Summary of the Programme as so supplemented are set out in the Appendix to this Supplement.

APPENDIX

B.10	Audit report qualifications	<p>Not Applicable; there are no qualifications contained within:</p> <p>(i) the audit report relating to the historical financial information of the Issuer, its subsidiaries and joint venture (together, the Group) for the 12 months ended 28th February, 2015; and</p> <p>(ii) the audit report relating to the historical financial information of the Group for the 12 months ended 28th February, 2014.</p>																																																			
B.12	<p>Selected historical key financial information:</p> <p><i>Consolidated Income Statement – Summary Information</i></p> <p>The tables below set out a summary based on the Issuer's audited consolidated income statement for the two financial years ended 28th February, 2015 and 28th February, 2014.</p> <p>CONSOLIDATED INCOME STATEMENT</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;"></th> <th style="text-align: right; width: 15%;">12 months ended 28 February 2015 £m</th> <th style="text-align: right; width: 15%;">12 months ended 28 February 2014 £m</th> </tr> </thead> <tbody> <tr> <td>Net interest income</td> <td style="text-align: right;">378.6</td> <td style="text-align: right;">350.0</td> </tr> <tr> <td>Underlying non interest income ¹</td> <td style="text-align: right;">390.4</td> <td style="text-align: right;">395.0</td> </tr> <tr> <td>Total underlying income</td> <td style="text-align: right;">769.0</td> <td style="text-align: right;">745.0</td> </tr> <tr> <td>Underlying operating expenses ²</td> <td style="text-align: right;">(499.7)</td> <td style="text-align: right;">(476.6)</td> </tr> <tr> <td>Impairment on loans and advances to customers</td> <td style="text-align: right;">(52.7)</td> <td style="text-align: right;">(60.8)</td> </tr> <tr> <td>Share of profit of joint venture</td> <td style="text-align: right;">5.3</td> <td style="text-align: right;">2.4</td> </tr> <tr> <td>Underlying profit before tax</td> <td style="text-align: right;">221.9</td> <td style="text-align: right;">210.0</td> </tr> <tr> <td>Non trading items ^{1,2}</td> <td></td> <td></td> </tr> <tr> <td>Restructure Costs</td> <td style="text-align: right;">(8.1)</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Customer redress provision</td> <td style="text-align: right;">(27.0)</td> <td style="text-align: right;">(63.0)</td> </tr> <tr> <td>(Losses)/gains on financial instruments, movements on derivatives and hedge accounting</td> <td style="text-align: right;">(18.6)</td> <td style="text-align: right;">5.6</td> </tr> <tr> <td>Profit before tax</td> <td style="text-align: right;">168.2</td> <td style="text-align: right;">152.6</td> </tr> <tr> <td>Net interest margin ³</td> <td style="text-align: right;">4.2%</td> <td style="text-align: right;">4.4%</td> </tr> <tr> <td>Underlying cost:income ratio ⁴</td> <td style="text-align: right;">65.0%</td> <td style="text-align: right;">64.0%</td> </tr> <tr> <td>Cost: income ratio ⁵</td> <td style="text-align: right;">70.2%</td> <td style="text-align: right;">69.3%</td> </tr> <tr> <td>Bad debt: asset ratio (BDAR) ⁶</td> <td style="text-align: right;">0.7%</td> <td style="text-align: right;">1.0%</td> </tr> </tbody> </table>			12 months ended 28 February 2015 £m	12 months ended 28 February 2014 £m	Net interest income	378.6	350.0	Underlying non interest income ¹	390.4	395.0	Total underlying income	769.0	745.0	Underlying operating expenses ²	(499.7)	(476.6)	Impairment on loans and advances to customers	(52.7)	(60.8)	Share of profit of joint venture	5.3	2.4	Underlying profit before tax	221.9	210.0	Non trading items ^{1,2}			Restructure Costs	(8.1)	-	Customer redress provision	(27.0)	(63.0)	(Losses)/gains on financial instruments, movements on derivatives and hedge accounting	(18.6)	5.6	Profit before tax	168.2	152.6	Net interest margin ³	4.2%	4.4%	Underlying cost:income ratio ⁴	65.0%	64.0%	Cost: income ratio ⁵	70.2%	69.3%	Bad debt: asset ratio (BDAR) ⁶	0.7%	1.0%
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1 Underlying non interest income excludes certain non trading items identified in the table above. Such items are presented within total income in the Issuer's consolidated income statements (which are incorporated in, and form part of, this Offering Circular).

2 During the final quarter of the year the Group undertook an organisational restructure resulting in a non-recurring charge of £8.1m in the year (2014: £nil).

3 Net interest margin is calculated by dividing net interest income by average interest bearing assets.

4 The underlying cost: income ratio is calculated by dividing underlying operating expenses by total underlying income.

5 The cost: income ratio is calculated by dividing operating expenses by total income (including non trading items).

6 The bad debt: asset ratio is calculated by dividing the impairment loss by the average balance of loans and advances to customers.

Consolidated Statement of Financial Position – Summary Information

The tables below set out a summary based on the Issuer's audited consolidated statement of financial position as at 28th February, 2015 and 28th February, 2014.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 28 February 2015 £m	As at 28 February 2014 £m
Loans and advances to customers	7,725.3	6,922.0
Total assets	10,059.7	9,247.7
Deposits from customers	6,914.8	6,082.4
Deposits from banks	106.5	779.8
Net assets	1,470.6	1,381.4

Capital and Liquidity Ratios

	As at 28 February 2015	As at 28 February 2014
Tier 1 capital ratio ¹	15.2%	14.0%
Risk asset ratio ²	18.8%	17.7%
Net stable funding ratio ³	116.6%	116.5%
Loan to deposit ratio ⁴	111.7%	113.8%

1 The tier 1 capital ratio is calculated by dividing total tier 1 capital at the end of the period by total risk weighted assets.

2 The risk asset ratio is calculated by dividing total regulatory capital by total risk weighted assets.

3 The net stable funding ratio is calculated by dividing stable funding (including own funds and customer liabilities) by loans and advances to customers and other illiquid assets.

4 The loan to deposit ratio is calculated by dividing loans and advances to customers by deposits from customers.

Statements of no significant or material adverse change

There has been no significant change in the financial or trading position of the Group since 28th February, 2015. There has been no material adverse change in the prospects of the Issuer since 28th February, 2015.