TESCO PERSONAL FINANCE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2026

Company Number SC173199

TESCO PERSONAL FINANCE LIMITED

CONTENTS

Directors and Advisers 1

Strategic Report 2

Directors' Report 12

Income Statement 17

Statement of Comprehensive Income 18

Balance Sheet 19

Statement of Changes in Equity 20

Cash Flow Statement 21

Notes to the Financial Statements 22

Independent Auditor's Report 49

Abbreviations 52

Glossary of Terms 53

TESCO PERSONAL FINANCE LIMITED
DIRECTORS AND ADVISERS

Directors:	Elizabeth Buckley	Independent Non-Executive Chair
	Craig Bundell	Chief Executive Officer
	Gillian Cass	Chief Financial Officer
	Caroline Ramsay	Senior Independent Non-Executive Director
	Margot Cronin	Independent Non-Executive Director
	Peter Manchester	Independent Non-Executive Director
	Julie Currie	Independent Non-Executive Director

Company Secretary: Gail Stivey

Registered Office:
2 South Gyle Crescent
Edinburgh
EH12 9FQ

Independent Auditor:
Deloitte LLP
1 New Street Square
London
EC4A 3HQ

Bankers:
The Royal Bank of Scotland plc
36 St Andrew Square
Edinburgh
EH2 2YB

HSBC Bank plc
8 Canada Square
London
E14 5HQ

TESCO PERSONAL FINANCE LIMITED
STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 28 February 2026.

The Annual Report and Financial Statements comprise the Strategic Report, the Directors' Report and the Company Financial Statements and accompanying notes.

The Company is a wholly owned subsidiary of Tesco Personal Finance Group Limited (TPFG), the share capital of which is wholly owned by Tesco PLC (Tesco).

Business Model

The core objective of the Board of Directors (the Board) is to create and deliver the long term sustainable success of the Company, generating value for the Company's shareholder and contributing to wider society. The Company has adopted Tesco's values and purpose, which is to serve its customers, communities and planet a little better every day. The Board sets the Company's strategy and is accountable to the Company's shareholder for ensuring that the Company is appropriately managed and achieves its objectives in a way that is supported by the right culture and behaviours.

The Company provides Insurance and Money Services products to personal customers in the United Kingdom (UK).

The Company combined with its immediate parent company, TPFG, and the other member of the group Tesco Underwriting (TU) are collectively referred to as Tesco Insurance and Money services (Tesco IMS or IMS).

The Company is a private limited company incorporated and registered in Scotland.

Financial Review

Income Statement

- Profit before tax from continuing operations is £38.3m (2025: £83.6m).
- Profit after tax from continuing operations is £38.6m (2025: £68.1m).
- The key drivers of the decrease in profit before tax from continuing operations are:
    - An 11.1% decrease in revenue to £249.3m (2025: £280.3m). This is primarily as revenue in the prior year included the impact of signing a new pet insurance contract which drives the recognition of renewal income at the point of signing, the impact of which is £27.1m.
    - A 3.0% decrease in administrative expenses to £255.0m (2025: £262.9m) primarily reflecting that the prior year included some costs in relation to the separation of the banking business. Administrative expenses in the current year include £28.5m (2025: £13.8m) of costs for the Day 2 programme to fully separate the processes, systems and applications of the retained business from Barclays Bank UK Plc (Barclays), following the sale of the banking business on 1 November 2024.
    - A 47.1% decrease in interest income to £48.6m (2025: £91.8m), which reflects the sale of all investment securities held in the prior year, and a 99.5% decrease in interest expense to £0.2m (2025: £44.0m) due to the repayment of banking related funding and subordinated debt in the prior year.
    - A 98.5% decrease in other income to £0.3m (2025: £20.3m) as the prior year included £20.0m of dividend income from TU. There was no such dividend income in the current year as the investment in TU was transferred to the parent entity TPFG in the prior year.
- Income tax on the Company's profit for the year from continuing operations is a credit of £0.3m (2025: charge of £15.5m). The current year tax charge on profits of £10.0m has been offset by a credit of £10.3m in relation to prior years, resulting in a net credit in the year. The tax charge for the year is based on a 25.0% (2025: 25.0%) corporation tax rate.
- The prior year also included profit after tax from discontinued operations of £26.9m in relation to the banking business which was disposed of on 1 November 2024.

Balance Sheet

- Net assets are £510.1m (2025: £821.9m).
- The decrease in net assets reflects the repayment of a £315.0m short-term loan from Tesco Corporate Treasury Services Plc, which was included within other assets at 28 February 2025. The distribution of the final £315.0m proceeds from the sale of the banking business was then made to the parent company on 7 May 2025.

Key Performance Indicators

The Directors consider the following to be the key performance indicators (KPIs) for the Company:

	2026	2025
Profit before tax from continuing operations	£38.3m	£83.6m
Insurance in force policies	2.6m	2.3m
Insurance new business sales	1.8m	1.4m
ATM withdrawals	201.2m	212.3m
Gift card sales	£946m	£808m
Travel money turnover	£1,262m	£1,207m

Risk Management

Risk Management Approach

The Board of Directors has overall responsibility for determining the Company's strategy and related Risk Appetite. The Board's Risk Appetite comprises a suite of Risk Appetite statements, underpinned by corresponding measures with agreed triggers and limits. The Risk Appetite Framework defines the type and amount of risk that the Company is prepared to accept to achieve its objectives and forms a key link between the day-to-day risk management of the business, its strategic objectives, long term plan (LTP), capital plan and stress testing. The Risk Appetite is formally reviewed by the Board on at least an annual basis.

The Board is also responsible for overall corporate governance, which includes overseeing an effective system of risk management and ensuring that the level of capital held is adequate and consistent with the risk profile of the business. The Company has a strong relationship with Tesco, with regular updates and meetings taking place with relevant senior management and the Board Members in relation to performance and strategy. Shareholder reserved matters have been agreed and significant matters are referred to Tesco for concurrence, as necessary.

The Chief Risk Officer (CRO) performs a strategic risk management role and is responsible for managing and enhancing the Risk Management Framework (RMF) and is independent from any commercial function.

The Company is exposed to a variety of risks through its day-to-day operations. The Board undertakes a robust review of principal risks and areas of emerging risks at least annually. The principal risks and uncertainties faced by the Company, along with information on how these are managed within the RMF, is set out below. These risks do not comprise all of the risks associated with the business and are not set out in priority order. Additional risks not presently known to management, or currently deemed to be less material, may also have an adverse effect on the business. All business areas and functions are required to maintain and actively manage a risk register. In addition, the Board Risk Committee (BRC) oversees a Horizon Scanning Risk process which focuses on emerging risks.

Principal Risks and Uncertainties

The Company has identified the key risks and uncertainties it faces through its Risk Taxonomy. At the highest level, the Company is exposed to overarching risks (Level 0 risks) as follows:

- Operational Risk.
- Financial Risk.
- Other Material Risk.

These principal risks are supported by more granular Level 1 risks which more explicitly capture the risks and uncertainties and align to the overarching Level 0 risks. These risks are subject to oversight and scrutiny through a number of internal governance processes including Executive Risk Committee (ERC) and BRC as well as supporting business and management forums.

Following the sale of the Company's banking business to Barclays in the prior year, a number of processes, systems and applications continue to be provided to the Company by Barclays through reverse Transition Service Agreements (rTSAs). These are being managed via an overall programme of activity (Day 2 Programme) to migrate processes, systems and applications to the Company ownership in full as well as supporting the proper exiting of associated rTSAs in line with the 31 October 2026 overall exit date.

Appropriate governance, performance management and oversight mechanisms are in place to support the delivery of this activity between the Company and Barclays as well as internally within the Company. This programme of work will impact several risks across the taxonomy, most notably Operational Risk.

(a) Barclays/IMS Transition Risks - Operational risk

The risk of a potential error, loss, harm, or failure caused by ineffective or inadequately defined processes, system failures, improper conduct, human error or from external events. Following the sale of the banking business, Management's focus is on ensuring operational continuity throughout the period to full separation from Barclays.

Key controls and mitigating factors

The Company aims to manage operational risks within defined Risk Appetite limits and its RMF. Business units and functions regularly assess operational risks through a prescribed Risk and Control Self-Assessment (RCSA) process. The RCSA is reviewed and updated on a timely basis by the business units and functions to reflect the risk and control environment and any material changes to internal or external reporting environments.

Oversight and challenge of the Company's operational risk profile is provided by governance bodies, including the ERC and BRC.

Third-party service providers

A significant number of services and processes are provided by third-party service providers with notable reliance now on Barclays as a Material Outsourced Provider. A key operational risk as a result of this is the failure of an outsourced service provider.

Governance and performance oversight arrangements are in place to manage the services now provided by Barclays. These are set to a monthly cadence with appropriate Senior Management representation at relevant forums.

Additionally, work has completed to redefine the Procurement and Outsourcing Framework to be more proportionate and relevant to the Company post sale of the banking business.

People

People risks are integral to the Company's RMF. This ensures appropriate visibility and management of risks associated with organisational capacity and capability, including resource attraction, retention, performance, talent and succession planning.

Technology

Technology is a key element in providing services to customers in a consistent and secure manner. Causes of technology outages across the industry include failure of planned change, failures in the supply chain, shadow IT risks or security events. The Company manages technology and technology risk in accordance with the RMF and has aligned key processes and controls with recognised industry standards. Regular reporting on technology services and technology risk are provided to the Company's Executive Committee (ExCo), ERC, BRC and the Board.

There is a reliance on Barclays for provision of a number of systems and applications which are all managed via rTSAs and form part of the Day 2 programme.

(b) Business-as-usual Risks

Operational risk - Information and Cyber-security risk

The Company's approach to managing these risks is embedded in its RMF. This framework ensures accountability and responsibility, supports sound decision-making and provides a mechanism to assess, prioritise, manage and report improvement activities. Within the framework, the Company's information and cyber-security risks, and the controls used to manage them, are aligned to globally recognised frameworks (including ISO 27000 and the National Institute of Standards and Technology's Cyber-Security Framework). The ERC and BRC oversee management of these risks and receive regular updates on cyber-security readiness and the threats the Company faces, as well as improvement activities to ensure it provides stable, secure digital platforms to meet its strategic objectives.

The Company understands the need for a strong security culture, where colleagues make good security decisions that protect customers and the Company. All employees and contractors with access to systems must complete an annual training course which sets out the expected security behaviours. Additional mandatory training is provided to colleagues with line manager responsibilities. Senior leaders are further supported through spotlight sessions that are held at the ERC and BRC and the Company regularly tests the Board's readiness to handle critical cyber-security events, simulating major incidents to ensure that the Board has confidence to act decisively and safely.

Regulatory and Conduct risk

Regulatory risk is the risk of poor customer outcomes, reputational damage, liability, loss or regulatory censure arising from failure to comply with the requirements of regulators or industry codes of best practice. Conduct risk is the risk that the conduct, acts or omissions of the organisation, or individuals within the organisation, leads to customer detriment, or has an adverse effect on market stability or effective competition.

The Company seeks to comply with rules and regulations. If regulatory events and breaches occur, the Company will take appropriate rectifying action on a timely basis. The Company seeks to deliver good outcomes and mitigate the risk of foreseeable harm. If good outcomes are not delivered, the Company will take appropriate rectifying action on a timely basis.

A Good Outcomes Framework, which provides the practical measures to comply with the FCA's Consumer Duty, is in place. This aims to ensure good customer outcomes are achieved across products and services, price and value, customer understanding and customer support. This process includes assessment of both new products and changes to products and services through periodic reviews and regular monitoring of customer outcomes management information. If poor outcomes or harm occur, this will be identified and addressed. The Risk function provides robust oversight of customer outcomes and the ExCo and Board review and challenge delivery of good outcomes for customers.

The volume and pace of regulatory change remains high, with specific focus on Consumer Duty and Operational Resilience. The Company actively engages in relevant industry consultations and closely monitors potential changes to regulatory requirements.

Financial risk

The risk relates to the Company's ability to meet regulatory financial requirements. This includes risks related to capital, credit and market. The Company undertakes close management and monitoring of financial risk through its RMF to ensure that it complies with current regulatory financial requirements. This includes financial and capital related scenario analysis.

Climate change

Overview

Climate change risk is overseen by the ExCo, with the Senior Management Function (SMF) accountability for managing climate change risk being held by the CRO. The Company is committed to understanding and reducing its environmental impact, as well as assessing and managing the risks arising from climate change. The Company's ambition is to achieve its target of carbon neutral in its own operations by 2035 and net zero across the Company's whole footprint by 2050. The Company continues to work closely with Tesco Plc to ensure that its and Tesco's approach to tackling climate change are aligned.

Governance

Progress updates are provided to the ERC and BRC on a quarterly basis.

Strategy

Management believe that the nature of the Company's business model results in the direct risks from climate change being low. No balances within the Financial Statements are materially affected by climate change in this reporting period. This is due to the short duration of the Company's insurance activities and the fact that insurance is not reliant on collateral which may be more likely to be impacted by climate change.

A number of areas have been identified where the Company has exposure to climate change, however these typically represent an indirect or low risk to the Company. The Company has exposures to customers who work for industries whose business models may be impacted through the transition to a greener economy and, as a result, could face lower income or the loss of their job. Physical impacts of weather events may affect the ability of the Company's colleagues to work in the office, although this continues to be significantly mitigated through the move to hybrid working practices. Changes to the way the Company's customers shop and behave, such as reducing travel, may impact the Company's Travel Money services.

The Company's own operations already use 100% green electricity and work is ongoing to reduce the impact of the Company's offices on the environment. This has included lighting upgrades across the Company's Edinburgh and Newcastle offices as well as continued use of building management systems to reduce gas and electricity usage.

Areas of focus for risk management over the next year are maintaining climate-related management information and ensuring business areas have fully embedded climate change into their risk identification and control processes.

Risk Management

Climate change forms part of the Environment and Social risk which is a Level 1 risk in the Company's risk taxonomy. The primary risks identified are physical risk via impacts on the Company's customers and colleagues; and reputational risk.

As part of the RMF, the identification and assessment of climate change risk is embedded as a business-as-usual process.

Metrics and targets

The Company's scope 1 and 2 carbon footprints are disclosed below. The Company has identified the number of tonnes of carbon dioxide equivalent (tCO_2e) emissions per full-time equivalent colleague as the most appropriate intensity factor for its business due to the majority of emissions produced from the Company's own operations being closely linked with the number of colleagues employed.

Emissions data

	2026	2025
Energy consumption		
Energy used kWh[1]	3,005,341	7,247,312
tCO_2e emissions		
- Scope 1[2]	254	661
- Scope 2 (Location-based)[3]	286	675
- Scope 2 (Market-based)[4]	-	-
Carbon intensity factor		
tCO_2e emissions per FTE	0.26	0.26

[1] Energy used is from natural gas and electricity purchased for use at the Company's offices.

[2] Scope 1 emissions are from natural gas used at the Company's offices. Emissions are calculated via industry-standard conversion factors as published by the UK government.

[3] Scope 2 emissions are from electricity purchased for use at the Company's offices. Emissions are calculated via industry-standard conversion factors as published by the UK government.

[4] Purchased electricity is backed by Renewables Energy Guarantees of Origin or Renewable Energy Certificates and therefore show nil emissions under the Market-based method.

Energy consumption and emissions have reduced in the current year due to the transfer of the Glasgow office building to Barclays as part of the sale of the banking business in the prior year and the reduction in the size of the retained business.

The Company continues to develop its approach towards the measurement of its scope 3 emissions. Analysis has indicated that the Company's most significant controllable areas of scope 3 impacts are purchased goods and services, business travel, employee commuting and office waste.

Work is ongoing to reduce the Company's impact in all of these areas with initiatives such as the Employee Green Car Scheme. This salary sacrifice scheme gives employees the opportunity to use a zero-emission vehicle for commuting and personal use reducing their personal environmental impact along with the Company's scope 3 impacts. Further disclosures in this respect will be provided as market practice develops.

Risk Management Framework

The following pages provide a more granular overview of the operational control processes and risk mitigants adopted by the Company.

The Company has a formal structure for reporting, monitoring and managing risks. This comprises, at its highest level, the Company's Risk Appetite, approved by the Board, which is supported by the RMF. The RMF creates an integrated approach to managing risk and extends to all principal risks (the Level 1 Risk Taxonomy). The RMF brings together governance, risk appetite, the Three Lines model, the Policy Framework and risk management tools to support the business in managing risk as part of a day-to-day activity.

Three Lines of Defence

The model is a widely recognised, best practice approach to ensuring that the risks within an organisation are appropriately managed and are subject to effective oversight and challenge. Clearly defined roles and responsibilities help to drive effective risk management.

Business Areas (First Line)

Senior Management within each business area are responsible for managing the risks that arise from the activities in which the business area is engaged, in accordance with the Company's RMF and policies. The role of the Business Areas is to adhere to the Company's RMF, policies, standards and processes; identify, assess, own, manage and monitor risks that arise from the activities in which the respective business area is engaged; identify, design, implement, own, check and operate management controls; identify, manage and monitor risk events, including the delivery of remedial actions and performance of root cause analysis; translate Board Risk Appetite into clear, precise articulation of acceptable risks; provide input to reporting on the risk environment in line with risk reporting standards established by the Risk function; perform risk aggregation, analysis and reporting within their business line; maintain appropriate awareness of external and future risk to support effective management; and ensure compliance with all relevant regulation and codes.

Risk Function (Second Line)

The Risk function operates under the leadership of the CRO. The Risk and Compliance teams reporting to the CRO are resourced by individuals with expertise in each of the principal risks faced by the Company. This enables appropriate analysis, challenge, understanding, oversight and assurance of each of the principal risks.

The role of the Risk function is to own, develop, communicate, implement and provide advice on the Company's RMF and policies; provide subject matter expertise in the management of specific types of risk and regulation, including supporting in the identification and management of risk events and associated remediation activity; provide risk-based oversight of the Business Areas' implementation

of, and adherence to, the RMF and policies; provide risk-based oversight of Business Areas' risk management and control, including challenging the completeness of risk identification and assessment, which can take a variety of forms including active involvement in committees and meetings; analysis of management information and data and providing an independent perspective on topics of significant interest; maintain and co-ordinate the Risk Appetite submission to the Board and oversee its implementation across the business; design and deliver standards for consistent risk reporting, risk governance and escalation; perform Company-wide risk aggregation and analysis; provide proactive insight and direction on industry, governing body and regulatory developments that will help improve the management of risk in the organisation; and deliver and co-ordinate specific regulatory returns.

Internal Audit (Third Line)

This comprises the Internal Audit function, which is responsible for providing independent assurance to the Board and Senior Management on the adequacy of the design and operational effectiveness of governance, risk management and internal control systems and measures across the First and Second Lines. The Internal Audit function has an independent reporting line to the Chair of the Board Audit Committee (BAC) and is resourced by individuals with relevant experience and professional qualifications. In addition, Internal Audit resources are supplemented across a range of audits by external support to provide additional subject matter expertise when required.

Independent assessment is provided through the execution of an agreed plan of audits, through attendance at relevant governance committees and through stakeholder management meetings.

Policies

The Company has a Policy Framework in place which requires a Board approved policy for each of the principal risks (Level 1 risks as per the risk taxonomy) faced by the Company, unless otherwise agreed by the CRO. Each Board approved policy is owned by a specific individual who is responsible for developing and maintaining the policy, including gaining approval for the policy at the requisite level; communicating the policy, supporting the implementation of policies, ensuring those affected by it have sufficient training, information and understanding to comply; undertaking suitable oversight to monitor compliance across the business; and reviewing non-compliance with policies through the issues management process.

Each policy must be reviewed on at least a biennial basis, or earlier if there is a trigger for policy review such as a regulatory change, to ensure its continued effectiveness and applicability in line with changing risks. The Risk function provides tracking and oversight of the Policy Framework and is responsible for providing reports to the Board on its effectiveness.

Risk Identification and Assessment

RCSA is the process used to identify, assess, manage, monitor and report risks and controls across the Company. The process sets out principles which should be consistently applied to the identification of risk. New and emerging risks and the recommended responses to them are reported by Business Areas and the Risk function to relevant governance bodies. The risk assessment process is the means by which the Company understands and estimates the effect of risk on the business, processes and systems and the controls that mitigate those risks to an acceptable level. These assessments are reported to the Board on a proportionality basis.

The Company monitors and tracks current exposures against limits defined in the agreed Risk Appetite and by the regulators. Exceptions are reported on a quarterly basis to the ERC and BRC. Adherence to these limits is independently monitored, measured and reported using a suite of risk measures (key indicators). Key discussion points from subordinate risk committees and management forums are reported to Senior Management and committees as appropriate.

Event Management

An Event is an occurrence caused by an internal or external failure which could impact the Company's finances, customers, compliance with regulations, brand and reputation, or resilience of operations. The Event Management process provides the tools and techniques to identify, assess and manage events through to closure. No such events were identified in the latest reporting period.

Integrated Risk Processes

The Company's integrated risk processes include the linking of Risk Appetite to business plans and associated capital requirement.

Stakeholder engagement

Engaging with stakeholders

The Company has identified its key stakeholders as customers, colleagues, financial regulators, Tesco and suppliers. The Company actively engages with these key stakeholder groups. Listening to, understanding and engaging with these stakeholder groups is an important role for the Board in setting strategy and decision-making. The Company recognises its obligations and requirements to be a well-controlled financial services business, compliant with regulation and delivering good customer outcomes. The regulators are consulted and kept closely informed in relation to key decisions made by the Board, as appropriate.

Our Customers

Following the sale of the banking business to Barclays on 1 November 2024, the transition of the remaining activities of the Company to the new standalone business has progressed according to plan with no significant customer disruption or impact.

The Company's purpose remains to serve its customers, communities and planet a little better every day. Developing customer-centric insights is key to how the Company designs and improves new services and products for customers, bringing the best of Tesco to help customers with their insurance and money needs.

The Company has invested in customer research including face-to-face, in Tesco retail stores, through surveys and remotely via online and telephone, all with the common goal to deepen the Company's understanding of its customers to ensure products and services best meet the needs of Tesco shoppers, learn from them and ultimately develop compelling customer propositions.

The Company recognises the need to enhance its core capabilities to ensure it remains competitive and can deliver compelling propositions to its customers. Investment continues in technology, data, design and personalised marketing.

Providing consistently good service and consistently good outcomes from the products offered to customers is a key objective and focus area of the Company. Processes providing additional support to vulnerable customers have been strengthened further during the year with a dedicated team overseeing a programme to deliver further enhancements to the overall customer experience on an ongoing basis.

Overall, the Company has seen positive momentum in improving outcomes for its customers, including seeing its Transactional Net Promoter Score for home and motor insurance increasing by 2 points from the prior year.

Our Colleagues

The Company tracks colleague sentiment and performance against key performance objectives using a continuous listening programme, including a mid-year pulse survey and annual Every Voice Matters (EVM) survey. The Company considers EVM as an effective mechanism to measure colleague engagement, and this is aligned to the approach taken by Tesco. All colleagues receive the survey, with an 80% completion rate benchmark.

Our Challenger Network (a representative group of cross-organisational colleagues) also complete regular surveys and attend focus groups that provide further insight into the colleague experience.

The EVM results provide Management detailed insight into where the business is thriving and where more attention is needed. The most recent EVM survey results reported that the link between colleagues' work and Tesco's purpose is strong. Colleagues also have a positive perception about being listened to and feeling they can be themselves at work without fear of judgement.

The Board and Senior Management are responsible for ensuring that EVM action plans exist and further local listening is undertaken as required to support colleagues. The Head of People reports EVM results to the Board, allowing the Company's leadership team to review and discuss colleague feedback to shape People and business plans.

The Company is committed to promoting a diverse, inclusive workplace, reflective of the communities it serves. It has an Equal Opportunities and Diversity Policy, setting out how the Company will support its culture aspirations. This policy aims to ensure that colleagues receive equal opportunities during their careers, alongside a fair process to attract, develop and retain talent. In addition, the Company has introduced Diversity, Equity & Inclusion (DE&I) commitments, in line with Tesco, to further enhance its efforts.

The Company has established a calendar of moments that matter for colleagues and the communities the Company serves. This engages colleagues in conversations about diverse cultures, religious festivals, inclusion campaigns and historical events, allowing a platform for open discussion, awareness, and education and enabling a culture of inclusion by embracing diverse thoughts and perspectives.

The TPFG Group is a Women in Finance Charter signatory, supporting the progression of women into senior roles in the financial services sector and championing the benefits of greater diversity within businesses through setting a women's representation target. Signatories are required to publicly report on progress to deliver against these internal targets in support of the accountability and transparency needed to drive change.

In the last year, the Company maintained its gender diversity position, remaining above its target of 40% representation of women in leadership (ExCo, director of, head of department) positions, and has a future ambition to achieve even gender balance in leadership.

The Company had an ambition to increase ethnicity representation to 12% in the leadership team by 2026. As of 28 February 2026, ethnicity representation amongst the leadership team had reached 9.3%. The Company continues to prioritise diverse shortlisting for leadership roles and expects this ongoing focus and recent new hires to move ethnicity representation towards the ambition.

As a Disability Confident Employer, the Company is committed to further improving the support and experiences of its colleagues with disabilities.

The Company's Code of Business Conduct defines the standards and behaviours expected of colleagues and supports its core values. Company policies and mandatory training, including anti-bribery and corruption, competition law, data protection and whistleblowing, help colleagues understand what the Code means in practice.

Colleagues must complete mandatory training to reinforce the importance of these standards. New colleagues must complete the suite of mandatory training within 30 days of joining the Company. Refresher training is required on an annual basis, making sure colleagues understand the Company's objectives and the regulatory environment it operates in.

The Board and Senior Management lead by example, ensuring their activities reflect the culture expected from the Company's colleagues and other stakeholders, driving the right behaviours. The Board is responsible for reviewing the annual report on whistleblowing, in compliance with the Whistleblowing Policy. The Company's independent and confidential whistleblowing service gives colleagues the ability to raise concerns about misconduct and breach of the Code of Business Conduct.

Supporting colleagues to be their best and play their part in delivering Tesco's purpose is a key priority for the Company. Working closely with Tesco, the Company is committed to actively supporting colleagues to live healthier lives and make healthier choices around their physical, financial, and emotional wellbeing. Colleagues have access to an Employee Assistance Programme, with a Virtual GP service, online content, webinars and over the phone support. This is an independent and unlimited 24/7 telephone support line.

Colleagues are encouraged to become involved in the financial performance of Tesco through a variety of schemes, principally the Tesco savings-related share option scheme (Save As You Earn). There are also communication and engagement activities to help colleagues be advocates of the products and services available across Tesco, including discounts through a Colleague Clubcard and access to colleague savings portals, including the Value Vault and Deals and Discounts.

Our Suppliers

Our suppliers play an important role in the operation of the Company's business to enable the delivery of an effective and efficient business model. During the year ended 28 February 2026 material contracts were presented to the Board for approval, covering both new relationships and contract renewals. In approving these contracts, the Board considered the strategic alignment and value of the relationships as well as looking at the customer impacts, risk exposure, legal and compliance considerations and financial implications. The Company has a framework in place which provides a consistent and proportionate approach to procurement and the management of suppliers to ensure that it can effectively engage, manage and terminate, where appropriate, supplier relationships. In addition to meetings and dialogue with suppliers in accordance with the framework, the Company participates in the Tesco Supplier Viewpoint Survey to encourage further feedback and engagement. To support regulatory reporting requirements, the Company expects its suppliers to monitor their own supply chain and be able to provide the Board with appropriate evidence and assurance of compliance, as required.

The Company engages with its suppliers either through a direct relationship or via Barclays under the Transitional Services Agreement that was put in place following the sale of the banking business in the prior year. This Transitional Services Agreement expires in 31 October 2026 and work is progressing to contract directly with these suppliers or make alternative arrangements.

The Company recognises its responsibilities to respect the human rights of its customers, colleagues, suppliers and the communities it serves and does not tolerate slavery, human trafficking, forced labour, child labour or child exploitation. The Group's Modern Slavery statement is available on its website at https://corporate.tescoinsurance.com/financial-information/accounts-and-disclosures.

Our Shareholder

The Company uses its relationship with Tesco Plc, its ultimate shareholder, to provide access to rich customer data, a strong brand and a Clubcard loyalty programme to better serve customers. The Company has a strong relationship with Tesco, with regular updates and meetings taking place with relevant senior management and Directors in relation to performance and strategy. Shareholder reserved matters have been agreed and significant matters such as the annual business plan and long term plan are referred to Tesco for concurrence, as necessary. The Company also acknowledges its responsibility to share certain information with Tesco. One of the ways it does this is via the Company's Chief Executive Officer who has a secondary reporting line to the Chief Executive of Tesco, UK.

Our Community

The Company is committed to making a positive impact in the communities it serves. During the year, colleagues supported the Company's charity partners, as well as local charities through a variety of Company-wide and team opportunities, while our Colleague Networks supported with further local fund-raising challenges and volunteering. Colleagues continue to donate food to collection points across their office locations.

The Tesco 20% top-up scheme is available to the Company's colleagues to allow them to apply for a 20% increase to any charitable funds raised.

The festive season was a particularly busy period for community activity, with many colleagues supporting winter food collections and participating in Tesco's Feet on the Floor initiative at Tesco stores nationwide.

The Company also gives colleagues and customers the opportunity to make charitable contributions through ATM donations or help schools provide fresh fruit and vegetables for pupils across the UK via our Fruit and Veg for Schools gift card.

s172 Statement by the Directors

This statement forms part of the Strategic Report and explains how the Directors have had regard to their duties under Section 172 of the Companies Act 2006 during the year. Section 172 requires Directors to act in the way they consider, in good faith, most likely to promote the success of the Company for the benefit of its shareholders. In doing so, Section 172 requires Directors to have regard to:

- Long term consequences;
- Employee interests;
- Relationships with suppliers, customers and others;
- Community and environmental impact;
- Company reputation; and
- Fairness between members.

In discharging its Section 172 duties, the Board has regard to the factors set out above. The Board also has regard to other factors which it considers relevant to the decisions it makes. The Board acknowledges that not every decision it makes will necessarily result in a positive outcome for all stakeholders.

The Board has identified the Company's key stakeholders as customers, colleagues, financial regulators, Tesco PLC (as ultimate parent company) and suppliers. Decisions are underpinned by the Company's purpose of serving our customers, communities and planet a little better every day and the Company's values put this purpose into practice. Strategic priorities and the Big 6 Objectives also inform decision making and provide a framework to help Directors prioritise issues and stakeholder interests.

The Board reviews matters relating to financial and operational performance; business strategy; key risks; stakeholder-related matters; compliance; and legal and regulatory matters, over the course of the financial year. This is supported through the consideration of reports and presentations provided at Board meetings and specific Board strategy sessions. Directors are supported in the discharge of their duties by provision of induction materials and ongoing training. Agendas for Board and Board Committee meetings are structured to provide sufficient time for consideration and discussion of key matters and ad hoc meetings are scheduled where necessary.

Engaging with stakeholders is key to the way the business is run and is an important consideration for the Directors when making relevant decisions. Details of how the Directors engage with colleagues and have regard to the need to foster relationships with suppliers, customers and other key stakeholders can be found in the Strategic Report on pages 7 to 9.

The following decisions taken and/or progressed by the Board during the year ended 28 February 2026 are examples demonstrating how the Directors had regard to the relevant factors:

Day 2 Programme and creating strong foundations for the Insurance and Money Services business

Separation activities from Barclays

Following the sale of the banking operations to Barclays UK on 1 November 2024, a programme has been established to separate the operations necessary to support Tesco IMS referred to as the Day 2 programme. The programme has included establishing the required IT infrastructure and systems, entering into associated supplier relationships and exiting of reverse transitional services provided by Barclays through this period. Throughout the year the Board has monitored the progress of the Day 2 Programme and has been mindful of the interests of all stakeholders, especially customers and colleagues.

Tesco IMS 2030 strategy

In November 2025, the Board discussed the IMS strategy, which is underpinned by the key strategic role that IMS plays in its parent company, Tesco's, ecosystem. As Tesco is the sole shareholder of the TPFG group, the success of IMS is focused on delivering for its shareholder. From a customer perspective, the Board continues to have a strong interest in maintaining a customer first mindset to deliver simple and straightforward customer experiences.

The Company will deliver its strategy through data and technology using digital and AI capabilities to enhance customer and colleague journeys. The Company's data strategy will underpin its ability to deliver the IMS ambition, unlocking the advantage of proprietary data to better understand customers.

Launch of Life Insurance

During the year the Company launched a new Life Insurance product in partnership with Aviva. The Board considered that this was a strategic opportunity to offer a solution to address unmet needs of Tesco customers. In taking this decision, the Board considered the strong alignment of the proposition to Tesco PLC's strategy in relation to the health and wellness of Tesco shoppers, together with the Strategic Priorities of the Tesco IMS business. The Board was mindful of customer needs including the customer journey and affordability for customers.

Capital reorganisation

The efficiency of the capital structure of the Company has been a strategic matter for the Board during the year, driven by business and regulatory changes following the sale of the banking business and the desire of the shareholder for excess capital to be returned. This built upon the share capital reductions which were undertaken in the previous financial year. While reviewing the proposed capital reorganisation the Board considered the long term needs of the business together with regulatory capital requirements.

The Strategic Report was approved by the Board of Directors and signed by order of the Board.



Gillian Cass
Director
1 May 2026

TESCO PERSONAL FINANCE LIMITED
DIRECTORS' REPORT

The Directors present their Annual Report, together with the Company Financial Statements and Independent Auditor's Report, for the year ended 28 February 2026.

Business Review and Future Developments

The Company's business review and future developments are set out in the Strategic Report on pages 2 to 11.

Risk Management

The Company's risk management disclosures are set out in the Strategic Report on pages 3 to 7.

Capital Structure

The Company's capital structure is discussed in notes 23 and 26 to the Financial Statements.

Events after the Reporting Date

Details of events occurring after the reporting date are discussed in note 30 to the Financial Statements.

Going Concern

The Directors consider that the Company has adequate resources to remain in operation for at least twelve months from the date of approval of these Financial Statements and have therefore continued to adopt the going concern basis in preparing the Financial Statements. The Company has no reliance on external funding sources, holds capital significantly in excess of the minimum regulatory requirement and is forecast to do so throughout the going concern assessment period. The capital requirement is outlined in note 26 to the Financial Statements. The Company also has a strong cash position and is forecast to be cash generative over the assessment period. A number of key services are currently outsourced to Barclays through reverse Transitional Service Agreements. These are overseen through a joint governance framework, and a specific change programme is underway to migrate services and exit the agreements. This is subject to oversight from the Executive Committee and Board.

Dividends

A final dividend of £34.0m was paid on 8 July 2025. There were no dividends paid in the prior year.

Directors

The present Directors and Company Secretary at the date of signing this Annual Report and Financial Statements are listed on page 1. Details of changes in Directors and Company Secretary during the year and up to the date of signing the Financial Statements are set out below.

Since 1 March 2025 to date the following changes have taken place:

Directors	Appointed
Craig Bundell	4 July 2025
Julie Currie	31 October 2025
	Resigned
Simon Machell	1 May 2025
Robert Endersby	1 May 2025
Company Secretary	**Appointed**
Gail Stivey	4 July 2025
	Resigned
Patricia Lynne Mitchell	4 July 2025

Directors' Indemnities

In terms of Section 236 of the Companies Act 2006, all Executive and Non-Executive Directors of the Company are issued a Qualifying Third-Party Indemnity Provision by the Company. All Qualifying Third-Party Indemnities were in force or in the process of being issued at the date of approval of the Financial Statements and shall remain in force without any limit in time. This will not be affected by the expiration or termination of a Director's appointment, however it may arise.

Cautionary Statement Regarding Forward-looking Information

Where this document contains forward-looking statements, these are made by the Directors in good faith based on the information available to them at the time of their approval of this report. These statements should be treated with caution due to the inherent risks and uncertainties underlying any such forward-looking information. The Company cautions users of these Financial Statements that a number of factors, including matters referred to in this document, could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to, those discussed under 'Principal risks and uncertainties' on pages 3 to 5.

Information provided to the Independent Auditor

So far as each Director is aware at the date of approving this report, there is no relevant audit information, being information needed by the independent auditor in connection with preparing this report, of which the independent auditor is unaware. All of the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the independent auditor is aware of that information.

Corporate Governance

The Board

The Board is currently comprised of the Chair, two Executive Directors and four Independent Non-Executive Directors.

Governance arrangements

The Company operates a Governance Framework which is appropriate for the business in terms of its level of complexity and risk profile. The various elements of the Governance Framework and arrangements are reviewed periodically (at least annually) to ensure that they remain suitable to support the business. The Company is cognisant of, and guided by, the relevant principles and provisions contained within the UK Corporate Governance Code.

Performance review

An effective Board is critical to achieving the long term objectives of the Company. This year the Company conducted an externally facilitated Board Performance Review to assess performance and identify areas for improvement. The review covered the Board and each of the Board Committees.

Role of the Board

The Board is the key governance body and is responsible for overall strategy, performance of the business and ensuring appropriate and effective risk management, in line with the approved Risk Appetite. The Board has delegated the day-to-day running of the business to the Chief Executive Officer. The Board has overall responsibility for the management of the business and acts as the main decision-making forum. It sets the Risk Appetite and strategic aims for the business, in some circumstances subject to shareholder agreement, within a control framework which is designed to enable risk to be assessed and managed.

The Board has put in place Terms of Reference which set out its purpose, scope, responsibilities and provides a framework for matters reserved for the Board. The Board Terms of Reference have been published on the Tesco Insurance website and can be viewed in full at https://corporate.tescoinsurance.com/about-us/executive-committee-and-board-of-directors/board-and-board-committee-terms-of-reference.

The Board and its Committees ('Board Committees') have a forward-looking agenda planner of items scheduled for discussion throughout the year. This approach ensures that the Board has oversight of appropriate matters in a timely manner. The agenda planner is maintained by the Company Secretary and is regularly reviewed and discussed with the Chair. It is shared with the other Directors via formal meetings, for discussion and input. Papers submitted for Board discussion and consideration are required to be prepared on standard templates. Board meetings are carefully minuted to ensure that there is an accurate record of matters discussed and decisions taken. Challenges raised and any concerns identified by Directors are also recorded within the minutes.

The Board held ten scheduled meetings during the year which included two results meetings to coincide with Tesco's external announcements, and a strategy meeting. There were also some ad hoc meetings which were arranged at shorter notice, as required by the needs of the business.

The Board has agreed a clear division of responsibilities, with the responsibilities of the Chair, Chief Executive Officer, Senior Independent Non-Executive Director and other Directors clearly defined so that no individual has unrestricted powers of decision making, and no small group of Directors can dominate the Board's decision making.

The Board is supported by the activities of its Board Committees, which ensure that specific matters receive the right level of attention and consideration. In addition, each Board Committee works in collaboration with other Board Committees to oversee, support and determine specific matters. The Terms of Reference for each Board Committee are reviewed at least annually, considered by the relevant Board Committee and approved by the Board.

Role of the Board Audit Committee

The purpose of the BAC is to provide oversight of the financial reporting process, the audit process, the system of internal financial controls and compliance with laws and regulations.

The BAC supports the Board in overseeing financial reporting integrity, internal financial systems and controls, internal and external audit effectiveness, and regulatory compliance. Its key responsibilities include:

- review of financial reporting
- review of processes for complying with regulatory requirements
- review of processes and controls for the prevention and detection of fraud, bribery and corruption
- review of the financial aspects of the risk management and internal control framework
- oversight of the Internal Audit function
- oversight of the arrangements and relationships with the external auditors

The responsibilities of the BAC are set out in its Terms of Reference which are reviewed at least annually and approved by the Board. The current BAC Terms of Reference are published on the Tesco Insurance corporate website and can be viewed in full at https://corporate.tescoinsurance.com/about-us/executive-committee-and-board-of-directors/board-and-board-committee-terms-of-reference.

Role of the Board Risk Committee

The BRC oversees risk management infrastructure, monitors risks and exposures and advises the Board on risk strategy.

The BRC oversees the RMF and ensures that key risks are identified, assessed, and appropriately mitigated. It provides strategic guidance on risk appetite and tolerance, monitors emerging risks, and evaluates the effectiveness of internal controls and risk mitigation strategies. The BRC also oversees compliance with regulatory requirements. Its key responsibilities include:

- Review of risk appetite and risk strategy
- Review of key risks
- Monitoring and assessing the RMF in relation to effectiveness of risk management and internal controls
- Review of market conditions
- Review of operational resilience
- Oversight of the performance and independence of the Risk function

The responsibilities of the BRC are set out in its Terms of Reference which are reviewed at least annually and approved by the Board. The current BRC Terms of Reference are published on the Tesco Insurance corporate website and can be viewed in full at https://corporate.tescoinsurance.com/about-us/executive-committee-and-board-of-directors/board-and-board-committee-terms-of-reference.

Role of the Board Remuneration Committee

The Board Remuneration Committee (RemCo) is responsible for the remuneration policy for the Company and specific remuneration arrangements for identified senior employees. When setting and operating the policy, the RemCo aligns reward to performance to promote the long term success of the Company and has regard to policies and practices relating to workforce remuneration, the experiences of other stakeholders and alignment with purpose, strategy and culture. This enables recruitment, retention, and motivation of the Company's executives as part of a cohesive, organisation-wide approach to remuneration.

For the identified senior employees, the RemCo is responsible for reviewing and approving base salary, annual bonus, long term incentive benefits and pension arrangements. The RemCo has responsibility to ensure that rewards are appropriate in the context of individual responsibility and seniority, consistent with overall financial performance, risk, customer outcomes and the business position of the Company, and fairness considering each individual's personal performance.

The RemCo has delegated certain powers to the ExCo members to support the effective operational delivery of the remuneration policy relating to individuals who are not the identified employees. These powers include determining salaries, joining awards or discretionary payments and changes to benefits arrangements. Decisions which are outside of the remuneration policy and/or material payments are subject to RemCo discussion and may also require input from the Board.

The responsibilities of the RemCo are set out in its Terms of Reference which are reviewed at least annually and approved by the Board. The current RemCo Terms of Reference are published on the Tesco Insurance corporate website and can be viewed in full at https://corporate.tescoinsurance.com/about-us/executive-committee-and-board-of-directors/board-and-board-committee-terms-of-reference.

Role of the TPFG Board Nomination Committee

During the year a decision was taken to reinstate a Board Nomination Committee at parent entity (TPFG) level. The TPFG Board Nomination Committee (NomCo) therefore serves both operating companies below TPFG. This approach was determined to be the most efficient structure given the size and complexity of the Tesco Insurance and Money Services business. The members of the NomCo are the Non-Executive Directors of TPFG, but meetings are also attended by the Non-Executive Directors of the Company and Tesco Underwriting Limited.

The NomCo is responsible for regularly reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the TPFG Board and its subsidiaries' boards and making recommendations to those boards. It has responsibility for ensuring plans are in place for orderly succession for Executive and Non-Executive Directors and other senior leaders. It will make recommendations to the relevant board concerning changes needed to the succession planning process if its periodic assessment indicates that the desired outcomes have not been achieved. As part of this it keeps under review the senior leadership needs of the business to ensure continued ability to compete effectively in the marketplace. The NomCo identifies and nominates candidates to fill Board vacancies and prior to the appointment of any Non-Executive Director it will consider the other time commitments and business interests of the potential appointee.

The responsibilities of the NomCo are set out in its Terms of Reference which are reviewed at least annually and approved by the TPFG Board.

Role of the Executive Committee

The ExCo serves the Insurance and Money Services business (which includes TPF) as a whole. It supports the Chief Executive Officer and other senior executive members by providing oversight and challenge in the efficient and effective delivery of the strategy. Meetings are usually held monthly, where senior executive leaders can meet formally to discuss performance, current issues, future planning and matters for escalation to the Board. Members of the ExCo also have weekly informal check-in opportunities which support good communication throughout the senior leadership team.

In addition to the ExCo, several other executive level committees have been created to support the senior executive team and individuals having senior manager functions under the Financial Conduct Authority Senior Managers and Certificate Regime. These cover areas such as risk, product, pricing, outsourced services and change.

None of the Executive level committees have decision making authority, as a group, instead responsibility for decision making sits with individual senior managers, with escalation to the Board as required.

Additionally, various forums sit outside of the formal Governance Framework to support business operations and processes.

Statement of Directors' Responsibilities

The following should be read in conjunction with the responsibilities of the independent auditor set out in their report on pages 49 to 51.

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare such Financial Statements for each financial year. Under that law the Directors have prepared the Company Financial Statements in accordance with International Accounting Standards (IASs) in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the International Accounting Standards Board (IASB).

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these Financial Statements, the Directors are required to:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names are listed on page 1 of the Annual Report and Financial Statements, confirms that to the best of their knowledge:

- The Financial Statements, which have been prepared in accordance with IASs in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- The Strategic Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and
- The Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for the Company's shareholder to assess the Company's position, performance, business model and strategy.

Approved by the Board of Directors and signed by order of the Board.



Gillian Cass

Director

1 May 2026

TESCO PERSONAL FINANCE LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2026

	Note	2026 £m	2025 £m
Continuing operations			
Revenue	5	249.3	280.3
Administrative expenses	6	(255.0)	(262.9)
Operating (loss)/profit		**(5.7)**	**17.4**
Interest income	7	48.6	91.8
Interest expense	7	(0.2)	(44.0)
Other gains and losses	8	–	2.0
Other income	9	0.3	20.3
Impairment loss on financial assets	10	(4.7)	(3.9)
Profit before tax from continuing operations		**38.3**	**83.6**
Income tax credit/(charge)	11	0.3	(15.5)
Profit after tax from continuing operations		**38.6**	**68.1**
Profit after tax from discontinued operations		–	26.9
Profit for the year		**38.6**	**95.0**

Following the sale of the banking business in the prior year, the Income Statement has been presented in a format which more clearly represents the activities of the retained business. Further details can be found in note 2

The notes on pages 22 to 48 form an integral part of these Financial Statements.

TESCO PERSONAL FINANCE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2026

	Note	2026 £m	2025 £m
Profit for the year		**38.6**	**95.0**
Items that may be reclassified subsequently to profit or loss			
Losses on cash flow hedges		–	(0.2)
Cash flow hedges reclassified to the income statement		–	0.2
Total comprehensive income for the year		**38.6**	**95.0**
Comprising total comprehensive income from:			
Continuing operations		38.6	68.1
Discontinued operations		–	26.9

There are no items of other comprehensive income which will not be reclassified subsequently to the Income Statement (2025: no items).

TESCO PERSONAL FINANCE LIMITED (SC173199)
BALANCE SHEET
AS AT 28 FEBRUARY 2026

	Note	2026 £m	2025 £m
Non-current assets			
Intangible assets	13	12.7	17.0
Property and equipment	14	57.7	60.3
Deferred tax asset	11	29.1	38.8
Investment securities	15	0.2	0.5
Other assets	16	34.7	32.8
Current assets			
Current tax asset		6.4	5.3
Investment securities	15	0.3	–
Other assets	16	58.9	437.2
Prepayments and accrued income	17	25.4	18.2
Loans and advances to customers	18	257.5	230.9
Cash	19	160.3	126.6
Total assets		**643.2**	**967.6**
Current liabilities			
Provisions for liabilities and charges	20	7.3	30.0
Accruals and deferred income	21	57.8	60.9
Other liabilities	22	62.2	48.0
Non-current liabilities			
Provisions for liabilities and charges	20	2.4	2.4
Accruals and deferred income	21	0.5	0.5
Other liabilities	22	2.9	3.9
Total liabilities		**133.1**	**145.7**
Net assets		**510.1**	**821.9**
Shareholders' equity			
Share capital	23	35.0	35.0
Share premium	23	24.9	314.9
Reserves	23	20.3	21.7
Retained earnings		429.9	450.3
Total shareholders' equity		**510.1**	**821.9**

The notes on pages 22 to 48 form an integral part of these Financial Statements.

The Company Financial Statements on pages 17 to 48 were approved by the Board of Directors and authorised for issue on 1 May 2026 and were signed on its behalf by:



Gillian Cass
Director

TESCO PERSONAL FINANCE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2026

	Note	Share capital £m	Share premium £m	Other equity instruments £m	Reserves £m	Retained earnings £m	Total equity £m
At 1 March 2024		**107.0**	**962.9**	**149.6**	**23.0**	**(138.2)**	**1,104.3**
Profit for the year		–	–	–	–	95.0	95.0
Net movements on cash flow hedges	23	–	–	–	–	–	–
Total comprehensive income		–	–	–	–	**95.0**	**95.0**
Transactions with owners							
Share capital reduction		(72.0)	–	–	–	72.0	–
Share premium reduction		–	(648.0)	–	–	648.0	–
Distribution of investment		–	–	–	–	(226.5)	(226.5)
Other equity instruments redeemed		–	–	(149.6)	–	–	(149.6)
Share based payments	23	–	–	–	(1.3)	–	(1.3)
Total transactions with owners		**(72.0)**	**(648.0)**	**(149.6)**	**(1.3)**	**493.5**	**(377.4)**
At 28 February 2025		**35.0**	**314.9**	**–**	**21.7**	**450.3**	**821.9**
Profit for the year		–	–	–	–	38.6	38.6
Total comprehensive income		–	–	–	–	**38.6**	**38.6**
Transactions with owners							
Capital distribution	23	–	–	–	–	(315.0)	(315.0)
Dividends paid	12	–	–	–	–	(34.0)	(34.0)
Share based payments	23	–	–	–	(1.4)	–	(1.4)
Share premium reduction	23	–	(290.0)	–	–	290.0	–
Total transactions with owners		**–**	**(290.0)**	**–**	**(1.4)**	**(59.0)**	**(350.4)**
At 28 February 2026		**35.0**	**24.9**	**–**	**20.3**	**429.9**	**510.1**

TESCO PERSONAL FINANCE LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2026

	Note	2026 £m	2025 £m
Profit before tax		38.3	119.2
Adjusted for:			
Impairment loss on financial assets - discontinued operations		–	17.5
Impairment loss on financial assets - continuing operations	10	4.7	3.9
Depreciation and amortisation	13/14	13.2	12.0
Loss on disposal and impairment of intangible assets and premises and equipment		0.6	12.0
Gain on disposal of investment securities	8	–	(0.7)
Dividend income from investment in subsidiary	9	–	(20.0)
Excess loss on assets held for sale		–	56.7
Provisions for liabilities and charges	20	(0.9)	(2.4)
Equity settled share based payments		(2.0)	(2.6)
Fair value movements		–	(41.3)
Interest on financing activities		0.2	16.8
Net changes in operating assets and operating liabilities			
Mandatory reserve deposits with the Bank of England		–	55.1
Loans and advances to customers		(31.3)	(445.3)
Prepayments and accrued income	17	(7.2)	(11.3)
Other assets		385.7	(330.4)
Borrowings		–	(908.1)
Deposits from customers		–	479.3
Provisions used	20	(21.8)	(4.1)
Accruals and deferred income		(4.3)	(37.4)
Other liabilities		14.7	(49.1)
Income tax paid		–	(1.0)
Net cash provided by/(used in) operating activities		**389.9**	**(1,081.2)**
Purchase of intangible assets		(0.8)	(10.5)
Purchase of property and equipment		(4.9)	(2.1)
Proceeds from sale or maturity of investment securities		–	882.3
Dividend received from subsidiary		–	20.0
Net cash flow from sale of banking business		–	207.9
Net cash (used in)/provided by investing activities		**(5.7)**	**1,097.6**
Subordinated debt repaid		–	(379.7)
Interest paid on subordinated debt, including associated hedging instruments		–	(19.3)
Other equity instruments repaid		–	(150.0)
Capital distribution	23	(315.0)	–
Lease payments		(1.5)	(4.5)
Dividends paid	12	(34.0)	–
Net cash used in financing activities		**(350.5)**	**(553.5)**
Net increase/(decrease) in cash		**33.7**	**(537.1)**
Cash at beginning of year		**126.6**	**663.7**
Cash at end of year	19	**160.3**	**126.6**

TESCO PERSONAL FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

General information

Tesco Personal Finance Limited (the Company) is a private limited company incorporated and domiciled in Scotland under the Companies Act 2006. The main activities of the Company are the distribution of insurance policies (motor, home, travel, pet and life), and the provision of automated teller machine (ATM), Gift Card and Travel Money services.

Basis of preparation

The Financial Statements have been prepared in accordance with United Kingdom (UK) adopted IFRS and the requirements of the Companies Act 2006. The Financial Statements are presented in Pounds Sterling, which is the functional currency of the Company. The figures shown are rounded to the nearest £0.1 million unless otherwise stated. The Financial Statements are prepared on the historical cost basis, except for certain financial instruments which are measured at fair value.

The Directors consider that the Company has adequate resources to remain in operation for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the Financial Statements. The Company has no reliance on external funding sources, it holds capital significantly in excess of the minimum regulatory requirement and is forecast to do so throughout the going concern assessment period.

On 1 November 2024 the company sold its banking business to Barclays, as a result of this a number of key services are currently outsourced to Barclays through reverse Transitional Service Agreements. These are overseen through a joint governance framework, and a specific change programme is underway to migrate services and exit the agreements. This is subject to oversight from the Executive Committee and Board.

The capital requirement is outlined in note 26 to the Financial Statements. The Company also has a strong cash position and is forecast to be cash generative over the assessment period.

2. Financial Statement presentation changes

Income Statement

Following the sale of the banking business in the prior year, the Income Statement in the current year has been presented in a format which more clearly represents the activities of the retained business (continuing operations). Comparative data has been presented in this format for the first time but has been derived from previously audited Financial Statements.

Set out below are the key line item changes:

Line item in new format Income Statement	Line item in prior year published Income Statement	Prior year amount £m
Revenue	Net fee and commission income	280.3
Administrative expenses	Administrative expenses / Depreciation and amortisation	(262.9)

Balance Sheet

Following the sale of the banking business in the prior year, the Balance Sheet in the current year has been presented with a current and non-current split. This replaces the previous banking format by order of liquidity. Comparative data has been presented in this format for the first time but was previously included in the relevant disclosure notes in the previously audited Financial Statements.

3. Accounting Policies

Unless otherwise stated, the Company's accounting policies have been applied consistently to all periods presented in these Financial Statements. Following the sale of the banking business in the prior year, and the subsequent capital restructuring of the Company, accounting policies which related to balances no longer held by the Company are no longer disclosed.

There have been no new standards, interpretations or amendments effective in the current financial year that have impacted the Company.

The Company has not applied any standards, interpretations or amendments that have been issued but are not yet effective. Work is ongoing to assess the impact of any such standards, interpretations or amendments that will impact future reporting periods, most notably IFRS 18 *Presentation and Disclosure in Financial Statements*.

3. Accounting policies (continued)

a) Revenue recognition

Net fee and commission revenue

Insurance commission income is generated from the sale of insurance products underwritten by a related party, Tesco Underwriting Limited (home and motor), and third-party insurance providers for other products. Commission income is based on commission rates which are independent of the profitability of underlying insurance policies and is recognised on a net basis as such policies are sold, in line with the satisfaction of performance obligations to customers.

In addition, the Company generates fee income from the referral of insurance customers to third-parties for car hire and ancillary services. This income is recognised at the time a referral is made, in line with the satisfaction of the performance obligation for the Company.

The Company also recognises future commission income from policy renewals on pet insurance provided by third-party insurers at the point these policies are sold. This is when the Company has satisfied all of its performance obligations in relation to the policy sold and it is considered highly probable that a significant reversal in the amount of revenue recognised will not occur in future periods. This calculation takes into account both estimates of future renewal volumes and renewal commission rates. A contract asset is recognised in relation to this revenue. This is unwound over the remainder of the contract with the customer, the customer in this case being the third-party insurance provider.

The end policyholders have the right to cancel an insurance policy at any time, therefore a contract liability is recognised for the amount of any expected refunds due and the revenue recognised in relation to these sales is reduced accordingly. This contract refund liability is estimated using prior experience of customer refunds. The appropriateness of the assumptions used in this calculation are reassessed at each reporting date.

The Company also generates fees from money services products, being ATM machines, Travel Money and Gift Card sales. Fees in respect of these services are recognised in line with the satisfaction of performance obligations. This can be either at a point in time or over time, in line with the provision of the service to the customer.

The majority of money services are performed at a point in time and payment is due from a customer at the time a transaction takes place. For services performed over time, payment is generally due monthly in line with the satisfaction of performance obligations.

The costs of providing these money services are incurred as the services are rendered.

Customer loyalty programme

The Company participates in the customer loyalty programme operated by Tesco Stores Limited (TSL). The programme operates by allowing customers to accumulate Clubcard points on purchases for future redemption against a range of Tesco products. Revenue in respect of these points is recognised at the time of the customer transaction as the Company has no obligation to customers in respect of Clubcard points once the points are allocated to a customer account. The revenue is recognised net of the cost of providing Clubcard points to customers, which is recharged by TSL to the Company.

b) Net interest income recognition

Interest income and expense for all financial instruments measured at amortised cost are recognised using the effective interest rate (EIR) method.

The EIR method is a method of calculating the amortised cost of a financial asset or financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the expected life of the financial asset or financial liability. The EIR is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount.

Calculation of the EIR takes into account fees receivable that are an integral part of the instrument's yield, premiums or discounts on acquisition or issue, early redemption fees and transaction costs. All contractual and behavioural terms of a financial instrument are considered when estimating future cash flows.

Interest income is calculated on the gross carrying amount of a financial asset unless the financial asset is impaired, in which case interest income is calculated on the net carrying amount, after allowance for expected credit loss (ECL).

c) Dividend income recognition

Dividends are recognised in the Income Statement when the Company's right to receive payment is established.

3. Accounting policies (continued)

d) Taxation

The tax charge or credit included in the Income Statement consists of current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the reporting date.

Deferred tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. Deferred tax is calculated at the tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Assumptions used in determining future taxable profits are consistent with other internal financial forecasts.

The Company assesses their recoverability over a reasonably foreseeable timeframe, being typically a minimum of 5 years, considering the future expected profit profile and any potential legislative restrictions on use. This is in line with other internal financial forecasts.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be realised.

Deferred tax assets and liabilities are offset against each other when there is a legally enforceable right to set-off current tax assets against current tax liabilities and it is management's intention to settle these on a net basis. The Company has applied the Pillar Two income taxes exception in IAS 12, so neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

e) Foreign currency translation

Foreign currency transactions are translated to the functional currency at the exchange rate on the date of the transaction.

Monetary items denominated in foreign currency are translated at the closing rate as at the reporting date.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement. All foreign exchange gains and losses recognised in the Income Statement are presented net within the corresponding item.

f) Financial instruments

The Company classifies a financial instrument as a financial asset, financial liability or an equity instrument in accordance with the substance of the contractual arrangement. An instrument is classified as a liability if it creates a contractual obligation to deliver cash or another financial asset, or to exchange financial assets or financial liabilities on potentially unfavourable terms. An instrument is classified as equity if it evidences a residual interest in the assets of the Company after the deduction of liabilities.

Financial assets

Classification and measurement

The Company classifies its financial assets in the following categories:

- Fair value through profit or loss (FVPL);
- Amortised cost.

Management determines the classification of the Company's financial assets at initial recognition. Purchases and sales of financial assets are recognised on the trade date – being the date on which the Company commits to purchase or sell the asset.

All financial assets are measured at initial recognition at fair value, plus transaction costs for those classified as amortised cost. Transaction costs on financial assets classified as FVPL are recognised in the Income Statement at the time of initial recognition.

Classification and subsequent measurement of financial assets depend on:

- The Company’s business model for managing the financial asset; and
- The cash flow characteristics of the financial asset.

The business model reflects how the Company manages its financial assets in order to generate cash flows and is determined by whether the Company’s objective is solely to collect contractual cash flows from the assets or to collect both contractual cash flows and cash flows arising from the sale of assets. If neither of these models applies, the financial assets are classified as FVPL.

In determining the business model, the Company considers past experience in collecting cash flows, how the performance of these financial assets is evaluated and reported to management and how risks are assessed.

Where the business model is to hold financial assets to collect contractual cash flows or to collect contractual cash flows and sell the assets, the Company assesses whether the financial asset’s cash flows represent solely payments of principal and interest. When making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement.

3. Accounting policies (continued)

Financial assets at amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated as FVPL, are classified and subsequently measured at amortised cost. The carrying value of these financial assets is adjusted by any ECL allowance recognised and measured as described below.

Financial assets at FVPL

Financial assets that do not meet the criteria for recognition at amortised cost or at fair value through other comprehensive income are measured at FVPL.

Impairment

The Company assesses on a forward-looking basis the ECL associated with its financial assets carried at amortised cost. The Company recognises a loss allowance for such losses at each reporting date.

The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Refer to note 24 for further details on the calculation of the allowance for ECL.

Financial liabilities

Classification and measurement

All of the financial liabilities held by the Company are classified and measured at amortised cost using the EIR method, after initial recognition at fair value. Fair value is calculated as the issue proceeds, net of premiums, discounts and transaction costs incurred.

Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows have expired or where substantially all of the risks and rewards of ownership have been transferred and the transfer qualifies for derecognition. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

g) Property and equipment

Items of property and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent expenditure is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repairs and maintenance costs are charged to the Income Statement in the period in which they are incurred.

Depreciation is charged to the Income Statement on a straight-line basis so as to allocate the costs less residual values over the useful life of the related asset and, for leasehold improvements and right-of-use assets, the expected lease term. Depreciation commences on the date that the assets are brought into use. Work-in-progress assets are not depreciated until they are brought into use and transferred to the appropriate category of property, plant and equipment.

Estimated useful lives are:

- Buildings 40 years
- Fixtures and fittings 2 to 10 years
- Computer hardware 3 to 10 years
- Right-of-use assets depreciated over the lease term

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in administrative expenses in the Income Statement.

h) Intangible assets

Intangible assets that are acquired by the Company are stated at historical cost less accumulated amortisation and any impairment losses. Amortisation is charged to the Income Statement on a straight-line basis over the estimated useful lives. The Company's intangible assets are computer software, for which the estimated useful lives are 3 to 10 years.

Internally generated intangible assets - research and development expenditure

Research costs are expensed in the Income Statement as incurred.

Development expenditure incurred on an individual project is capitalised only if all of the following criteria are demonstrated:

- an asset is created that can be identified (such as software);
- it is probable that the asset created will generate future economic benefits; and

3. Accounting policies (continued)

- the development cost of the asset can be measured reliably.

Following the initial recognition of development expenditure, the cost is amortised over the estimated useful life of the asset created. Amortisation commences on the date that the asset is brought into use. Work-in-progress assets are not amortised until they are brought into use and transferred to the appropriate category of intangible assets.

Cloud software license agreements

Licence agreements to use cloud software are treated as service contracts and expensed in the Income Statement unless the Company has both a contractual right to take possession of the software at any time without significant penalty and the ability to run the software independently of the host vendor. In such cases, the licence agreement is capitalised as computer software.

i) Leases

Company as a lessee

The Company has entered into leases for office buildings and electric vehicles.

Leases are recognised as a right-of-use asset and corresponding lease liability at the date on which the leased asset becomes available for use by the Company.

Right-of-use assets are included within property and equipment in the Balance Sheet.

Right-of-use assets are measured at cost, which comprises:

- the amount of the initial lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are depreciated over the lease term on a straight-line basis.

Lease liabilities are initially calculated as the net present value of expected lease payments, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate.

Following initial recognition, lease payments are allocated between the outstanding lease liability and interest expense.

The interest expense is charged to the Income Statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Company as a lessor

The Company subleases electric vehicles to employees.

These subleases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. This sub lease classification is assessed with reference to the head lease right of use asset. The head lease right of use asset is derecognised and amounts due from lessees under finance leases are recorded as receivables at the amount of the Company's net investment in the sublease.

j) Impairment of non-financial assets

Non-financial assets are reviewed for impairment when there are indications that the carrying value may not be recoverable. If an asset's carrying amount is determined to be greater than its recoverable amount, an impairment loss is recognised in the Income Statement and the carrying value of the asset is written down by the amount of the loss. The recoverable amount is the higher of the asset's fair value less costs to sell (FVLCS) and its value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets for which an impairment loss has been recognised are reviewed for possible reversal of the impairment at each reporting date.

k) Employee benefits

The Company accounts for pension costs on a contributions basis in line with the requirements of *IAS 19 Employee Benefits* (IAS 19). The Company made contributions in the year to a funded defined benefit scheme and a funded defined contribution scheme. Both of these schemes are operated by TSL.

IAS 19 requires that, where there is no policy or agreement for sharing the cost of a defined benefit scheme across the subsidiaries, the Sponsoring employer recognises the net defined benefit cost of a defined benefit scheme. The Sponsoring employer of the funded defined benefit scheme is TSL and the principal pension plan is the Tesco PLC (Tesco) pension scheme. TSL has recognised the appropriate net liability of the Tesco pension scheme in accordance with IAS 19.

l) Share based payments

Employees of the Company receive part of their remuneration in the form of share based payment transactions, whereby employees render services in exchange for Tesco shares or rights over shares (equity-settled transactions) or in exchange for entitlements to cash based payments based on the value of the shares (cash-settled transactions).

3. Accounting policies (continued)

The fair value of employee share option plans is calculated at the grant date using the Black-Scholes model. The resulting cost is recognised in the Income Statement over the vesting period. The value of the charge is adjusted to reflect expected and actual levels of vesting.

The grant by Tesco of options over its equity instruments to the employees of the Company is treated as a capital contribution in equity. The social security contribution payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge is treated as a cash-settled transaction.

m) Provisions for liabilities and charges and contingent liabilities

A provision is recognised where there is a present legal or constructive obligation as a result of a past event; it is more likely than not that an outflow of economic resources will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation.

A contingent liability is a possible obligation which is dependent on the outcome of uncertain future events not wholly within the control of the Company, or a present obligation where an outflow of economic resources is not likely or the amount cannot be reliably measured.

Contingent liabilities are not recognised in the Balance Sheet but are disclosed in the notes to the Financial Statements unless the possibility of an outflow of economic resources is remote.

n) Dividends paid

Dividends paid are recognised in equity in the period they are approved by the Board.

4. Critical accounting estimates and judgements

The reported results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of the Financial Statements. The Company's principal accounting policies are set out in note 3. UK company law and IFRS require the Directors, in preparing the Financial Statements, to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable and prudent. Where accounting standards are not specific and Management have to choose a policy, IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, requires Management to adopt policies that will result in relevant and reliable information in light of the requirements and guidance in IFRS dealing with similar and related issues and the *International Accounting Standards Board Framework for the Preparation and Presentation of Financial Statements*.

No judgements have been made in the current year in the process of applying the Company's accounting policies that have had a significant effect on the amounts recognised in the Financial Statements, other than those using estimations.

The significant accounting estimates with a significant risk of a material change to the carrying value of assets within the next year are discussed below. The use of estimates, assumptions or models that differ from those adopted by the Company would affect its reported results.

Insurance contract asset

In line with the requirements of IFRS 15 *Revenue from Contracts with Customers*, the Company recognises an insurance contract asset in relation to insurance revenue from policy renewals at the point these policies are first sold. This is when the Company has satisfied all of its performance obligations in relation to the policy sold and it is considered highly probable that a significant reversal in the amount of revenue recognised will not occur in future periods. This calculation takes into account estimates of retention rates, renewal commission rates and renewal premiums. Any change in these variables in future could have a material impact on the carrying amount of this insurance contract asset within the next financial year.

At 28 February 2026 the carrying value of the insurance contract asset is £55.5m (2025: £51.1m). The table below sets out the impact on this carrying value in the event of potential future changes to the variables in the calculation. The sensitivities shown are illustrative and do not represent management's expectations of future outcomes. They show the impact on recognised balances had key assumptions at the reporting date been different, with all other assumption held constant.

Variable	Sensitivity	Impact
Retention rate year 1	+/-4%	+£5.9m/-£5.9m
Retention rate years 2-5 haircut*	+1.3%/-1.8%	+£5.8m/-£5.7m
Renewal commission rates	+/-1.8%	+/-£5.7m
Renewal premium	+/-£40	+/-£5.6m

*Treated as increase/decrease to absolute fall in year 1 retention rates in subsequent years from a base position of 10% per annum.

5. Revenue

	2026 £m	2025 £m
Continuing operations		
Insurance revenue from contracts with customers	107.1	139.0
Money services revenue from contracts with customers	142.2	141.5
Total fee and commission revenue	**249.3**	**280.5**
Money services expense	–	(0.2)
Total revenue	**249.3**	**280.3**

6. Administrative expenses

	2026 £m	2025 £m
Continuing operations		
Wages and salaries	38.7	48.9
Social security costs	4.6	4.7
Other pension costs	2.3	2.9
Share based payments	0.4	4.7
Other costs including temporary staff	27.2	22.8
Total staff costs	**73.2**	**84.0**
Premises and equipment	47.1	50.5
Marketing	63.8	56.5
Depreciation and amortisation	13.2	12.0
Outsourcing, professional and other expenses	57.7	59.9
Total non-staff costs	**181.8**	**178.9**
Total administrative expenses	**255.0**	**262.9**

The classification of expenses within non-staff costs has been reallocated for the prior year to better reflect the nature of these expenses.

Auditor's remuneration

	2026 £'000	2025 £'000
Audit of the company	520	1,583
Audit of the financial statements of the Company's immediate parent	30	68
Total audit services	**550**	**1,651**
Audit related assurance services	13	85
Other non-audit services not covered above	–	–
Total non-audit services	**13**	**85**
Total auditor's remuneration	**563**	**1,736**

Total auditor's remuneration for the year includes £30,000 (2025: £68,000) paid for the audit of the Company's immediate parent company, Tesco Personal Finance Group Limited, without reimbursement. Remuneration disclosed for the prior year relates to both continuing and discontinued operations.

Number of employees

The average total monthly number of persons, including Executive Directors, employed by the Company during the year.

	2026 Number	2025 Number
Head office and administration	426	1,194
Operations	560	1,438
Total average employees	**986**	**2,632**

Employee numbers in the prior year relate to both continuing and discontinued operations.

7. Interest income and expense

	2026 £m	2025 £m
Continuing operations		
Interest income		
On financial assets held at amortised cost		
Loans and advances to customers	43.0	42.4
Cash	3.0	26.7
Investment securities	–	15.8
Other assets	2.6	5.4
On financial assets measured at fair value		
Derivative financial instruments - FVPL	–	1.5
Total interest income	**48.6**	**91.8**
Interest expense		
On financial liabilities measured at amortised cost		
Borrowings	–	(29.4)
Lease liabilities	(0.2)	(0.2)
Subordinated debt	–	(13.1)
Other liabilities	–	(1.3)
Total interest expense	**(0.2)**	**(44.0)**

8. Other Gains and Losses

	2026 £m	2025 £m
Continuing operations		
Net fair value gain on investment securities	–	0.7
Net fair value gain on other financial instruments	–	0.6
Net gain on disposal of investment securities	–	0.7
Total other gains	**–**	**2.0**

9. Other income

	2026 £m	2025 £m
Continuing operations		
Dividend income from investment in subsidiary	–	20.0
Dividend income from investment securities	–	0.2
Other income	0.3	0.1
Total other income	**0.3**	**20.3**

10. Impairment Loss on Financial Assets

	2026 £m	2025 £m
Continuing operations		
Impairment release on investment securities at amortised cost	–	(0.5)
Impairment loss on loans and advances to customers	4.7	4.4
Total impairment loss on financial assets	**4.7**	**3.9**

11. Income tax

Income tax expense

Reconciliation of the prima facie income tax expense on profit before tax with the income tax expense recognised in profit or loss:

	2026 £m	2025 £m
Continuing operations		
Current tax charge for the period	1.2	6.4
Current tax over provided on profits for prior years	(11.2)	(1.1)
Total current tax	**(10.0)**	**5.3**
Deferred tax charge for the period	8.8	10.0
Deferred tax under provided on profits for prior years	0.9	0.2
Total deferred tax	**9.7**	**10.2**
Total income tax (credit)/charge	**(0.3)**	**15.5**

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2025: lower than) the standard rate of corporation tax in the UK of 25.0% (2025: 25.0%). The differences are explained below:

11. Income tax (continued)

Profit before income tax	**38.3**	**83.6**
Prima facie income tax expense at a standard UK tax rate of 25.0% (2025: 25.0%)	9.6	20.9
Tax effect of permanent differences:		
Non-assessable income	–	(6.4)
Non-deductible expenses	0.4	2.5
Adjustments recognised in the current year in relation to the current tax of prior years	(11.2)	(1.1)
Adjustments recognised in the current year in relation to the deferred tax of prior years	0.9	0.2
Share based payments	–	(0.6)
Income tax (credit)/charge	**(0.3)**	**15.5**

The prior year adjustment relates primarily to tax relief available on fees incurred on the disposal of the banking business.

Deferred tax assets and liabilities

Deferred tax balances comprise temporary differences attributable to:

	Accelerated capital allowances £m	Financial instruments £m	Share based payments £m	Other £m	Total £m
At 1 March 2025	**20.3**	**16.7**	**1.6**	**0.2**	**38.8**
Recognised in the Income Statement:					
- for the current year	(3.0)	(5.6)	(0.2)	–	(8.8)
- for prior years	(0.8)	–	(0.1)	–	(0.9)
Recognised directly in equity	–	–	–	–	–
At 28 February 2026	**16.5**	**11.1**	**1.3**	**0.2**	**29.1**

	Accelerated capital allowances £m	Financial instruments £m	Share based payments £m	Other £m	Total £m
At 1 March 2024	**24.2**	**22.1**	**1.9**	**0.4**	**48.6**
Recognised in the Income Statement:					
- for the current year	(3.6)	(5.4)	(0.8)	(0.2)	(10.0)
- for prior years	(0.3)	–	0.1	–	(0.2)
Recognised directly in equity	–	–	0.4	–	0.4
At 28 February 2025	**20.3**	**16.7**	**1.6**	**0.2**	**38.8**

11. Income tax (continued)

Deferred tax asset recovery and deferred tax liability payable

	2026 £m	2025 £m
Deferred tax asset recovery:		
- Within one year	10.4	11.5
- After more than one year	18.8	27.4
Total deferred tax asset	**29.2**	**38.9**
Deferred tax liability payable:		
- Within one year	(0.1)	–
- After more than one year	–	(0.1)
Total deferred tax liability	**(0.1)**	**(0.1)**
Net deferred tax asset	**29.1**	**38.8**

The Company's corporation tax rate is 25.0% (2025: 25.0%).

12. Dividends paid

	2026 £m	2025 £m
Dividend paid	34.0	–

A final dividend of £34.0m (£0.0971 per ordinary share) was paid on 8th July 2025. There were no dividends paid in the prior year.

13. Intangible assets

	Work in progress £m	Computer software £m	Total £m
Cost			
At 1 March 2025	3.3	343.4	346.7
Additions	0.6	0.2	0.8
Reclassifications	(0.1)	0.1	–
Disposals	(0.6)	–	(0.6)
At 28 February 2026	**3.2**	**343.7**	**346.9**
Accumulated amortisation			
At 1 March 2025	–	(329.7)	(329.7)
Charge for the year	–	(4.5)	(4.5)
Reclassifications	–	–	–
Disposals	–	–	–
At 28 February 2026	**–**	**(334.2)**	**(334.2)**
Net carrying value at 28 February 2026	**3.2**	**9.5**	**12.7**

	Work in progress £m	Computer software £m	Total £m
Cost			
At 1 March 2024	3.2	533.0	536.2
Additions	11.4	0.2	11.6
Reclassifications	(0.1)	1.7	1.6
Disposals	(11.2)	(191.5)	(202.7)
At 28 February 2025	**3.3**	**343.4**	**346.7**
Accumulated amortisation			
At 1 March 2024	–	(516.8)	(516.8)
Charge for the year	–	(4.4)	(4.4)
Reclassifications	–	–	–
Disposals	–	191.5	191.5
At 28 February 2025	**–**	**(329.7)**	**(329.7)**
Net carrying value at 28 February 2025	**3.3**	**13.7**	**17.0**

14. Property and equipment

	Land and buildings £m	Fixtures and fittings £m	Computer hardware £m	Work in progress £m	Right of use assets £m	Total £m
Cost						
At 1 March 2025	32.4	32.0	79.1	5.5	5.5	154.5
Additions	–	0.8	1.2	4.1	–	6.1
Reclassifications	–	1.4	3.1	(4.5)	–	–
Disposals	–	–	(0.5)	(0.2)	–	(0.7)
At 28 February 2026	**32.4**	**34.2**	**82.9**	**4.9**	**5.5**	**159.9**
Accumulated depreciation						
At 1 March 2025	(10.3)	(30.0)	(53.7)	–	(0.2)	(94.2)
Charge for the year	(0.7)	(1.2)	(5.4)	–	(1.4)	(8.7)
Reclassifications	–	–	–	–	–	–
Disposals	–	–	0.7	–	–	0.7
At 28 February 2026	**(11.0)**	**(31.2)**	**(58.4)**	–	**(1.6)**	**(102.2)**
Net carrying value at 28 February 2026	**21.4**	**3.0**	**24.5**	**4.9**	**3.9**	**57.7**

	Land and buildings £m	Fixtures and fittings £m	Computer hardware £m	Work in progress £m	Right of use assets £m	Total £m
Cost						
At 1 March 2024	32.4	30.9	75.4	9.0	3.1	150.8
Additions	–	0.7	1.1	2.0	5.5	9.3
Reclassifications	–	0.4	3.4	(5.4)	–	(1.6)
Disposals	–	–	(0.8)	(0.1)	(3.1)	(4.0)
At 28 February 2025	**32.4**	**32.0**	**79.1**	**5.5**	**5.5**	**154.5**
Accumulated depreciation						
At 1 March 2024	(9.6)	(28.1)	(49.1)	–	(2.9)	(89.7)
Charge for the year	(0.7)	(1.9)	(4.6)	–	(0.4)	(7.6)
Reclassifications	–	–	–	–	–	–
Disposals	–	–	–	–	3.1	3.1
At 28 February 2025	**(10.3)**	**(30.0)**	**(53.7)**	–	**(0.2)**	**(94.2)**
Net carrying value at 28 February 2025	**22.1**	**2.0**	**25.4**	**5.5**	**5.3**	**60.3**

15. Investment Securities

	2026 £m	2025 £m
Equity securities measured at FVPL	0.5	0.5
Investment securities	**0.5**	**0.5**

The Company holds an investment in Visa Inc. which is measured at FVPL of £0.3m (2025: nil) Class A Common Stock and £0.2m (2025: £0.5m) of preferred stock which may be convertible into Class A Common Stock of VISA Inc. at certain future dates, the latest point of which will be June 2028.

The Class A Common Stock is expected to be disposed of within the next 12 months and is therefore classified as current. The conversion of the preferred stock is contingent upon future events principally related to the outcome of interchange litigation against VISA Europe Limited. As such, the valuation reflects both an illiquidity discount and the risk of a reduction in the conversion rate to VISA Inc. common stock. The reduction in the conversion rate is the most significant unobservable input to the valuation.

16. Other assets

	2026 £m	2025 £m
Insurance commissions receivable	17.0	14.7
Insurance renewal commission income contract asset	55.5	51.1
Accounts receivable and sundry debtors	9.0	13.2
Amounts due from related parties	11.5	391.0
Lease receivables	0.6	–
Total other assets	**93.6**	**470.0**

	2026 £m	2025 £m
Insurance renewal commission income contract asset movement		
At beginning of year	51.1	19.7
Renewal commission income recognised upon satisfaction of performance obligations	22.3	54.0
Reclassified to insurance commissions receivable upon policy renewals	(17.9)	(22.6)
At end of year	**55.5**	**51.1**

	2026 £m	2025 £m
Current (due within 12 months)	58.9	437.2
Non-current (due after 12 months)	34.7	32.8

£34.3m (2025: £32.8m) of the non-current balance represents the element of the insurance renewal commission income contract asset which will be reclassified to insurance commissions receivable upon policy renewals after more than one year. The remaining £0.4m (2025: £nil) represents lease receivables that are due after more than one year.

17. Prepayments and accrued income

	2026 £m	2025 £m
Prepayments	4.4	3.5
Accrued income	21.0	14.7
Total prepayments and accrued income	**25.4**	**18.2**

18. Loans and advances to customers

	2026 £m	2025 £m
Insurance instalment receivables	260.0	233.1
Allowance for ECL	(2.5)	(2.2)
Total loans and advances to customers	**257.5**	**230.9**

Allowance for expected credit loss

	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
At 1 March 2025	(1.5)	(0.7)	–	(2.2)
Transfer between stages	5.3	(5.3)	–	–
New financial assets originated	(5.5)	–	–	(5.5)
Write offs and asset disposals	–	5.2	–	5.2
At 28 February 2026	**(1.7)**	**(0.8)**	–	**(2.5)**

	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
At 1 March 2024	(1.2)	(0.5)	–	(1.7)
Transfer between stages	4.5	(4.5)	–	–
New financial assets originated	(4.8)	–	–	(4.8)
Write offs and asset disposals	–	4.3	–	4.3
At 28 February 2025	**(1.5)**	**(0.7)**	–	**(2.2)**

19. Cash

	2026 £m	2025 £m
Travel Money cash	43.3	60.6
Cash at bank	117.0	66.0
Total Cash	**160.3**	**126.6**

20. Provisions for liabilities and charges

	Customer redress £m	Lease dilapidations £m	Total £m
At 1 March 2025	**30.0**	**2.4**	**32.4**
Utilised during the year	(21.8)	–	(21.8)
Released during the year	(0.9)	–	(0.9)
At 28 February 2026	**7.3**	**2.4**	**9.7**

Customer redress

As part of the sale of the banking business in the prior year, the legal liability for customer redress matters related to the banking business transferred to Barclays. Barclays is therefore responsible for the ongoing assessment of the liability and the completion of the redress programme. The Company has indemnified Barclays for the costs of these historic matters and has retained a provision for the expected indemnification amounts. The provision balance at the year end date represents the best estimate of the remaining cost of providing redress to the relevant banking customers, together with associated costs. Management do not consider there to be a significant risk of a material adjustment to the carrying amount of the customer redress provision within the next financial year. Accordingly, no sensitivity analysis is provided.

Payment protection insurance (PPI)

A provision of £7.3m (2025: £8.3m) relates to potential settlement of customer complaints arising from historic sales of PPI. The Financial Conduct Authority's (FCA) general claims deadline passed on 29 August 2019, albeit legal claims continued to be received. A significant degree of uncertainty remains with regard to the ultimate cost of settling PPI claims. The provision balance represents the best estimate at the reporting date of that cost. The timing of settlement of the remaining claims, and therefore utilisation of the associated provision, cannot be reliably estimated due to the inherent uncertainties associated with the legal process. As a reliable estimate of the portion expected to be settled after more than 12 months cannot be made, the Company has classified the full provision as payable within 12 months.

Consumer Credit Act 1974 (CCA)

A provision of £21.7m at the prior year end related to a historic operational issue which had resulted in instances where the requirements of the CCA in relation to the provision of certain administrative post-contractual documentation had not been fully complied with for certain credit card customers. As a result, the Company determined that it was appropriate to redress certain customers affected by these breaches.

During the year a process to refund previously recognised interest and fees to customers has been completed and the remaining provision balance at year end is therefore nil.

Lease dilapidations

Provisions related to the anticipated costs of restoring leased assets to their original condition. The provision will be used at the end of the lease term which is due to end in 2028.

21. Accruals and deferred income

	2026 £m	2025 £m
Accrued expenses	44.5	48.8
Deferred income	13.8	12.6
Total accruals and deferred income	**58.3**	**61.4**

	2026 £m	2025 £m
Current (due within 12 months)	57.8	60.9
Non-current (due after 12 months)	0.5	0.5

22. Other liabilities

	2026 £m	2025 £m
Insurance creditor	34.3	24.7
Value added tax and national insurance payable	0.6	1.1
Insurance refunds contract liability	1.7	2.0
Accounts payable	9.8	9.1
Lease liabilities	4.5	5.2
Amounts owing to related parties	10.0	6.5
Other liabilities	4.2	3.3
Total other liabilities	**65.1**	**51.9**

All of the above balances are classified as current at the year end (2025: all current), with the exception of lease liabilities as per the table below.

Insurance refunds contract liability

Revenue recognised in the year under IFRS 15 in respect of the opening contract liability balance is £0.0m (2025: £0.1m).

Leases

The Company leases office buildings under contracts containing a range of terms and conditions, including extension options. These options are exercisable only by the Company and not by the respective lessors. The Company also leases electric vehicles which are subleased to employees through a salary sacrifice scheme.

Undiscounted potential future lease payments in relation to extension options not included in the reasonably certain lease term, and hence not included in lease liabilities, at year end is nil (2025: £nil).

The ageing of lease liabilities is set out in the table below:

Ageing of lease liabilities	2026 £m	2025 £m
Current (due within 12 months)	**1.6**	**1.3**
Non-current (due after 12 months)	**2.9**	**3.9**

23. Shareholders' equity

Share Capital

	2026		2025	
	Number	£m	Number	£m
Authorised				
Ordinary shares of 10p each	Unlimited		Unlimited	
Allotted, called up and fully paid				
Ordinary shares of 10p each	350,000,000	35.0	350,000,000	35.0

Capital restructuring

On 7 May 2025 the Company distributed £315.0m of retained earnings to Tesco Personal Finance Group Limited in relation to the final proceeds from the sale of the banking business.

On 30 January 2026 the Company undertook a reduction in issued share premium of £290.0m. This resulted in an increase in distributable reserves within retained earnings by the same amount.

Reserves

	2026		2025		
	Share based payments £m	Total reserves £m	Share based payments £m	Cash flow hedge £m	Total reserves £m
At beginning of year	21.7	21.7	23.0	–	23.0
Other comprehensive loss					
Losses on cash flow hedges	–	–	–	(0.2)	(0.2)
Cash flow hedges reclassified in the income statement	–	–	–	0.2	0.2
Other comprehensive loss	–	–	–	–	–
Transactions with owners					
Fair value of equity settled share options granted	(2.0)	(2.0)	(2.6)	–	(2.6)
Tax relating to share based payments reserve movements	0.6	0.6	1.3	–	1.3
Transactions with owners	**(1.4)**	**(1.4)**	**(1.3)**	–	**(1.3)**
At end of year	**20.3**	**20.3**	**21.7**	–	**21.7**

24. Financial Risk Management

Through its normal operations, the Company is exposed to a number of risks arising from its use of financial instruments, the most significant of which are credit risk, market risk, and liquidity and funding risk. The key risk management processes and tools are described in detail on pages 3 to 7 in the Strategic Report.

(a) Credit Risk

Credit risk within the Company arises principally from retail lending activities and from placement of surplus funds with banks. Credit risk also arises from contractual arrangements with third-parties where payments and commissions are owed to the Company for short periods of time.

Credit risk: measurement of ECL

The Company assesses, on a forward-looking basis, the ECL associated with financial assets carried at amortised cost. At 28 February 2026 the ECL recognised relates wholly to loans and advances to customer balances. The Company has not recognised an ECL allowance for cash and other assets balances at 28 February 2026 due to the short term nature of these balances and the frequency of origination and settlement.

24. Financial Risk Management (continued)

ECL is calculated in line with the requirements of IFRS 9 using the three stage model for impairment:

- Stage 1 Financial asset is not credit impaired and has not had a significant increase in credit risk since initial recognition.
- Stage 2 Financial asset is not credit impaired but has had a significant increase in credit risk since initial recognition.
- Stage 3 Financial asset is credit impaired.

The measurement of ECL is dependent on the classification stage of the financial asset. For financial assets in stage 1, loss allowances are calculated based on ECL arising from default events that are possible within 12 months from the reporting date. For financial assets in stages 2 and 3, loss allowances are calculated based on lifetime ECL.

For loans and advances to customers balances, an account is deemed to have defaulted when a customer does not make a monthly instalment payment.

Inputs, assumptions and techniques used for estimating impairment

The ECL on loans and advances to customers is measured by multiplying together the exposure at default (EAD), the loss given default (LGD) and the probability of default (PD) for the relevant time period.

- EAD: Represents the expected amount due from the customer at the point of default. The Company derives the EAD by assessing the projected run off of the balance over the next 12 months based on expected contractual repayment from the customer.
- LGD: Represents the Company's expectation of the extent of the loss if there is a default. This is based on historic write off experience.
- PD: Represents the likelihood a customer will default over the policy length of 12 months.

Stage 1 ECL is calculated by applying the LGD rate to the expected contractual repayment over the next 12 months.

Any accounts which are in arrears at the reporting date are classified as Stage 2 and a provision at a level of 100% of the arrears balance is held. The Company retains the insurance risk for policies which have not been cancelled, regardless of whether or not a customer has paid. As such the Company pursues a write off policy, whereby accounts which are in arrears and the customer does not make payments to bring them back up to date, are written off following a 26 day period.

Credit risk: Credit risk exposure

For financial assets recognised on the balance sheet, the maximum exposure to credit risk is the carrying amount.

(b) Liquidity and Funding Risk

Liquidity risk is the risk that the Company is not able to meet its obligations as they fall due. Funding risk is the risk that the Company does not have sufficiently stable and diverse sources of funding.

All liabilities are current and payable within one year, with the exception of an element of lease liabilities which are due in more than one year, and a related lease dilapidation provision which will be payable at the end of the lease term in 2028.

(c) Market Risk

The Company defines market risk as the risk that movements in market prices (such as interest rates and foreign exchange rates) lead to a reduction in either the Company's earnings or economic value.

Interest rate risk

Interest rate risk is the current or prospective risk to both earnings and economic value arising from movements in interest rates. The Company's interest rate risk arises on its interest earning assets which include interest earning bank deposits, and loans and advances to customers.

Foreign exchange risk

Foreign exchange risk is the current or prospective risk to both earnings and economic value arising from movements in foreign exchange rates. The Company assesses its exposure to foreign exchange risk by measuring its net open currency position.

Foreign exchange exposure may arise through the Company's 'Click and Collect' Travel Money provision and invoices received which are denominated in foreign currencies. The Company's maximum exposure to foreign exchange risk, representing the net assets denominated in foreign currencies, at 28 February 2026 is £0.8m (2025: £0.8m).

Residual price risk

Residual price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices, for reasons other than interest rate or credit risk.

The Company has equity investment securities at 28 February 2026 of £0.5m (2025: £0.5m) which are held at fair value in the Balance Sheet.

25. Financial Instruments

Classification of financial assets and financial liabilities

The Company recognises and measures financial instruments at either amortised cost or fair value, with the majority of financial instruments on the balance sheet at amortised cost.

The following tables set out the classification of financial assets and liabilities according to their measurement bases, together with the carrying amounts as recognised on the balance sheet.

	2026			2025		
	At amortised cost £m	At fair value £m	Total £m	At amortised cost £m	At fair value £m	Total £m
Financial assets						
Cash	117.0	43.3	160.3	66.0	60.6	126.6
Loans and advances to customers	257.5	–	257.5	230.9	–	230.9
Investment securities	–	0.5	0.5	–	0.5	0.5
Other assets	93.6	–	93.6	470.0	–	470.0
Financial assets	**468.1**	**43.8**	**511.9**	**766.9**	**61.1**	**828.0**
Financial liabilities						
Other liabilities	65.1	–	65.1	51.9	–	51.9
Financial liabilities	**65.1**	**–**	**65.1**	**51.9**	**–**	**51.9**

Fair value of financial assets and financial liabilities

The carrying values of financial assets and financial liabilities as recognised on the Balance Sheet are approximately equal to their fair value due to the short term nature of these balances and the frequency of origination and settlement.

The only financial assets which are carried at fair value in the Balance Sheet at year end are cash balances relating to the Travel Money business and equity investment securities. The valuation techniques and inputs used to derive fair values at the year end are described below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where an active market is considered to exist, fair values are based on quoted prices. For instruments which do not have active markets, fair value is calculated using present value models, which take individual cash flows together with assumptions based on market conditions and credit spreads, and are consistent with accepted economic methodologies for pricing financial instruments.

The table below categorises all financial instruments held at fair value according to the method used to establish the fair value disclosed.

2026	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets carried at fair value				
Cash	–	43.3	–	43.3
Investment securities	–	0.3	0.2	0.5
Total	–	**43.6**	**0.2**	**43.8**

2025	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets carried at fair value				
Cash	–	60.6	–	60.6
Investment securities	–	–	0.5	0.5
Total	**–**	**60.6**	**0.5**	**61.1**

25. Financial Instruments (continued)

The Company categorises assets and liabilities carried at fair value into a fair value hierarchy in accordance with IFRS 13 *Fair value measurement* based on the observability of inputs used to measure the fair value:

- Level 1 - valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuations using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (for example, as prices) or indirectly (for example, derived from prices);
- Level 3 - valuations where significant unobservable inputs are used to measure the fair value of the asset or liability.

There were no transfers between Level 1 and Level 2 in the current or prior year.

The were no transfers from Level 2 to Level 3 in the current or prior year.

During the current year £0.3m of investment securities at FVPL transferred from Level 3 to Level 2 following conversion to Class A Common Stock. There were no such transfers in the prior year.

26. Capital management

Capital management strategy

The Company operates an integrated risk management process to identify, quantify and manage risk. It is the Company's policy to maintain a strong capital base, to expand it as appropriate and to utilise it efficiently throughout its activities to optimise the return to shareholders.

Regulatory environment

The Company has permissions under Part 4A of the Financial Services and Markets Act 2000 to carry on insurance distribution activity and enter into regulated credit agreements. The Company must hold minimum capital as set by the FCA. The Company has complied with all relevant capital requirements throughout the year and holds capital in excess of the minimum regulatory requirements.

In addition to these regulatory capital requirements, the Company has also developed an internal assessment of capital needs based on the FCA Handbook Threshold Condition 2.4 (Appropriate Resources. The capital resources of the Company are regularly monitored against the higher of this internal assessment and regulatory requirements.

27. Related Parties

Ultimate parent undertaking

The Company's ultimate parent undertaking and controlling party is Tesco PLC which is incorporated in England. The Financial Statements for Tesco PLC can be obtained from its registered office at Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA.

Immediate parent undertaking

The Company's immediate parent company is Tesco Personal Finance Group Limited which is incorporated in Scotland.

Key management personnel

Key management personnel (KMP) are defined as Directors and those executives having authority and responsibility for planning, directing and controlling the activities of the Company. Executive roles included in KMP are the Company's Chief Executive Officer and Chief Financial Officer.

Key management personnel compensation	2026 £m	2025 £m
Short term employee benefits	0.9	5.9
Other long term benefits	–	1.8
Termination benefits	–	1.2
Share based payments	–	0.8
Total	**0.9**	**9.7**

Additional director disclosures required by the Companies Act 2014	2026 £m	2025 £m
Highest paid director		
Total compensation, including amounts due under long term incentive schemes	0.2	2.8
Share options exercised	–	0.9
	Number	**Number**
Number of directors:		
- to whom retirement benefits are accruing under defined benefit or defined contribution schemes	–	1
- in respect of whose services shares were received or receivable under long term incentive schemes	–	4
- who exercised share options	–	2
- who left the Company during the year	2	10

27. Related parties (continued)

Other transactions with related parties

The Company undertakes transactions with the Immediate Parent Company and other members of the Tesco group. These transactions principally consist of operational and process support.

Transactions	2026 £m	2025 £m
Immediate parent company		
Interest expense	–	(13.2)
Dividends paid	34.0	
Shares cancelled	–	720.0
Other equity instruments repaid	–	150.0
Other members of the Tesco Group		
Fee and commission income	44.1	49.8
Interest income	2.0	7.1
Provision of services	(34.6)	(50.5)
Tax losses sold	(9.2)	(1.0)
Discontinued operations:		
- Interest expense	–	(22.0)

Outstanding balances	2026 £m	2025 £m
Prepayments and accrued income	7.7	2.2
Other assets	11.5	391.0
Total due from related parties	**19.2**	**393.2**
Accruals and deferred income	(8.8)	(9.9)
Other liabilities	(10.0)	(6.5)
Total due to related parties	**(18.8)**	**(16.4)**

Tesco Group post-employment benefit plans

Defined benefit plans

The Company made contributions in the year to a closed funded defined benefit scheme operated by TSL. The principal pension plan is the Tesco pension scheme, a funded defined benefit pension scheme in the UK, the assets of which are held as a segregated fund and administered by the Trustee. TSL has recognised the appropriate net asset of the Tesco pension scheme in accordance with IAS 19.

Defined contribution plans

A defined contribution scheme operated by TSL is open to all Company employees in the UK. Detailed disclosures, in line with the requirements of IAS 19, are included in the Tesco Plc 2026 Financial Statements.

28. Share based payments

The table below shows amounts charged to the income statement in respect of share based payments:

	2026 £m	2025 £m
Income statement		
Equity settled share based payment charge	1.9	6.4
Cash settled share based payment charge	0.3	–
Cash settled National Insurance contributions	(1.8)	2.9
Total	**0.4**	**9.3**

Share option schemes

The Company had three share option schemes in operation during the year, all of which are equity settled schemes using Tesco shares:

Arrangement	Participants	Term	Vesting requirements
Savings related option schemes			
The Savings related Share Option Scheme (2021)	UK colleagues	Three or five years	The options are capable of being exercised at the end of the term at a subscription price of not less than 80% of the average of the middle market quotations of an ordinary share over the three dealing days immediately preceding the offer date.
Discretionary share award schemes			
The Performance Share Plan (2011) and the Long Term Incentive Plan (2021)	Selected senior executives and senior managers	Awards made under these plans will normally vest on the vesting date(s) set on the date of the award for nil consideration. The fair value of shares awarded under these schemes is their market value on the date of award. Expected dividends are not incorporated into the fair value.	Conditional on the achievement of specified performance targets over a three year performance period and/or continuous employment.
Deferred Bonus Plan (2019)	Selected senior executives and senior managers	Granted based on a percentage of salary, which is determined by the achievement of corporate and individual performance targets. The fair value of shares awarded under these schemes is their market value on the date of award. Expected dividends are not incorporated into the fair value.	Conditional on completion of continuous employment and achievement of corporate and individual performance targets.

28. Share based payments (continued)

The following table reconciles the total number of share options outstanding and the weighted average exercise price (WAEP):

	Savings related Share Option Scheme	
	Options	WAEP (pence)
Outstanding at 28 February 2025	**1,466,037**	**222.15**
Granted	238,216	353.00
Forfeited	(319,748)	219.94
Exercised	(320,020)	223.59
Outstanding at 28 February 2026	**1,064,485**	**251.66**
Exercise price range (pence)		182 to 353
Weighted average remaining contractual life (years)		2.25
Exercisable at 28 February 2026	–	–
Exercise price range (pence)		–
Weighted average remaining contractual life (years)		–

Share options were exercised on a regular basis throughout the financial year. The average Tesco share price during the year ended 28 February 2026 was 414.32p (2024: 335.25p).

The fair value of Savings Related share options schemes is estimated at the date of grant using the Black-Scholes option pricing model. The following table gives the assumptions applied to the options granted in the respective periods shown. No assumption has been made to incorporate the effects of expected early exercise.

	2026	2025
	Savings Related share options schemes	Savings Related share options schemes
Expected dividend yield (%)	3.48% to 3.87%	4.21% to 4.42%
Expected volatility (%)	19.10% to 22.20%	19.20% to 20.80%
Risk-free interest rate (%)	3.77% to 3.99%	4.41% to 4.49%
Expected life of option (years)	3 or 5	3 or 5
Weighted average of fair value of options granted (pence)	107.77	77.71
Profitability of forfeiture (%)	10.70% to 16.10%	6% to 12%
Share price (pence)	449.80	349.13
Weighted average exercise price (pence)	353.00	279.00

Volatility is a measure of the amount by which a price is expected to fluctuate in the period. The measure of volatility used in Tesco's option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time. In estimating the future volatility of Tesco's share price, the Tesco Board considers the historical volatility of the share price over the most recent period that is generally commensurate with the expected term of the option, taking into account the remaining contractual life of the option.

28. Share based payments (continued)

Share Bonus Schemes

Selected executives participate in the Annual Bonus Plan, a performance related bonus scheme. The amount paid to colleagues is based on a percentage of salary and is paid partly in cash and partly in shares. Bonuses are awarded to selected executives who have completed a required service period and depend on the achievement of corporate and individual performance targets.

Selected executives participate in the Performance Share Plan (2011) and the Long Term Incentive Plan (2021). Awards made under these plans will normally vest on the vesting date(s) set on the date of the award for nil consideration. Vesting will normally be conditional on the achievement of specified performance targets over a three-year performance period and/or continuous employment.

The fair value of shares awarded under these schemes is their market value on the date of the award. Expected dividends are not incorporated into the fair value.

The number of Tesco shares and weighted average fair value (WAFV) of share bonuses awarded during the year were:

	2026		2025	
	Number of shares	WAFV (pence)	Number of shares	WAFV (pence)
Group Bonus Plan	254,549	376.40	1,438,910	306.47
Performance Share Plan	474,306	394.81	1,868,580	309.51

29. Contingent liabilities and commitments

Contingent liabilities

Contingent liabilities are possible obligations arising from past events, whose existence will be confirmed only by uncertain future events, or present obligations arising from past events that are not recognised because either it is not probable that an outflow of economic benefits will be required or the amount of the obligation cannot be reliably estimated.

Contingent liabilities are not recognised but information about them is disclosed unless the possibility of any outflow of economic benefits is remote. There are a number of contingent liabilities that arise in the normal course of business which, if realised, are not expected to result in a material liability to the Company.

The Company has provided warranties and indemnities in favour of the purchaser in connection with the sale of the Company's banking business on 1 November 2024, covering a range of matters and risks. It is exposed to potential claims under those warranties, indemnities and commitments.

30. Events after the reporting date

Middle East crisis

After the year end date of 28 February 2026, there was an escalation of conflict in the Middle East. As the Company operates solely within the UK and has no direct exposure to the affected regions, this event does not impact the amounts recognised in these Financial Statements.

The conflict may indirectly influence the UK insurance market in future, as well as customer demand for the Company’s insurance and travel money products. Management continue to monitor any potential impacts on future performance.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF TESCO PERSONAL FINANCE LIMITED

Deloitte.

Opinion

In our opinion the financial statements of Tesco Personal Finance Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 28 February 2026 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 30.

The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of its policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit, and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and the HM Revenue and Customs (HMRC) tax legislation; and
- did not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. This included the requirements of the Financial Conduct Authority (FCA).

We discussed among the audit engagement team including relevant internal specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in respect of the valuation of the insurance renewal commission income contract asset and our procedures performed to address the risk included:

- performing statistical analysis using historically observed data to challenge the key assumptions used by management to model the insurance renewal commission income contract asset;
- reviewing market data to identify any contradictory or corroborative evidence regarding management's assumptions, including consideration of whether historic data was indicative of future performance; and
- verifying that the insurance renewal commission income contract asset recorded agreed to the output of management's model.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the FCA.

Report on other legal and regulatory requirements

Opinions and other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinions we have formed.



Tom Noble FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Bristol, United Kingdom
1 May 2026

TESCO PERSONAL FINANCE LIMITED
ABBREVIATIONS

BAC	Board Audit Committee
Barclays	Barclays Bank UK PLC
BRC	Board Risk Committee
CCA	Consumer Credit Act 1974
CEO	Chief Executive Officer
CRO	Chief Risk Officer
EAD	Exposure at default
ECL	Expected credit loss
EIR	Effective interest rate
ERC	Executive Risk Committee
EVM	Every Voice Matters
ExCo	Executive Committee
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
FVLCS	Fair value less costs to sell
FVPL	Fair value through profit or loss
HMRC	His Majesty's Revenue and Customs
IAS	International Accounting Standard
IAS 19	IAS 19 'Employee Benefits'
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standard
IFRS 9	IFRS 9 'Financial Instruments'
IFRS 15	IFRS 15 'Revenue from Contracts with Customers'
IMS	Insurance and Money Services
ISAs (UK)	International Standards on Auditing (UK)
KMP	Key Management Personnel
LGD	Loss given default
LTP	Long term plan
MIPRU	Prudential sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries issued by the FCA
NomCo	TPFG Board Nomination Committee
PD	Probability of default
PPI	Payment protection insurance
PRA	Prudential Regulation Authority
RemCo	Board Remuneration Committee
RCSA	Risk and control self-assessment
rTSA	Reverse transitional service agreements
RMF	Risk Management Framework
SMF	Senior Management Function
tCO_2e	Tonnes of carbon dioxide equivalent
Tesco	Tesco PLC
TPFG	Tesco Personal Finance Group Limited
TSL	Tesco Stores Limited
TU	Tesco Underwriting Limited
UK	United Kingdom
WAEP	Weighted average exercise price
WAFV	Weighted average fair value

TESCO PERSONAL FINANCE LIMITED
GLOSSARY OF TERMS

A	
Amortised cost	The amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the EIR method of any difference between the initial amount and the maturity amount and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.
B	
Big 6 Objectives	The Company's key internal focus areas that supports its strategic priorities.
Black-Scholes model	A financial model used to price options.
Business areas	Internal operating segments within the Company
C	
Capital resources	Eligible capital held in order to satisfy capital requirements.
Company	Tesco Personal Finance Limited.
Conduct risk	The risk that the conduct, acts or omissions of the organistion, or individuals within the organisation, leads to customer detriment, or has an adverse effect on market stability or effective competition.
Credit risk	Credit risk is the risk that a borrower will default on a debt or obligation by failing to make contractually obligated payments, or that the Company will incur losses due to any other counterparty failing to meet their financial obligations.
E	
Event	An event is an occurrence caused by an internal or external failure which could impact the Company's finances; customers; compliance with regulations; brand and reputation; or resilience of operations.
Expected credit loss	The weighted average of credit losses with the respective risks of a default occurring as the weights.
Exposure	A claim, contingent claim or position which carries a risk of financial loss.
Exposure at default or exposure value	Represents the expected amount due from the customer at the point of default.
F	
Fair value	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
Financial Conduct Authority	The statutory body responsible for conduct of business regulation and supervision of UK authorised firms from 1 April 2013. The Financial Conduct Authority also has responsibility for the prudential regulation of firms that do not fall within the PRA's scope.
Financial instrument	A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
Foreign exchange risk	The risk that the value of transactions in currencies other than Sterling is altered by the movement of exchange rates.
Funding and liquidity risk	The risk that the Company is not able to meet its obligations as they fall due and the risk that the Company does not have sufficiently stable and diverse sources of funding.
I	
Impairment losses	The reduction in value that arises following an impairment review of an asset which has determined that the asset's value is lower than its carrying value.
Intensity factor	The emission rate of a given pollutant relative to the intensity of a specific activity.
Interest rate risk	The risk arising from the different repricing characteristics of the Company's interest earnings assets and liabilities.
L	
Liquidity risk	Liquidity risk is the risk that the Company is not able to meet its obligations as they fall due.
Loss given default	Represents the Company's expectation of the extent of the loss if there is a default. This is based on historic write off experience.
M	
Market-based	A method of calculating a company's emissions which reflects the emissions from electricity purchased by a company, including its purchase of electricity backed by Renewable Energy Guarantees of Origin or Renewable Energy Certificates.
Market risk	The risk that movements in market prices (such as interest rates and foreign exchange rates) lead to a reduction in either the Company's earnings or economic value.
Minimum capital requirement	The minimum regulatory capital that must be held in accordance with requirements
N	
Net zero	The balance achieved when the amount of carbon added to the atmosphere is no more than the amount removed.
O	
Operational risk	The risk of a potential error, loss, harm or failure caused by ineffective or inadequately defined processes, system

	failures, improper conduct, human error or from external events.
P	
Physical risks	Risks arising from changes in weather and climate, impacting physical assets and people.
Probability of default	Represents the likelihood a customer will default over the relevant period, being either 12 months.
Prudential Regulation Authority	The statutory body responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms in the UK.
R	
Regulatory capital	The capital that a bank holds, determined in accordance with the relevant regulation.
Regulatory risk	The risk of poor customer outcomes, reputational damage, liability, loss or regulatory censure arising from failure to comply with the requirements of regulators or industry codes of best practice.
Residual price risk	The risk that the fair value of a financial instrument will fluctuate because of changes in market prices, for reasons other than interest rate or credit risk.
Reverse transitional service agreements	Agreements entered into with Barclays to support existing processes, systems and applications across a two-year period post separation
Risk Appetite	The level and types of risk that the Company is willing to assume to achieve its strategic objectives.
Risk and Control Self-Assessment process	A systematic approach used to identify, assess, and manage potential operational risks.
T	
Tonnes of carbon dioxide equivalent	Tonnes of carbon dioxide equivalent refers to the amount of carbon dioxide emitted by one metric ton of another greenhouse gas.
Transactional Net Promoter Score	a measure of customer sentiment collected immediately after a specific interaction or transaction that indicates how likely customers are to recommend the organisation based on that individual experience.
V	
Value-in-use	The present value of the future cash flows expected to be derived from an asset or cash-generating unit.