# TESCO PERSONAL FINANCE GROUP PLC INTERIM PILLAR 3 DISCLOSURES

H1 2024

#### **TESCO PERSONAL FINANCE GROUP PLC**

#### Introduction

This document presents the Interim Pillar 3 disclosures for the regulated group (the Group) for the period ending 31 August 2024. The Group comprises Tesco Personal Finance Group plc and Tesco Personal Finance plc, but excludes the insurance underwriting subsidiary, Tesco Underwriting Ltd (TU), and the Special Purpose Entities (SPEs) supporting the Group's securitisation transactions.

#### **Disclosure Policy**

The Group has a formal, Board approved policy which details its approach to complying fully with the Pillar 3 disclosure requirements as laid out in the Disclosure (CRR) Part of the PRA Rulebook (CRR) Instrument 2021 and any updates as appropriate.

#### **Frequency of Disclosure**

The Group has assessed itself against the need to publish Pillar 3 disclosures and determined that full Pillar 3 disclosures should be published on an annual basis and that Key Metrics (UK KM1) are required to be published on a semi-annual basis. The assessment is due to the following reasons:

 The Group does not meet the criteria for being either a 'small and non-complex' institution or a 'large' institution and is therefore assessed as being an 'other institution'

#### **Verification and Medium**

These Pillar 3 disclosures have been verified and approved through internal governance, including review by the Board Disclosure Committee and approval by the Board. The disclosures are not subject to independent audit.

### **TESCO PERSONAL FINANCE GROUP PLC**

# **Capital**

## Own Funds

The following table presents the Group's key metrics at a consolidated level as at 31 August 2024.

UK KM1: Key metrics (at consolidated group level)

2 Tier 1 capital         1,062.4         948.9         1,266.2           3 Total capital         1,255.2         1,141.9         1,459.3           Risk-weighted exposure amounts (£m)           Capital ratios (as a percentage of risk-weighted exposure amount)           Common Equity Tier 1 ratio (%)         12.1%         11.1%         15.4%           6 Tier 1 ratio (%)         14.0%         13.1%         17.4%           7 Total capital ratio (%)         16.6%         15.5%         20.1%           Weighted exposure amount)           UK 7a Additional CET1 SREP requirements based on SREP (as a percentage of risk-weighted exposure amount)         1.5%         1.5%         2.5%         2.5%         5.5%         0.5%			August 2024	February 2024	August 2023
2 Tier 1 capital         1,062.4         948.9         1,266.2           3 Total capital         1,255.2         1,141.9         1,459.3           Risk-weighted exposure amounts (£m)           Capital ratios (as a percentage of risk-weighted exposure amount)         7,568.7         7,229.1         7,267.2           Capital ratios (as a percentage of risk-weighted exposure amount)         12.1%         11.1%         15.4%           Common Equity Tier 1 ratio (%)         14.0%         13.1%         17.4%           Common Equity Tier 1 ratio (%)         14.0%         13.1%         17.4%           Common Equity Tier 1 ratio (%)         16.6%         15.5%         20.1%           Additional CET1 SREP requirements based on SREP (as a percentage of risk-weighted exposure amount)         1.5%         1.5%         1.5%           UK 7a         Additional CET1 SREP requirements (%)         0.5%		Available own funds (amounts)(£m)			
Total capital   1,255.2	1	Common Equity Tier 1 (CET 1) capital	912.8	799.3	1,116.7
Risk-weighted exposure amounts (Em)   7,568.7	2	Tier 1 capital	1,062.4	948.9	1,266.2
Total risk-weighted exposure amounts	3	Total capital	1,255.2	1,141.9	1,459.3
Capital ratios (as a percentage of risk-weighted exposure amount)   1.1.1%   1.1.4%   1.1.1%   1.1.4%   1.1.1%   1.1.4%   1.1.1%   1.1.4%   1.1.1%   1.1.4%   1.1.1%   1.1.4%   1.1.1%   1.1.4%   1.1.1%   1.1.4%   1.1.1%   1.1.4%   1.1.1%   1.1.4%   1.1.1%   1.1.4%   1.1.1%   1.1.4%   1.1.1%   1.1.4%   1.1.1%   1.1.4%   1.1.1%   1.1.4%   1.1.1%   1.1.4%   1.1.1%   1.1.4%   1.1.1%   1.1.4%   1.1.4%   1.1.4%   1.1.4%   1.1.4%   1.1.4%   1.1.4%   1.1.4%   1.1.4%   1.1.4%   1.1.4%   1.1.4%   1.1.4%   1.1.4%   1.1.4%   1.1.4%   1.1.5		Risk-weighted exposure amounts (£m)			
S	4	Total risk-weighted exposure amounts	7,568.7	7,229.1	7,267.2
66         Tier 1 ratio (%)         13.0%         13.1%         17.4%           7         Total capital ratio (%)         16.6%         15.8%         20.1%           Additional capital ratio (%)         15.8%         20.1%           UK 7a Additional CET1 SREP requirements (%)         1.5%         1.5%         1.5%           UK 7b Additional AT1 SREP requirements (%)         0.5%         0.5%         0.5%           UK 7c Additional AT2 SREP requirements (%)         0.5%         0.5%         0.5%           UK 7d Total SREP own funds requirements (%)         10.7%         10.7%         10.7%           Combined buffer requirements (as a percentage of risk-weighted exposure amount)           Experiment (as a percentage of risk-weighted exposure amount)           Experiment (as a percentage of risk-weighted exposure amount)           Experiments (as a percentage of risk-weighted exposure amount (as a percentage of risk-weighted exposure amount (as a percentage of risk-weighted exposure (as a percentage) (bm)         2.5%         2.5%         2.5%           Experiments (as a percentage		Capital ratios (as a percentage of risk-weighted exposure amount)			
7 Total capital ratio (%)         15.8%         20.1%           Additional conv funds requirements based on SREP (as a percentage of risk-weighted exposure amount)           UK 7a         Additional CET1 SREP requirements (%)         0.5%         0.5%         0.5%           UK 7b         Additional T2 SREP requirements (%)         0.7%         0.7%         0.7%           UK 7c         Additional T2 SREP requirements (%)         0.7%         0.7%         0.7%           UK 7d         Total SREP own funds requirements (%)         0.7%         0.7%         0.7%           UK 7d         Total SREP own funds requirements (as a percentage of risk-weighted exposure amount)         2.5%         2.5%         2.5%           Everage Satio Conservation buffer (%)         2.5%         2.5%         2.5%         2.5%           9         Institutions specific countercyclical buffer (%)         2.0%         2.0%         2.0%           11         Overall capital requirements (%)         15.2%         15.2%         15.2%           12         Everage Ratio         2.5%         2.5%         2.5%           15         Everage Ratio         9,781.9         10,158.7         10,264.9           14         Leverage Ratio (ball cost total exposure measure(£m)         9,781.9 </td <td>5</td> <td>Common Equity Tier 1 ratio (%)</td> <td>12.1%</td> <td>11.1%</td> <td>15.4%</td>	5	Common Equity Tier 1 ratio (%)	12.1%	11.1%	15.4%
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)   1.5%	6	Tier 1 ratio (%)	14.0%	13.1%	17.4%
Weighted exposure amount	7	Total capital ratio (%)	16.6%	15.8%	20.1%
UK 7a		• • • • • • • • • • • • • • • • • • • •			
UK 7b         Additional AT1 SREP requirements (%)         0.5%         0.5%           UK 7c         Additional T2 SREP requirements (%)         0.7%         0.7%         0.7%           UK 7d         Total SREP own funds requirements (%)         10.7%         0.7%         0.7%           Combined buffer requirement (as a percentage of risk-weighted exposure amount)	UK 7a		1.5%	1.5%	1.5%
UK 7c UK 7d         Additional T2 SREP requirements (%)         0.7%         0.7%           UK 7d         Total SREP own funds requirements (%)         10.7%         10.7%           Combined buffer requirement (as a percentage of risk-weighted exposure amount)           8         Capital conservation buffer (%)         2.5%         2.5%         2.5%           9         Institutions specific countercyclical buffer (%)         2.0%         2.0%         2.0%           11         Combined buffer requirement         4.5%         4.5%         4.5%           UK 11 a         Overall capital requirements (%)         15.2%         15.2%         15.2%           12         CET1 available after meeting the total SREP own funds requirements (%)         1.4%         0.3%         4.6%           Leverage Ratio           13         Leverage Ratio (%)         9,781.9         10,158.7         10,264.9           14         Leverage Ratio (%)         9,781.9         10,158.7         10,264.9           14         Leverage Ratio (%)         9,781.9         10,158.7         10,264.9           15         Total high-quality liquid assets (HQLA) (Weighted value -average) (fm)         1,414.5         1,291.7         1,190.6           UK 16a         Cash outflows - Total weighted val					
UK 7d         Total SREP own funds requirements (%)         10.7%         10.7%         10.7%           Combined buffer requirement (as a percentage of risk-weighted exposure amount)           8         Capital conservation buffer (%)         2.5%         2.5%         2.5%           9         Institutions specific countercyclical buffer (%)         2.0%         2.0%         2.5%         2.5%           9         Institutions specific countercyclical buffer (%)         2.0%         2.0%         2.5%         4.					0.7%
amount)           8         Capital conservation buffer (%)         2.5%         2.5%         2.5%           9         Institutions specific countercyclical buffer (%)         2.0%         2.0%         2.0%           11         Combined buffer requirement         4.5%         4.5%         4.5%           UK 11 a         Overall capital requirements (%)         15.2%         15.2%         15.2%           12         CET1 available after meeting the total SREP own funds requirements (%)         1.4%         0.3%         4.6%           Leverage Ratio           13         Leverage Ratio total exposure measure(£m)         9,781.9         10,158.7         10,264.9           14         Leverage Ratio (%)         9,781.9         10,158.7         10,264.9           14         Leverage Ratio (%)         9,781.9         10,158.7         10,264.9           15         Total high-quality liquid assets (HQLA) (Weighted value -average) (£m)         1,414.5         1,291.7         1,190.6           UK 16b         Cash inflows - Total weighted value (£m)         665.6         661.6         619.8           16         Total net cash outflows (adjusted value) (£m)         549.7         511.7         521.5           17         Liquidity coverage ratio (%)	UK 7d	, , ,	10.7%	10.7%	10.7%
8         Capital conservation buffer (%)         2.5%         2.5%         2.5%           9         Institutions specific countercyclical buffer (%)         2.0%         2.0%         2.0%           11         Combined buffer requirement         4.5%         4.5%         4.5%           UK 11 a         Overall capital requirements (%)         15.2%         15.2%         15.2%           12         CET1 available after meeting the total SREP own funds requirements (%)         1.4%         0.3%         4.6%           Leverage Ratio           13         Leverage Ratio (by         9,781.9         10,158.7         10,264.9           14         Leverage Ratio (%)         10.9%         9.3%         12.3%           Liquidity Coverage Ratio           UK 16a         Cash outflows - Italian (HQLA) (Weighted value -average) (£m)         1,414.5         1,291.7         1,190.6           UK 16b         Cash inflows - Total weighted value (£m)         665.6         618.6         619.8           UK 16b         Cash inflows - Total weighted value (£m)         115.9         106.9         98.3           16         Total net cash outflows (adjusted value) (£m)         549.7         511.7         521.5           17         Liquidity coverage ratio (%)		Combined buffer requirement (as a percentage of risk-weighted exposure			
9       Institutions specific countercyclical buffer (%)       2.0%       2.0%         11       Combined buffer requirement       4.5%       4.5%         UK 11 a       Overall capital requirements (%)       15.2%       15.2%         12       CET1 available after meeting the total SREP own funds requirements (%)       1.4%       0.3%       4.6%         Leverage Ratio         13       Leverage Ratio (%)       9,781.9       10,158.7       10,264.9         14       Leverage Ratio (%)       10.9%       9.3%       12.3%         Liquidity Coverage Ratio         UK 16a       Cash outflows - Total weighted value (£m)       1,414.5       1,291.7       1,190.6         UK 16b       Cash inflows - Total weighted value (£m)       665.6       618.6       619.8         UK 16b       Cash inflows - Total weighted value (£m)       15.9       106.9       98.3         16       Total net cash outflows (adjusted value) (£m)       549.7       511.7       521.5         17       Liquidity coverage ratio (%)       257.3%       252.4%       228.3%         Net Stable Funding Ratio         18       Total available stable funding (£m)       8,812.0       8,828.5       8,588.3         19		amount)			
11       Combined buffer requirement       4.5%       4.5%       4.5%         UK 11 a       Overall capital requirements (%)       15.2%       15.2%       15.2%         12       CET1 available after meeting the total SREP own funds requirements (%)       1.4%       0.3%       4.6%         Leverage Ratio         13       Leverage Ratio (%)       9,781.9       10,158.7       10,264.9         14       Leverage Ratio (%)       10.9%       9.3%       12.3%         Liquidity Coverage Ratio         UK 16a       Cash outflows - Total weighted value (£m)       1,414.5       1,291.7       1,190.6         UK 16b       Cash inflows - Total weighted value (£m)       665.6       618.6       619.8         UK 16b       Cash inflows - Total weighted value (£m)       115.9       106.9       98.3         16       Total net cash outflows (adjusted value) (£m)       549.7       511.7       521.5         17       Liquidity coverage ratio (%)       257.3%       252.4%       228.3%         Net Stable Funding Ratio         18       Total available stable funding (£m)       8,812.0       8,828.5       8,588.3         19       Total required stable funding (£m)       6,964.1       6,900.5	8	Capital conservation buffer (%)	2.5%	2.5%	2.5%
UK 11 a         Overall capital requirements (%)         15.2%         15.2%         15.2%           12         CET1 available after meeting the total SREP own funds requirements (%)         1.4%         0.3%         4.6%           Leverage Ratio           13         Leverage Ratio (b)         9,781.9         10,158.7         10,264.9           Liquidity Coverage Ratio           Liquidity Coverage Ratio           UK 16a         Cash outflows - Total weighted value (£m)         1,414.5         1,291.7         1,190.6           UK 16b         Cash inflows - Total weighted value (£m)         665.6         618.6         619.8           UK 16b         Cash inflows - Total weighted value (£m)         115.9         106.9         98.3           16         Total net cash outflows (adjusted value) (£m)         549.7         511.7         521.5           Net Stable Funding Ratio           18         Total available stable funding (£m)         8,812.0         8,828.5         8,588.3           19         Total required stable funding (£m)         6,964.1         6,900.5         6,660.4	9	Institutions specific countercyclical buffer (%)	2.0%	2.0%	2.0%
12 CET1 available after meeting the total SREP own funds requirements (%)       1.4%       0.3%       4.6%         Leverage Ratio         13 Leverage Ratio (total exposure measure(£m)       9,781.9       10,158.7       10,264.9         14 Leverage Ratio (%)       10.9%       9.3%       12.3%         Liquidity Coverage Ratio         15 Total high-quality liquid assets (HQLA) (Weighted value -average) (£m)       1,414.5       1,291.7       1,190.6         UK 16a       Cash outflows - Total weighted value (£m)       665.6       618.6       619.8         UK 16b       Cash inflows - Total weighted value (£m)       115.9       106.9       98.3         16       Total net cash outflows (adjusted value) (£m)       549.7       511.7       521.5         17       Liquidity coverage ratio (%)       257.3%       252.4%       228.3%         Net Stable Funding Ratio         18       Total available stable funding (£m)       8,812.0       8,828.5       8,588.3         19       Total required stable funding (£m)       6,964.1       6,900.5       6,660.4	11	·	4.5%	4.5%	4.5%
Leverage Ratio           13         Leverage Ratio total exposure measure(£m)         9,781.9         10,158.7         10,264.9           14         Leverage Ratio (%)         10.9%         9.3%         12.3%           Liquidity Coverage Ratio           15         Total high-quality liquid assets (HQLA) (Weighted value -average) (£m)         1,414.5         1,291.7         1,190.6           UK 16a         Cash outflows - Total weighted value (£m)         665.6         618.6         619.8           UK 16b         Cash inflows - Total weighted value (£m)         115.9         106.9         98.3           16         Total net cash outflows (adjusted value) (£m)         549.7         511.7         521.5           17         Liquidity coverage ratio (%)         257.3%         252.4%         228.3%           Net Stable Funding Ratio           18         Total available stable funding (£m)         8,812.0         8,828.5         8,588.3           19         Total required stable funding (£m)         6,964.1         6,900.5         6,660.4	UK 11 a		15.2%		15.2%
13       Leverage Ratio total exposure measure(£m)       9,781.9       10,158.7       10,264.9         Liquidity Coverage Ratio (%)       10.9%       9.3%       12.3%         Liquidity Coverage Ratio         15       Total high-quality liquid assets (HQLA) (Weighted value -average) (£m)       1,414.5       1,291.7       1,190.6         UK 16a       Cash outflows - Total weighted value (£m)       665.6       618.6       619.8         UK 16b       Cash inflows - Total weighted value (£m)       115.9       106.9       98.3         16       Total net cash outflows (adjusted value) (£m)       549.7       511.7       521.5         17       Liquidity coverage ratio (%)       257.3%       252.4%       228.3%         Net Stable Funding Ratio         18       Total available stable funding (£m)       8,812.0       8,828.5       8,588.3         19       Total required stable funding (£m)       6,964.1       6,900.5       6,660.4	12	CET1 available after meeting the total SREP own funds requirements (%)	1.4%	0.3%	4.6%
14 Leverage Ratio (%)       9.3%       12.3%         Liquidity Coverage Ratio         15       Total high-quality liquid assets (HQLA) (Weighted value -average) (£m)       1,414.5       1,291.7       1,190.6         UK 16a       Cash outflows - Total weighted value (£m)       665.6       618.6       619.8         UK 16b       Cash inflows - Total weighted value (£m)       115.9       106.9       98.3         16       Total net cash outflows (adjusted value) (£m)       549.7       511.7       521.5         17       Liquidity coverage ratio (%)       257.3%       252.4%       228.3%         Net Stable Funding Ratio         18       Total available stable funding (£m)       8,812.0       8,828.5       8,588.3         19       Total required stable funding (£m)       6,964.1       6,900.5       6,660.4		Leverage Ratio			
Liquidity Coverage Ratio           15         Total high-quality liquid assets (HQLA) (Weighted value -average) (£m)         1,414.5         1,291.7         1,190.6           UK 16a         Cash outflows - Total weighted value (£m)         665.6         618.6         619.8           UK 16b         Cash inflows - Total weighted value (£m)         115.9         106.9         98.3           16         Total net cash outflows (adjusted value) (£m)         549.7         511.7         521.5           17         Liquidity coverage ratio (%)         257.3%         252.4%         228.3%           Net Stable Funding Ratio           18         Total available stable funding (£m)         8,812.0         8,828.5         8,588.3           19         Total required stable funding (£m)         6,964.1         6,900.5         6,660.4		· · · · · · · · · · · · · · · · · · ·	•	·	10,264.9
15         Total high-quality liquid assets (HQLA) (Weighted value -average) (£m)         1,414.5         1,291.7         1,190.6           UK 16a         Cash outflows - Total weighted value (£m)         665.6         618.6         619.8           UK 16b         Cash inflows - Total weighted value (£m)         115.9         106.9         98.3           16         Total net cash outflows (adjusted value) (£m)         549.7         511.7         521.5           17         Liquidity coverage ratio (%)         257.3%         252.4%         228.3%           Net Stable Funding Ratio           18         Total available stable funding (£m)         8,812.0         8,828.5         8,588.3           19         Total required stable funding (£m)         6,964.1         6,900.5         6,660.4	14	3 , ,	10.9%	9.3%	12.3%
UK 16a       Cash outflows - Total weighted value (£m)       665.6       618.6       619.8         UK 16b       Cash inflows - Total weighted value (£m)       115.9       106.9       98.3         16       Total net cash outflows (adjusted value) (£m)       549.7       511.7       521.5         17       Liquidity coverage ratio (%)       257.3%       252.4%       228.3%         Net Stable Funding Ratio         18       Total available stable funding (£m)       8,812.0       8,828.5       8,588.3         19       Total required stable funding (£m)       6,964.1       6,900.5       6,660.4		. , .			
UK 16b       Cash inflows - Total weighted value (£m)       115.9       106.9       98.3         16       Total net cash outflows (adjusted value) (£m)       549.7       511.7       521.5         17       Liquidity coverage ratio (%)       257.3%       252.4%       228.3%         Net Stable Funding Ratio         18       Total available stable funding (£m)       8,812.0       8,828.5       8,588.3         19       Total required stable funding (£m)       6,964.1       6,900.5       6,660.4			1,414.5	1,291.7	1,190.6
16       Total net cash outflows (adjusted value) (£m)       549.7       511.7       521.5         17       Liquidity coverage ratio (%)       257.3%       252.4%       228.3%         Net Stable Funding Ratio         18       Total available stable funding (£m)       8,812.0       8,828.5       8,588.3         19       Total required stable funding (£m)       6,964.1       6,900.5       6,660.4		5 , ,	665.6	618.6	619.8
17       Liquidity coverage ratio (%)       257.3%       252.4%       228.3%         Net Stable Funding Ratio         18       Total available stable funding (£m)       8,812.0       8,828.5       8,588.3         19       Total required stable funding (£m)       6,964.1       6,900.5       6,660.4		<u> </u>			98.3
Net Stable Funding Ratio           18         Total available stable funding (£m)         8,812.0         8,828.5         8,588.3           19         Total required stable funding (£m)         6,964.1         6,900.5         6,660.4	16	, , ,	549.7		521.5
18       Total available stable funding (£m)       8,812.0       8,828.5       8,588.3         19       Total required stable funding (£m)       6,964.1       6,900.5       6,660.4	17		257.3%	252.4%	228.3%
19 Total required stable funding (£m) 6,964.1 6,900.5 6,660.4		0			
			•	•	8,588.3
20 NSFR ratio (%) 126.5% 127.9% 128.9%		1 0 7		•	6,660.4
	20	NSFR ratio (%)	126.5%	127.9%	128.9%

Note: LCR and NSFR are disclosed on an average basis.

## TESCO PERSONAL FINANCE GROUP PLC

# **Glossary of Terms**

	Definition		
Α			
Additional Tier 1 capital (AT1)	Additional Tier 1 capital includes qualifying capital instruments such as non-cumulative perpetual preference shares and Additional Tier 1 capital securities.		
C	preference shares and Additional field a capital securities.		
Capital conservation buffer	A capital buffer designed to ensure that banks are able to build up capital buffers outside of periods of stress which can then be drawn upon as losses are incurred.		
Capital Requirements Regulation (CRR)	The Capital Requirements Regulation is an EU law, which was onshored to the UK post Brexit and amended by relevant Statutory Instruments. The CRR aims to decrease the likelihood that banks become insolvent, reflecting Basel III rules on capital measurement and capital standards in conjunction with the PRA Rulebook		
Common Equity Tier 1 capital (CET1)	The highest form of regulatory capital under CRR, comprising common shares issued, related share premium, retained earnings and other reserves less regulatory adjustments.		
Countercyclical capital buffer (CCyB)	A capital buffer, determined by the regulator, which aims to ensure that capital requirements take account of the macro-economic financial environment in which banks operate. This aims to provide the banking sector with additional capital to protect it from potential future losses. In times of adverse financial or economic circumstances, when losses tend to deplete capital and banks are likely to restrict the supply of credit, the CCyB can be released by the regulator to help avoid a credit crunch.		
L			
Leverage Ratio	Tier 1 capital divided by the exposure measure.		
P			
Pillar 3	The third pillar of the Basel II framework aims to encourage market discipline by setting out disclosure requirements for banks on their capital, risk exposures and risk assessment processes. These disclosures are aimed at improving the information made available to the market.		
Prudential Regulatory Authority (PRA)	Responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms in the UK.		
PRA Rulebook	The PRA Rulebook contains provisions made by the PRA that apply to PRA-authorised firms. This includes the inclusion of additional rules required after revocation from the CRR by HMT.		
R			
Risk Weighted Assets (RWAs)	Calculated by assigning a degree of risk expressed as a percentage (risk weight) to an exposure value in accordance with the applicable Standardised Approach rules.		
S			
Special Purpose Entity	A corporation, trust, or other non-bank entity, established for a defined purpose, including for carrying on securitisation activities. Special Purpose Entities are designed to isolate its obligations from those of the originator and the holder of the beneficial interests in the securitisation.		
T			
Tier 1 capital	A component of regulatory capital, comprising Common Equity Tier 1 capital and Additional Tier 1 capital. Additional Tier 1 capital includes qualifying capital instruments such as non-cumulative perpetual preference shares and Additional Tier 1 capital securities.		
Tier 2 capital	A component of regulatory capital, comprising qualifying subordinated loan capital and related non-controlling interests.		