

**SUPPLEMENTARY OFFERING CIRCULAR No.1 DATED 4 JULY 2013 TO THE
OFFERING CIRCULAR DATED 31ST OCTOBER, 2012**



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 31st October, 2012 (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 2013 Financial Statements (as defined below);
- (ii) update certain information relating to the Issuer’s capital ratios, its funding and liquidity position and its board of directors;
- (iii) following publication of the directors’ report and financial statements for the year ended 28th February, 2013, update (a) the statements of no significant change and no material adverse change and (b) the statement in respect of governmental, legal and arbitration proceedings; 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, either expressly or implicitly, 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 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 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 U.S. Securities Act of 1933, as amended, 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/news/market-news/rns/rns.htm>.

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, 2013 (the “**2013 Financial Statements**”), which appear on pages 19 to 110 of the directors’ report and financial statements for the year ended 28th February, 2013 which was published on 31st May, 2013 and has been filed with the FCA, shall be deemed to be incorporated in, and to form part of, the Offering Circular.

Capital Ratios

During the year ended 28th February, 2013, the Group revised the capital disclosure of the holding in its insurance regulated associate, Tesco Underwriting Limited. This change reduced previous calculations of the Group's core tier one capital ratio. Accordingly, the final sentence in the section headed "Tesco Personal Finance PLC – History and Development of Tesco Personal Finance PLC" is no longer accurate. As at 31st August, 2012, the Group had a core tier one capital ratio of 15.4 per cent (15.1 per cent. as at 31st August, 2011). As at 28th February, 2013, the core tier one capital ratio was 12.8 per cent. There is no change in the risk asset ratio.

Funding and Liquidity

The Issuer will pledge eligible assets, including certain securitised notes backed by its credit card receivables which were issued on 26th April, 2013, as collateral for borrowings of UK Treasury Bills under the Bank of England's Funding for Lending Scheme. In the event of insolvency, pledged assets will typically not form part of the property available for distribution to the general creditors of the Issuer and accordingly, may not be available to meet the claims of unsecured creditors including Noteholders. As at 30th June, 2013, the Issuer had drawn £600 million of UK Treasury Bills under the Funding for Lending Scheme.

Board of Directors of the Issuer

John Reed resigned as a non-executive director of the Issuer on 13th February, 2013.

Statement of No Significant Change and No Material Adverse Change

There has been no significant change in the financial or trading position of the Issuer or the Group since 28th February, 2013 and there has been no material adverse change in the financial position or prospects of the Issuer or the Group since 28th February, 2013.

Governmental, Legal and Arbitration Proceedings

Save as set out in relation to potential customer redress in respect of the historic sale of PPI and certain products sold to credit card customers in Note 32 to the 2013 Financial Statements, which appears on page 60 of the directors' report and financial statements for the year ended 28th February, 2013, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) of which the Issuer is aware which may have, or have had during the 12 months prior to the date of this Supplementary Offering Circular, a significant effect on the financial position or profitability of the Issuer or the Group.

Summary of the Programme

Elements B.10 and B.12 of the Summary of the Programme, which appear on pages 9 to 14 of the Offering Circular, shall be supplemented to reflect the publication of the directors' report and financial statements for the year ended 28th February, 2013. 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 associated undertaking (together, the Group) for the 12 months ended 28th February, 2013; and</p> <p>(ii) the audit report relating to the historical financial information of the Issuer for the 12 months ended 29th February, 2012.</p>																																													
B.12	<p>Selected historical key financial information:</p> <p><i>Income Statement, Statement of Comprehensive Income</i></p> <p>The tables below set out the Issuer's audited consolidated income statement and statement of comprehensive income for the two financial years ended 28th February, 2013 and 29th February, 2012. This information has been extracted without material adjustment from the Issuer's audited consolidated financial statements for the 12 months ended 28th February, 2013.</p> <p><i>Consolidated Income Statement</i></p> <table> <tr> <th></th><th colspan="2" style="text-align: center;">Audited</th></tr> <tr> <th></th><th style="text-align: center;">12 months to 28th February 2013</th><th style="text-align: center;">12 months to 29th February 2012* <i>Comparison</i></th></tr> <tr> <th></th><th style="text-align: center;">£'000</th><th style="text-align: center;">£'000</th></tr> <tr> <td>Interest and similar income</td><td style="text-align: right;">472,763</td><td style="text-align: right;">468,433</td></tr> <tr> <td>Interest expense and similar charges</td><td style="text-align: right;">(182,950)</td><td style="text-align: right;">(166,601)</td></tr> <tr> <td></td><td style="text-align: right; border-top: 1px solid black;">289,813</td><td style="text-align: right; border-top: 1px solid black;">301,832</td></tr> <tr> <td>Net interest income</td><td style="text-align: right; border-top: 1px solid black;">289,813</td><td style="text-align: right; border-top: 1px solid black;">301,832</td></tr> <tr> <td>Fees and commissions income</td><td style="text-align: right;">451,508</td><td style="text-align: right;">475,134</td></tr> <tr> <td>Fees and commissions expense</td><td style="text-align: right;">(26,586)</td><td style="text-align: right;">(22,530)</td></tr> <tr> <td>Provision for customer redress</td><td style="text-align: right;">(115,000)</td><td style="text-align: right;">(57,400)</td></tr> <tr> <td>Other income</td><td style="text-align: right;">30,000</td><td style="text-align: right;">-</td></tr> <tr> <td></td><td style="text-align: right; border-top: 1px solid black;">339,922</td><td style="text-align: right; border-top: 1px solid black;">395,204</td></tr> <tr> <td>Net fees and commissions income</td><td style="text-align: right; border-top: 1px solid black;">339,922</td><td style="text-align: right; border-top: 1px solid black;">395,204</td></tr> <tr> <td>Gains on financial assets</td><td style="text-align: right;">6,202</td><td style="text-align: right;">498</td></tr> <tr> <td>Realised gain on investment securities</td><td style="text-align: right;">7,442</td><td style="text-align: right;">4,749</td></tr> </table>			Audited			12 months to 28th February 2013	12 months to 29th February 2012* <i>Comparison</i>		£'000	£'000	Interest and similar income	472,763	468,433	Interest expense and similar charges	(182,950)	(166,601)		289,813	301,832	Net interest income	289,813	301,832	Fees and commissions income	451,508	475,134	Fees and commissions expense	(26,586)	(22,530)	Provision for customer redress	(115,000)	(57,400)	Other income	30,000	-		339,922	395,204	Net fees and commissions income	339,922	395,204	Gains on financial assets	6,202	498	Realised gain on investment securities	7,442	4,749
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		13,644	5,247
	Total income	643,379	702,283
	Administrative expenses	(385,740)	(378,945)
	Depreciation and amortisation	(61,847)	(44,545)
	Operating expenses	(447,587)	(423,490)
	Impairment	(82,020)	(124,511)
	Share of profit of associate	10,187	5,269
		(71,833)	(119,242)
	Profit before tax	123,959	159,551
	Taxation	(20,574)	(39,561)
	Profit for the year attributable to owners of the parent	103,385	119,990
	<i>Consolidated Statement of Comprehensive Income</i>		
		Audited	
		12 months to	12 months to
		28th February	29th February
		2013	2012*
			<i>Comparison</i>
		£'000	£'000
	Profit for the year	103,385	119,990
	Movements in reserve in respect of available-for-sale financial assets		
	Unrealised net gains during the year, before tax	(9,389)	9,473
	Cash flow hedges		
	Net (losses) / gains arising on hedges recognised in other comprehensive income, before tax	(28)	276

Tax relating to components of other comprehensive income

5,804 (2,495)

Share of other comprehensive income of associate

(1,614) 3,205

Total comprehensive income for the year attributable to owners of the parent

98,158 130,449

Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement

The tables below set out the Issuer's audited consolidated statement of financial position, statement of changes in equity and cash flow statement for the two financial years ended 28th February, 2013 and 29th February, 2012. This information has been extracted without material adjustment from the Issuer's audited consolidated financial statements for the 12 months ended 28th February, 2013.

Consolidated Statement of Financial Position

Audited

**As at 28th
February 2013**

**As at 29th
February 2012***

Comparison

£'000

£'000

Assets

Cash and balances with central banks

919,772

455,809

Loans and advances to banks

-

93,132

Loans and advances to customers

5,570,371

4,672,126

Derivative financial instrument

33,520

19,522

Investment securities:

- Available for sale

958,734

1,302,731

- Loans and receivables

41,583

292,931

Prepayments and accrued income

33,877

43,360

Current tax asset

36,102

-

Other assets

250,208

206,271

Investment in associate

95,337

72,459

Intangible assets

397,430

336,995

Property, plant and equipment

94,318

109,807

Total assets

8,431,252

7,605,143

Liabilities		
Deposits from banks	15,200	77,706
Deposits from customers	6,003,477	5,389,787
Debt securities in issue	406,698	197,849
Derivative financial instruments	63,469	71,186
Provisions for liabilities and charges	102,007	78,341
Accruals and deferred income	123,724	132,370
Current income tax liability	-	2,969
Other liabilities	116,550	106,139
Deferred tax liability	43,354	28,770
Subordinated liabilities	330,000	330,000
Total liabilities	7,204,479	6,415,117
Equity		
Shareholders' funds:		
- Share capital	107,990	103,490
- Share premium account	971,910	931,410
- Retained earnings	87,924	90,244
- Other reserves	13,949	19,882
Subordinated notes	45,000	45,000
Total equity	1,226,773	1,190,026
Total liabilities and equity	8,431,252	7,605,143
<i>Consolidated Statement of Changes in Equity</i>		
	Audited	
	12 months to 28th February 2013	12 months to 29th February 2012*
		<i>Comparison</i>
	<i>£'000</i>	<i>£'000</i>
Balance at the beginning of the year		
<i>Share capital</i>	103,490	92,340
<i>Share premium</i>	931,410	831,060
<i>Retained earnings</i>	90,244	79,341
<i>Subordinated notes</i>	45,000	45,000
<i>Other reserves</i>	19,882	2,251
Total	1,190,026	1,049,992

Comprehensive income		
Profit for the year		
<i>Retained earnings</i>	103,385	119,990
	<hr/>	<hr/>
Total	103,385	119,990
	<hr/>	<hr/>
Net (losses)/gains on available for sale investment securities		
<i>Other reserves</i>	(3,743)	7,053
	<hr/>	<hr/>
Total	(3,743)	7,053
	<hr/>	<hr/>
Net gains on cash flow hedges		
<i>Other reserves</i>	130	201
	<hr/>	<hr/>
Total	130	201
	<hr/>	<hr/>
Share of other comprehensive income of associate		
<i>Other reserves</i>	(1,614)	3,205
	<hr/>	<hr/>
Total	(1,614)	3,205
	<hr/>	<hr/>
Total comprehensive income	98,158	130,449
	<hr/>	<hr/>
Transactions with owners		
Share issue in the year		
<i>Share capital</i>	4,500	11,150
<i>Share premium</i>	40,500	100,350
	<hr/>	<hr/>
Total	45,000	111,500
	<hr/>	<hr/>
Dividends to ordinary shareholders		
<i>Retained earnings</i>	(105,000)	(108,150)
	<hr/>	<hr/>
Total	(105,000)	(108,150)
	<hr/>	<hr/>
Dividends to other equity shareholders		
<i>Retained earnings</i>	(705)	(937)
	<hr/>	<hr/>
Total	(705)	(937)
	<hr/>	<hr/>
Share based payments		
<i>Other reserves</i>	(706)	7,172
	<hr/>	<hr/>
Total	(706)	7,172
	<hr/>	<hr/>

		(61,411)	9,585
	Total transactions with owners		
	Balance at the end of the year		
	<i>Share capital</i>	107,990	103,490
	<i>Share premium</i>	971,910	931,410
	<i>Retained earnings</i>	87,924	90,244
	<i>Subordinated notes</i>	45,000	45,000
	<i>Other reserves</i>	13,949	19,882
	Total	1,226,773	1,190,026
	Consolidated Cash Flow Statement		
		Audited	
		12 months to 28th February 2013	12 months to 29th February 2012*
			<i>Comparison</i>
		<i>£'000</i>	<i>£'000</i>
	Operating activities		
	Profit before taxation	123,959	159,551
	Adjusted for:		
	Non-cash items included in operating profit before taxation	243,317	239,036
	Changes in operating assets and liabilities	(384,051)	230,329
	Income taxes paid	(39,272)	(18,128)
	Cash flow from operating activities	(56,047)	610,788
	Investing activities		
	Purchase of non-current assets	(137,519)	(165,431)
	Purchase of available for sale investment securities	(101,310)	(729,368)
	Sale of non-current assets	783	-
	Sale of available for sale investment securities	548,125	183,072
	Proceeds from repayment of subordinated loan	258,500	-
	Loan to associate	(7,152)	-
	Investment in associate	(14,305)	-
	Deposit with parent	(145,000)	-
	Cash flows from investing activities	402,122	(711,727)

Financing activities		
Proceeds from issue of debt securities	198,401	59,587
Proceeds from issue of subordinated liabilities	-	140,000
Redemption of own debt securities	-	(225,000)
Proceeds from issue of share capital	45,000	111,500
Dividends paid to ordinary shareholders	(105,000)	(108,150)
Dividends paid to other equity holders	(991)	(673)
Interest paid on subordinated liabilities	(7,836)	(3,712)
	<hr/>	<hr/>
Cash flows from financing activities	129,574	(26,448)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	475,649	(127,387)
Cash and cash equivalents at the beginning of the year	578,876	706,263
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	1,054,525	578,876
	<hr/>	<hr/>
<p>* During the year, the Group identified that the Insurance Instalment Debtors, previously included within Other Assets, would be more appropriately classified as Loans and Advances to Customers. The impact of this change in the prior year was a reduction in Other Assets of £248.5m and a corresponding increase in Loans and Advances to Customers. This reclassification did not have any effect on the Group's net asset position. As a result of the above reclassification, the income recognised from Insurance Instalment Debtors was reclassified from Fees and Commissions Income to Interest Income. The impact of this change in the prior year was a reduction in Fees and Commissions Income of £42.8m and a related increase in Interest Income of an equal amount.</p>		
<i>Statements of no significant or material adverse change</i>		
<p>There has been no significant change in the financial or trading position of the Issuer or the Group since 28th February, 2013. There has been no material adverse change in the prospects of the Issuer or the Group since 28th February, 2013.</p>		