

**TESCO** Bank

**Joint Lead Managers,  
Joint Bookrunners and  
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Barclays  
Investec

**Authorised Distributors**

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Charles Stanley  
Killik & Co  
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Williams de Broe

Information Booklet 2 May 2012

**Tesco Bank**  
**5.00% 8.5 year**  
**Sterling Fixed Rate Bonds**



## Important information

This Information Booklet is an advertisement for the purposes of Prospectus Rule 3.3 and Article 34 of Commission Regulation (EC) No 809/2004 and is not a prospectus for the purposes of EU Directive 2003/71/EC (the “Directive”) and/or Part VI of the Financial Services and Markets Act 2000 (the “FSMA”). This is a financial promotion made by Tesco Bank. Tesco Bank is a trading name of Tesco Personal Finance PLC which is the legal entity that will issue the Bonds (the meaning of that term is explained below) and references to Tesco Bank in this Information Booklet are references to Tesco Personal Finance PLC.

This Information Booklet relates to the Tesco Bank 5.00% p.a. 8.5 year Sterling Bonds due 21 November 2020 (referred to in this Information Booklet as the “Bonds”). An Offering Circular dated 16 August 2011 as supplemented by a supplementary Offering Circular no. 1 dated 11 November 2011 and a supplementary Offering Circular no. 2 dated 27 April 2012 (the “Offering Circular”), which comprises a base prospectus for the purposes of Article 5.4 of the Directive and the final terms relating to the Bonds (the “Final Terms”) have been prepared and made available to the public in accordance with the Directive. Copies of the Offering Circular and the Final Terms are available from the website of the London Stock Exchange ([www.londonstockexchange.com/prices-and-markets/markets/prices.htm](http://www.londonstockexchange.com/prices-and-markets/markets/prices.htm)) and in hard copy for inspection only on request at the registered office of Tesco Bank and the specified office of the Issuing and Paying Agent.

This Information Booklet is not for distribution in the United States of America or to U.S. persons.

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and the Bonds, which are in bearer form, are subject to certain U.S. tax law requirements. The Bonds may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons. For additional information, see the “Subscription and Sale” section in the Offering Circular.

Tesco Bank is authorised and regulated by the Financial Services Authority.

## Tesco Bank 5.00% 8.5 year Sterling Fixed Rate Bonds

The Tesco Bank 5.00% p.a. 8.5 year Sterling Fixed Rate Bonds offer a fixed rate of interest of 5.00% each year on the face value of £100 per Bond. Interest will be paid twice a year on 21 May and 21 November in each year (starting from 21 November 2012) on each £100 face value of Bonds for 8.5 years until the face value of the Bonds is repayable on the maturity date of the Bonds.

Unless previously redeemed or purchased and cancelled by Tesco Bank, on the day the Bonds finally mature i.e. 21 November 2020 (the “Maturity Date”), Tesco Bank is required to repay an amount equal to the face value of the Bonds.

The Bonds can be purchased through your distributor (i.e. existing stockbroker or financial adviser) and the minimum initial amount of Bonds you may buy is £2,000. Thereafter the Bonds can be bought and sold in multiples of £100 face value. Copies of the Offering Circular and Final Terms should also have been provided to you by your distributor and you are referred to “**Important information**” above.

### What is a bond?

A Bond is a form of borrowing by a company seeking to raise funds from investors. The Bonds have a fixed life. The company promises to pay a fixed rate of interest (“the coupon”) to the investor (i.e. the bondholder) periodically until the date when the Bond matures (i.e. the Maturity Date referred to above) when it also promises to repay the amount borrowed.

You do not have to keep the Bonds until the date when the Bond matures. A Bond is a tradable instrument whereas a traditional loan (including a normal bank deposit or bank account) is not. The market price of a Bond will fluctuate between the start of the Bond’s life and when it matures. Please see the “**How to trade the Bonds**” section below

### Interest on the Bonds

For every £100 face value of Bonds held, Tesco Bank will pay interest of £2.50 twice a year until the Maturity Date, starting on 21 November 2012. For more detail, you are referred to “**Key risks of investing in the Bonds**” below.

### Payment on the face value of the Bonds

Assuming Tesco Bank remains in business and is able to pay its debts in full, and assuming the Bonds have not been redeemed or purchased and cancelled early by Tesco Bank, the Bonds will be redeemed at 100 per cent of their face value on the Maturity Date.

The Bonds may also be redeemed early at the option of Tesco Bank at 100 per cent of the face value in the event that Tesco Bank has or will become obliged to pay additional amounts in respect of the Bonds pursuant to their terms following a change in United Kingdom tax law.

You are referred to “**Key risks of investing in the Bonds**” below.

## Key features of the bonds

- Issuer: Tesco Personal Finance PLC, trading as Tesco Bank.
- Interest rate: 5.00% per annum, payable twice a year (as described below).
- The actual total return for an investor who holds the Bonds to maturity will depend on the price at which he/she purchases the Bonds.
- Interest will be paid on 21 May and 21 November every year until the Maturity Date, starting on 21 November 2012.
- Authorised Distributors and offer period: a number of authorised distributors (listed on page 9 below) have been approved by Tesco Bank to provide this document, the Offering Circular and the Final Terms to potential investors in the Bonds in the period from 2 May 2012 until 16 May 2012 (12.00pm London time) or such earlier or later date as agreed between Tesco Bank and the Joint Bookrunners and announced via a Regulatory Information Service (the "End of Offer Date"). Any offer to sell the Bonds made or received from any other party, or by any party after the End of Offer Date, may not have been approved by Tesco Bank and investors should check with such party whether or not such party is so approved.
- Date on which the Bonds are issued and on which interest begins to accrue: 21 May 2012.
- Term of the Bonds: 8.5 years.
- Maturity Date (i.e. when the Bonds mature and are due to be repaid): 21 November 2020.
- Face value of each Bond: £100. Although the face value of each Bond is £100, it is not possible to purchase less than £2,000 in face value of the Bonds from your distributor in the initial distribution.
- Documentation: the Offering Circular and the Final Terms containing the final Bond terms. The amount of the Bonds to be issued will be published via a pricing announcement published by RNS (i.e. the Regulatory News Service of the London Stock Exchange) on or around 18 May 2012.
- Issue price: 100 per cent of the face value.
- Redemption at Maturity Date: Assuming that Tesco Bank remains in business and is able to pay its debts in full and assuming the Bonds have not been redeemed or purchased and cancelled early by Tesco Bank, the Bonds will be redeemed at 100 per cent of their face value on the Maturity Date.
- Trading: investors will, subject to market conditions, be able to buy Bonds or sell their Bonds during the term of the Bonds. See "**How to trade the Bonds**" on page 8 for more details.
- Bond ISIN: XS0780063235.
- Joint Bookrunners: Barclays Bank PLC and Investec Bank PLC.
- Authorised Distributors: See page 9.
- Amount of the Bonds to be issued: The total amount of the Bonds to be issued will depend on the number of applications to purchase the Bonds received before the End of Offer Date (i.e. 16 May 2012 or earlier or later). There is no minimum (or maximum) total amount of the Bonds that may be issued.
- Early redemption: The Bonds may be redeemed early by Tesco Bank in a number of circumstances and for a number of reasons. Some of these are summarised below:

(A) Tax: If Tesco Bank is obliged to pay additional amounts in respect of the Bonds pursuant to their terms following a change in, or in the interpretation or application of, United Kingdom tax law, the Bonds may be redeemed early (in whole but not in part) at the option of Tesco Bank at no less than the full face value.

(B) Default: In the event that Tesco Bank defaults on its obligations under the Bonds, the Bonds may become due and repayable (in whole but not in part). The amount due will be no less than the full face value. Under these circumstances, if Tesco Bank is unable to meet its obligations in full, investors may receive considerably less than the amount they are owed or, in the worst case, may lose all of their investment.

**See the Offering Circular for full details on early redemption.**



## Key risks of investing in the bonds

A number of particularly important risks relating to an investment in the Bonds are set out below. The risks set out below are not intended to be a comprehensive list of all the risks that may apply to an investment in the Bonds. You should seek advice as to whether an investment in the Bonds is suitable for you. **You should be aware that you could get back less than you invest or lose all of your initial investment.**

**Full details regarding risk factors relating to Tesco Bank and the Bonds are set out in the Offering Circular. Please read them carefully.**

- Unlike a bank deposit, the Bonds are not covered by the Financial Services Compensation Scheme (“FSCS”). As a result, the FSCS will not pay compensation to an investor in the Bonds upon the failure of Tesco Bank.
- All obligations arising out of or in connection with the Bonds shall be the sole responsibility of Tesco Bank. The Bonds are not guaranteed by Tesco PLC or any other member of the Tesco Group or any third party and no obligations arising out of or in connection with the Bonds are supported by or have been assumed by Tesco PLC or any other member of the Tesco Group or any third party.
- If Tesco Bank can’t pay its debts in full or goes out of business, investors may lose some or, in the worst case scenario, all of their investment in the Bonds. In the event that Tesco Bank becomes insolvent, investors will recover their investment in priority to shareholders of Tesco Bank. However, an investor could still lose some or all of the money it has invested.
- If you choose to sell your Bonds in the open market at any time prior to the Maturity Date the price you receive from a purchaser may mean that you get back less than your original investment. Factors that will influence the price you may receive include, but are not limited to, market appetite, inflation, period remaining to the Maturity Date, interest rates and the financial position of Tesco Bank. In particular, you should note that if interest rates start to rise then the interest amounts due on the Bonds might become less attractive and the price you get if you sell could fall. However, the market price of the Bonds has no effect on the interest amounts due on the Bonds or what you will be due to be repaid on the Maturity Date if you hold on to the Bonds until then. Inflation may also reduce the real value to you of the Bonds over time, which may affect what you could buy with the return on your investment in the future. This may, therefore, make the fixed interest rate on the Bonds less attractive in the future.
- There is no guarantee of what the market price for selling or buying the Bonds will be at any time. If prevailing market conditions reduce market demand for the Bonds, the market price may be adversely affected. Moreover, notwithstanding that Barclays Bank PLC and Investec Bank PLC will act as market makers (as explained below under “How to trade the Bonds”) for the Bonds, if trading activity levels are low, this may severely and adversely impact the price that you would receive if you wish to sell your Bonds.

# Tesco Bank

## Overview and strategy

Tesco Bank is a wholly owned indirect subsidiary of Tesco PLC ("Tesco"), the ultimate owner of the Tesco group ("Tesco Group"). Tesco Bank was originally established in 1997 as a result of a joint venture between the Royal Bank of Scotland PLC and Tesco. In December 2008, Tesco acquired full ownership of Tesco Bank.

## Business overview

Tesco Bank offers a range of retail financial service products to customers predominantly located within the United Kingdom and had total assets of approximately £7.6 billion as at 29 February 2012. A significant proportion of Tesco Bank's United Kingdom customer base are existing Tesco Group customers that utilise other retail services offered by Tesco. The products and services offered by Tesco Bank are advertised through and can be purchased by customers from the store network of Tesco, over the telephone and on the worldwide web via Tesco Bank's website. Tesco Bank currently has approximately 6.5 million customers across its range of banking and insurance products.

### *Personal Banking*

Tesco Bank has credit card receivables of approximately £2.5 billion as at 29 February 2012. Customers may earn reward points on all amounts spent on their card which may then be redeemed against further purchases made from sales mediums within the Tesco Group which encourages high card usage. Tesco Bank believes that it has a high quality and low risk portfolio of credit card customers. Its other current lending product is personal loans with receivables of approximately £2.3 billion as at 29 February 2012. Tesco Bank's funding is predominantly provided through savings accounts with total balances of approximately £5.4 billion as at 29 February 2012. Additionally, Tesco Bank operates one of the largest network of ATMs in the United Kingdom with over 3,500 terminals processing in excess of 30 million cash withdrawal transactions a month. The ATM network experiences a high level of usage as a result of each ATM's convenient location within Tesco stores and each time a customer uses their card their issuing bank pays a fee to Tesco Bank.

### *General Insurance*

Tesco Bank has a significant insurance business offering a range of general insurance products such as car, home, travel, breakdown, pet insurance and a range of personal protection insurance (which comprises life, health, payment protection and dental insurance).

## Funding/Capital

The Issuer maintains a liquid asset portfolio of high quality securities in line with regulatory guidance and additional treasury assets which offer a high degree of liquidity. As at 29 February 2012, its Core Tier One Capital Ratio was 15.3 per cent. (15.9 per cent. as at 28 February 2011). As at 29 February 2012, treasury assets totalled more than £1.6 billion.

## Strategy

Tesco Bank intends to increase its participation within the fast growing United Kingdom financial services market in order to grow from an offeror of popular financial service products into a full service retail bank which maximises its existing relationships with its customers by supplying them with innovative services and products. Subject to regulatory approval it intends to offer residential mortgages during 2012.

## About the bonds

### Holding the bonds

The Bonds will be held in custody for you by your distributor, or as may be arranged by your distributor.

### ISA and SIPP eligibility of the Bonds

Any investors should seek independent advice from their tax adviser regarding the ISA and SIPP eligibility of the Bonds.

### Taxation of the Bonds

**The tax treatment of an investor will depend on its individual circumstances and taxation law and practice at the relevant time (and so may be subject to change in the future). Prospective investors should consult their own tax advisers to obtain advice about their particular tax treatment in relation to the Bonds.** The tax treatment of the Bonds may be complex and the level and basis of taxation may change during the life of the Bonds.

Please also refer to the section of the Offering Circular entitled “**Taxation**” for information regarding taxation in relation to the Bonds.

All amounts and returns described herein are shown before any tax impact.

It is the responsibility of every investor to comply with the tax obligations operative in his / her country of residence.

### How to trade the Bonds

The Bonds are expected to be listed on the Official List of the UK Listing Authority and admitted to trading on the regulated market of the London Stock Exchange.

The Bonds are also expected to be eligible for the London Stock Exchange’s electronic Order Book for Retail Bonds (“ORB”). ORB was launched in response to private investor demand for easier access to trading Bonds with the aim of providing a transparent and efficient mechanism for UK retail investors to access the Bond markets. The Bonds are tradable instruments and prices will be quoted in the market during trading hours.

The Bonds are expected to be supported in a market-making capacity by Barclays Bank PLC and Investec Bank PLC. Market-making means that a person will maintain prices for buying and selling the Bonds. Each of Barclays Bank PLC and Investec Bank PLC will be appointed as a registered market maker through ORB ([www.londonstockexchange.com/exchange/prices-and-markets/retail-bonds/retail-bonds-search.html](http://www.londonstockexchange.com/exchange/prices-and-markets/retail-bonds/retail-bonds-search.html)) when the Bonds are issued. Market-making will also be supported by Barclays Bank PLC on the Bondscape platform ([www.bondscape.net](http://www.bondscape.net)).

Investors should, in most normal market conditions, be able to sell their Bonds at any time, subject to market conditions.

Pricing information for sales and purchases of the Bonds in the market will be available throughout trading hours on the ORB.

### Fees

The Issuer will pay the fees set out in the Final Terms. The Joint Bookrunners will receive total fees and commissions of 0.75% of the amount of the Bonds issued, out of which the Authorised Distributors will receive fees of 0.50% of the amount of the Bonds allotted to them.

Distributors may charge fees and/or commissions in respect of any Bonds purchased and/or held. Tesco Bank is not responsible for the level or payment of any of these fees and/or commissions.



## Authorised Distributors

### Barclays Stockbrokers

[www.barclaysstockbrokers.co.uk/Investment-Choices/IPO](http://www.barclaysstockbrokers.co.uk/Investment-Choices/IPO)

### Charles Stanley

[www.charles-stanley.co.uk/newissuesdesk](http://www.charles-stanley.co.uk/newissuesdesk)

### Killik & Co

[www.killik.com/bonds](http://www.killik.com/bonds)

### Redmayne-Bentley LLP

[www.redmayne.co.uk/tescobond](http://www.redmayne.co.uk/tescobond)

### Selftrade (Execution only)

[www.selftrade.co.uk/tesco](http://www.selftrade.co.uk/tesco)

### Smith & Williamson

[www.smith.williamson.co.uk/fixed-income-dealing-service](http://www.smith.williamson.co.uk/fixed-income-dealing-service)

### Stocktrade (a division of Brewin Dolphin Ltd)

[www.stocktrade.co.uk](http://www.stocktrade.co.uk)

### Williams de Broe

[www.wdebroe.com](http://www.wdebroe.com)

## Disclaimer

This document does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase, any Bonds. The contents of this document are indicative and are subject to change without notice. This document should not be solely relied on for making any investment decision in relation to the purchase of Bonds. Any decision to purchase or sell the Bonds should be made on the basis of a careful review of the information contained in the Offering Circular and the Final Terms. Please therefore read the Offering Circular and Final Terms carefully before you invest. Before buying or selling a Bond you should ensure that you fully understand and accept the risks relating to an investment in the Bonds, otherwise you should seek independent advice.

Each of Barclays Bank PLC and Investec Bank plc is acting for itself and will not act and has not acted as your legal, tax, accounting or investment adviser and will not owe you or your clients any fiduciary duties in connection with a purchase or sale of the Bonds, or any related, transaction. No reliance may be placed on either Barclays Bank PLC or Investec Bank PLC for advice or recommendations of any sort. Barclays Bank PLC and Investec Bank PLC make no representation or warranty to you with regard to the information contained in the Offering Circular and/or the Final Terms.

This Information Booklet contains information derived from the Offering Circular and Final Terms and is believed to be reliable but, in so far as each of them may do so under applicable law, Barclays Bank PLC and Investec Bank PLC do not warrant its completeness or accuracy. None of Barclays Bank PLC and Investec Bank PLC and Tesco Bank are responsible for any advice or service you may receive from a third party in relation to the Bonds.

Barclays Bank PLC and Investec Bank PLC and their affiliates, connected companies, employees and/or clients may have an interest in securities of the type described in this Information Booklet and/or in related securities. Such interest may include dealing, trading, holding or acting as market-makers in such instruments and may include providing banking, credit and other financial services to Tesco Personal Finance PLC.

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