Governance
Our board and committees

Christopher Rodrigues CBE
Non-Executive Chairman, age 59

Christopher joined the board of International Personal Finance plc in 2007 at the time of the demerger from Provident Financial plc, serving as Executive Chairman until October 2008 when the chairmanship became a non-executive role.

Qualifications: Graduated in Economics and Economic History and has an MBA.

Other appointments: Chairman of VisitBritain and non-executive director of Ladbrokes plc.

Previous appointments: Chief Executive of Thomas Cook, Chief Executive of Bradford and Bingley, board member of the Financial Services Authority, President and Chief Executive of Visa International and Joint Deputy Chairman of Provident Financial plc.

John Harnett
Chief Executive Officer, age 54

John joined the board of International Personal Finance plc in 2007 and served as Chief Operating Officer until October 2008 when he was appointed Chief Executive Officer.

Qualifications: Graduated in Business Studies and is a chartered accountant.

Previous appointments: Finance Director of Holliday Chemical Holdings plc, Finance Director of Allied Colloids PLC and Finance Director of Provident Financial plc, later Managing Director of its International Division.

David Broadbent
Finance Director, age 40

David joined the board of International Personal Finance plc as Finance Director in 2007.

Qualifications: Graduated in Classics, has an MBA and is a chartered accountant.

Previous appointments: Senior Manager with PricewaterhouseCoopers, Financial Controller and later Finance Director of the International Division of Provident Financial plc.

Ray Miles
Deputy Chairman and senior independent director, age 64

Ray was appointed as a non-executive director in 2007 and serves as Deputy Chairman and senior independent director.

Qualifications: Graduated in Economics and has an MBA.

Other Appointments: Chairman of Southern Cross Healthcare Group plc, advisory director of Stena AB of Sweden and Chairman of Devon Community Foundation.

Previous Appointments: Chief Executive of CP Ships Limited and non-executive director of Provident Financial plc.

Charles Gregson
Independent non-executive director, age 62

Charles was appointed as a non-executive director of the Company in 2007.

Qualifications: Graduated in History and Law and qualified as a solicitor.

Other Appointments: non-executive Chairman of ICAP plc and Chief Executive of PR Newswire Association Inc.

Past Appointments: Director of United Business Media plc, non-executive director and Deputy, later Joint Deputy, Chairman of Provident Financial plc.

Tony Hales CBE
Independent non-executive director, age 60

Tony joined the board of International Personal Finance plc as a non-executive director in 2007.

Qualifications: Graduated in Chemistry.

Other Appointments: Chairman of British Waterways and Workspace Group plc and a non-executive director of SIS Group Limited.

Previous Appointments: Chief Executive of Allied Domecq plc, Chairman of NAAFI Limited, and a non-executive director of Provident Financial plc, Welsh Water plc, Aston Villa plc, HSBC Bank plc and Reliance Security Group plc.

Nick Page
Independent non-executive director, age 56

Nick joined the board of International Personal Finance plc as a non-executive director in 2007.

Qualifications: Graduated in Philosophy, Politics and Economics and is a Fellow of the Institute of Chartered Accountants in England and Wales.

Previous Appointments: Chief Operating Officer of Travelex plc, Managing Director of Hambro Insurance Services plc, executive director of Hambros Bank and Joint Deputy Chairman of Hambro Group Investments and non-executive director of MoneyGram International Limited.

Audit and Risk Committee
Nick Page (Chairman)
Tony Hales
Ray Miles

Remuneration Committee
Ray Miles (Chairman)
Tony Hales
Nick Page

Nomination Committee
Christopher Rodrigues (Chairman)
Charles Gregson
Tony Hales
John Harnett
Ray Miles
Nick Page

Executive Committee
John Harnett (Chairman)
David Broadbent

Disclosure Committee
John Harnett (Chairman)
David Broadbent
Rosamond Marshall Smith

Our senior management team

Balázs Pap
Country manager – Poland

Balázs joined the international team in Hungary in April 2001 as operations manager. He progressed to operations director in 2003, and was appointed as country manager of Hungary in 2006. In February 2008 he became country manager of Poland. Before joining the team he held positions at GE and Citibank.

Russell Johnsen
Country manager – Romania

Russell joined the international team in 1997 and played a key role in establishing our businesses in Poland and the Czech Republic. In 2007 he joined Provident Mexico as Business Development Director. He was appointed country manager of Romania in February 2009. He previously held various field-based management roles within the UK home credit division of Provident Financial plc.

Nick Illingworth
Operations

Nick joined the international team in 2001. He is responsible for improving the effectiveness and efficiency of field operations in all markets. He previously worked for Provident Financial plc in an accounting capacity before transferring to Provident Insurance as operations director.

David Parkinson
Country manager – Czech Republic and Slovakia

David joined the international team in 2003 as field development manager and was appointed as country manager of the Czech Republic and Slovakia in January 2008. He previously served as head of communications, head of training and head of agent support at Provident Financial plc's UK home credit division.

Chris Wheeler
Country manager – Russia

Chris joined the international team in June 2001, working in operations in the Czech Republic, Slovakia and Poland. In 2005 he moved to Mexico to lead the expansion into the Guadalajara region and in January 2008 was appointed country manager of Russia. He previously held various management positions within the UK home credit division of Provident Financial plc.

John Mitra
Marketing and communications

John joined the international team in 2004 as marketing and communications director having previously worked for global companies including Rothmans, Sheaffer and Bic International. He is responsible for developing the marketing and communications strategy for the business.

Botond Szirmak
Country manager – Hungary

Botond joined the international team in Hungary in February 2002 as a development manager, moving to area manager, regional operations manager and divisional operations manager. He was appointed operations director in 2006 and in February 2008 he became country manager of Hungary.

Fred Forfar
New markets

Fred joined the international team as Development Director in 2003. He is responsible for identifying, researching and setting up new country opportunities and for managing the portfolio of new markets. He previously served as HR director, marketing and commercial director, and deputy managing director of the UK home credit division of Provident Financial plc.

John Saville
Information technology

John joined the international team in 2007 as director of information technology ('IT'), having previously worked for companies including HBOS, Telewest, Vodafone, Cable & Wireless and Lehman Brothers. John is responsible for all aspects of IT across the Group.

Kenny McPartland
Country manager – Mexico

Kenny joined the international team in 1998 as field development manager in the Czech Republic. He was appointed country manager of Slovakia in 2001 and moved to be country manager of the Czech Republic in 2003. He took charge of both countries in January 2006. In January 2008 he was appointed country manager of Mexico. He previously held various operational roles within the UK home credit division of Provident Financial plc.

Catherine Gardner
Human resources

Catherine joined the international team in 2000 as director of human resources having previously worked for a variety of companies, including PricewaterhouseCoopers, ASDA and House of Fraser Stores. She is responsible for the development and implementation of an effective HR strategy for the business.

John Williams
Credit and risk

John joined the international team in 2005 as director of credit having previously worked for companies including GUS plc, The Associates, and Marks & Spencer. His role includes managing all aspects of credit risk across all markets.

Governance
Directors' report and business review: Other information

Directors' interests

The notifiable interests of each director (and his connected persons) under the Disclosure and Transparency Rules issued by the Financial Services Authority are as follows:

Name	**Number of shares at 31 Dec 2008**	Number of shares at 31 Dec 2007
Christopher Rodrigues	**218,562**	187,888
John Harnett	**163,071**	163,071
David Broadbent	**10,000**	10,000
Charles Gregson	**58,187**	51,837
Tony Hales	**25,000**	25,000
Ray Miles	**211,226**	109,000
Nick Page	**50,674**	26,135

There were no changes in these interests between 31 December 2008 and 16 March 2009.

Details of contingent awards of shares to directors are set out in the sections on the Incentive Plan and the Exchange Scheme in the directors' remuneration report.

No director has notified the Company of an interest in any other shares, transactions or arrangements which requires disclosure.

Directors' indemnities

The Company's Articles of Association permit it to indemnify directors of the Company (or of any associated company) in accordance with the Companies Act 2006. However, no qualifying indemnity provisions were in force in 2008 or at any time up to 16 March 2009.

Directors' conflicts of interest

To take account of the Companies Act 2006, the directors have adopted a policy on conflicts of interest and established a register of conflicts. The directors consider that these procedures have operated effectively since their introduction on 1 October 2008.

Authority to allot shares

As at 31 December 2008, the directors had authority to allot further securities up to an aggregate nominal amount of £8,488,000. Further authorities will be sought at the forthcoming annual general meeting ('AGM').

Equity incentive schemes

The Company operates four equity incentive schemes. Further details of these and 2008 grants are set out in the directors' remuneration report. The schemes are as follows:

Scheme	Abbreviated name	Eligible participants
The International Personal Finance plc Incentive Plan	The Incentive Plan	Executive directors and the most senior managers
The International Personal Finance plc Performance Share Plan	The Performance Share Plan	Senior managers
The International Personal Finance plc Exchange Share Scheme 2007	The Exchange Scheme	Executive directors and senior managers who held options under the Provident Financial Executive Share Option Scheme 2006
The International Personal Finance plc Employee Savings-Related Share Option Scheme	The SAYE Scheme	Executive directors and UK employees

Details of awards made in 2008 are as follows:

Scheme	Date of grant	Number of shares	Exercise price (if any)	Normal exercise/vesting date
Incentive Plan	10 Mar 2008	To be determined*	£nil	16 Jul 2010**
Incentive Plan	22 Oct 2008	To be determined*	£nil	16 Jul 2010**
Performance Share Plan	10 Mar 2008	526,874	£nil	16 Jul 2010**
Performance Share Plan	31 Jul 2008	282,286	£nil	16 Jul 2010**
SAYE Scheme	02 Apr 2008	296,957	188p	01 Jun 2011-01 Jun 2015***

Details of outstanding awards are as follows:

Scheme	Awards exercised/ vested	Awards outstanding at 31 Dec 2008	Exercise price (if any)	Normal exercise/ vesting date	Awards exercised/vested from 1 Jan to 16 Mar 2009
Incentive Plan	None	To be determined*	£nil	16 Jul 2010**	None
Performance Share Plan	None	1,951,129	£nil	16 Jul 2010**	None
Exchange Scheme	7,754	357,626	£nil	01 Jun 09 / 07 Jun 2009	None
SAYE Scheme	None	288,278	188p	01 Jun 2011-01 Jun 2015***	None

*The number of shares comprised in the awards will be calculated at the conclusion of the performance period on 16 July 2010.
**Half of the shares that vest are not released for a further year.
***Vesting dates vary depending on whether the employee chose a three, five or seven year savings contract.

Authority to purchase shares
The Company had authority to purchase up to 25,721,700 of its own shares up until the earlier of the conclusion of the next AGM and 13 May 2009. No shares were purchased pursuant to this authority. Any ordinary shares so purchased may be cancelled or held in treasury. A further authority for the Company to purchase its own shares will be sought from shareholders at the AGM.

Share capital information
As at 31 December 2008, the Company's authorised share capital was £50,150,002 divided into 501,500,020 ordinary shares of 10 pence each. On 31 December 2008 there were 257,217,888 ordinary shares in issue. No shares were issued during the year. The ordinary shares are listed on the London Stock Exchange and can be held in certificated or non-certificated form.

The rights and obligations attaching to the Company's ordinary shares, in addition to those conferred on their holders by law, are set out in the Company's Articles of Association, a copy of which can be viewed on the Company's website or obtained by writing to the Company Secretary or from Companies House in the UK. The holders of ordinary shares are entitled to receive the Company's annual report and financial statements, to attend and speak at general meetings of the Company, to appoint proxies and to exercise voting rights.

The directors are responsible for the management of the Company and may exercise all the powers of the Company, subject to the provisions of the relevant statutes and the Company's Memorandum and Articles of Association. For example, the Articles contain specific provisions and restrictions regarding the Company's powers to borrow money; provisions relating to the appointment of directors, subject to subsequent shareholder approval; delegation of powers to a director or committees; and, subject to certain exceptions, a director shall not vote on or be counted in a quorum in relation to any resolution of the board in respect of any contract in which he/she has an interest which he/she knows is material.

Changes to the Articles of Association must be approved by the shareholders in accordance with the legislation in force from time to time.

There are no restrictions on voting rights except as set out in the Articles of Association (in circumstances where the shareholder has not complied with a statutory notice or paid up what is due on the shares). There are no restrictions on the transfer (including requirements for prior approval of any transfers) or limitations on the holding of ordinary shares subject to the following:

The board may refuse to register the transfer of:

a) a partly-paid share;

b) an uncertificated share in the circumstances set out in the Uncertificated Securities Regulations 2001; and

c) a certificated share if a duly executed transfer is not provided together with any necessary document of authority.

There are no known arrangements under which financial rights are held by a person other than the holder of the shares.

Shares to be acquired through the Company's share plans rank pari passu with the shares in issue and have no special rights. The Company operates an employee trust with an independent trustee, Appleby Trust (Jersey) Limited, to hold shares pending employees becoming entitled to them under the Company's share incentive plans. On 31 December 2008 the trustee held 4,000,000 shares in the Company. The trust waives its dividend entitlement and abstains from voting the shares at general meetings.

The Company is not party to any significant agreements that would take effect, alter or terminate upon a change of control following a takeover bid, apart from its bank facility agreements which provide for a negotiation period following a change of control and the ability of a lender to cancel its commitment and for outstanding amounts to become due and payable.

The Company does not have any agreements with any director or employee that would provide compensation for loss of office or employment resulting from a takeover. However, provisions in the Company's share incentive plans may cause awards granted to directors and employees to vest on a takeover.

Interests in voting rights
As at 16 March 2009, the Company had been notified, pursuant to the Disclosure and Transparency Rules, of the following notifiable voting rights in its issued share capital. These holdings relate only to those institutions which have notified the Company of an interest in the issued share capital.

Name	Shares	% of issued share capital	Nature of holding
Schroder Investment Management Limited	27,473,340	10.68%	Direct and indirect
BlackRock Investment Management (UK) Limited	13,670,132	5.31%	Indirect
Legal & General Group Plc	12,970,255	5.04%	Direct and indirect
Baillie Gifford & Co	12,784,320	4.97%	Direct and indirect

Governance

Directors' report and business review: Other information continued

Supplier policy statement

The Company agrees terms and conditions for its business transactions with suppliers and payment is made in accordance with these, subject to the terms and conditions being met by the supplier.

The Company acts as a holding company and had no trade creditors at 31 December 2008. The average number of days' credit taken by the Group during the year was 10 days (2007: 14).

Key contracts and other arrangements

This information is given pursuant to section 417(5)(c) of the Companies Act 2006. The trading subsidiaries have entered into contracts with the agents, who are self employed. (The exception to this is Hungary where agents are employed for regulatory reasons). Agent agreements govern the relationship and the agents are remunerated primarily by what they collect.

Certain Group companies have entered into agreements with Hughes Network Systems Limited, Mastek UK Limited, Fujitsu Services Limited and Grupo Xertix S.A. de C.V. in relation to IT services provided to the Group.

The Group's Hungarian subsidiary operates its credit granting activities under licence from PSZAF (the Hungarian Financial Supervisory Authority). The Group's Romanian subsidiary is monitored by the National Bank of Romania ('NBR') in its capacity as monitoring and supervising authority. It is licensed by the NBR and recorded in the General Registry of Non-Banking Financial Institutions. The Group's Russian subsidiary is a bank which is regulated by the Central Bank of Russia.

Environmental, social and governance matters

During the year, the Company and its subsidiaries made donations of £68,000 for charitable purposes (as defined in paragraph 5 of Schedule 7 of the Companies Act 1985). The Group invested a further £572,000 in cash, employee time and in-kind contributions to charitable and community investment organisations. The Group's community data is reported in line with the London Benchmarking Group methodology and is independently assured by the Corporate Citizenship Company. No political donations were made.

The board takes regular account of the significance of environmental, social and governance ('ESG') matters to the Group. ESG risks are dealt with via the Company's risk management process. Details of this are set out in the Internal control and risk management section of the corporate governance statement.

The board has identified and assessed the significance of ESG risks to the Company's short and long-term value as part of the risk management procedures. It recognises that a proactive programme of reputation management through a range of progressive, responsible business initiatives adds to the sustainable long-term value of the Company. Responsibility for this area rests with the Chief Executive Officer, John Harnett.

Key ESG issues for the business that impact upon its stakeholders are: corporate reputation; social or financial exclusion; ensuring work with communities is relevant; and attracting skilled and well motivated labour. Failure to be seen to trade responsibly and failure to gain the necessary approvals to trade from regulators could adversely affect the Company's reputation and share price.

Adequate information is received by the board to make an assessment of key ESG issues. Corporate affairs activity, health and safety and people management issues were all discussed at board meetings in 2008. The corporate responsibility ('CR') steering committee also reports formally to the board at least once a year. Details of training for directors are set out in the Training section in the corporate governance statement.

There are a range of appropriate corporate standards, policies and governance structures covering all operations. Compliance with corporate policies is confirmed formally by means of a self-certification process once a year and is reported to the board. Further details can be found in the corporate governance statement.

The community and environmental data is externally verified. The environmental management system is also subject to an annual independent internal audit against the requirements of ISO 14001. The Group is working towards external assurance against the International Standard on Assurance Engagements (ISAE3000) for CR reporting and has been working with an independent company on this during 2008. This work will continue through 2009.

The remuneration committee is able to consider performance on ESG issues when setting the remuneration of executive directors and, where relevant, ESG matters are incorporated into the performance management systems and remuneration incentives of local business management. When setting incentives the remuneration committee takes account of all implications, including the need to avoid inadvertently motivating inappropriate behaviour.

In 2008, executive directors were given specific objectives relating to ESG issues for the purposes of the annual bonus scheme: these related to employee engagement, talent management and development of employees. Details of the bonus scheme are set out in the Bonuses section of the Statement of the Company's policy on directors' remuneration in the directors' remuneration report.

Full information on specific ESG matters, and how these are managed, can be found in the 2008 Corporate Responsibility report at www.ipfincrreport.co.uk/2008.

Health and safety

The Group attaches great importance to the health and safety of its employees, agents and other people who may be affected by its activities.

The board has approved a Group health and safety policy and a framework for health and safety. It has established a health and safety steering committee which is chaired by the Company Secretary. This committee reports annually to the board by means of a written report. Each subsidiary board is responsible for the issue and implementation of its own health and safety policy as it affects the subsidiary company's day-to-day responsibility for health and safety. Health and safety is considered regularly at board meetings and each board produces a written report for the health and safety steering committee once a year.

Corporate governance statement

Full details of the Company's approach to corporate governance and the compliance statement are set out in the corporate governance statement which forms part of this report.

Directors' responsibilities in relation to the financial statements

This statement, which should be read in conjunction with the independent auditors' report, is made to distinguish for shareholders the respective responsibilities of the directors and the auditors in relation to the financial statements.

The directors are required to prepare the financial statements in accordance with International Financial Reporting Standards, as adopted by the EU. They are also required to ensure that the financial statements comply with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS regulation. Such financial statements should present fairly for each financial year the financial position, financial performance and cash flows of the Company and the Group.

The directors have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect material fraud and other irregularities.

The Annual Report and Financial Statements 2008 will be published as a printed report and on the Company's website. The maintenance and integrity of the International Personal Finance website is the responsibility of the directors and the work carried out by the auditors does not involve consideration of these matters.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

This statement is given pursuant to Rule 4 of the Disclosure and Transparency Rules.

It is given by each of the directors: namely, Christopher Rodrigues, Chairman; John Harnett, Chief Executive Officer; David Broadbent, Finance Director; Charles Gregson, non-executive director; Tony Hales, non-executive director; Ray Miles, non-executive director; and Nick Page, non-executive director.

To the best of each director's knowledge:

a) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and

b) the management report contained in this report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Disclosure of information to the auditors

In the case of each person who is a director at the date of this report, it is confirmed that, so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and he has taken all the steps that ought to have been taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the AGM.

Annual general meeting

The AGM will be held at 10.30 am on Wednesday, 13 May 2009 at International Personal Finance plc, Number Three, Leeds City Office Park, Meadow Lane, Leeds LS11 5BD. The Notice of Meeting, together with an explanation of the items of business, will be contained in the Chairman's letter to shareholders to be dated 31 March 2009.

Approved by the board on 23 March 2009.

Rosamond Marshall Smith
General Counsel & Company Secretary

23 March 2009

Governance

Corporate governance statement

Introduction

This statement explains how the Company applied the principles set out in Section 1 of the Combined Code published by the Financial Reporting Council in June 2006 ('the Combined Code') in the financial year ending on 31 December 2008. The statement of compliance is at the end of this statement.

The board

Members and attendance

The board leads and controls the Company. The members and their attendance at board meetings in 2008 were as follows.

Name	Number of meetings	Number attended
Christopher Rodrigues (Chairman)	9	9
John Harnett (Chief Executive Officer)	9	9
David Broadbent (Finance Director)	9	9
Charles Gregson (Non-executive director)	9	8
Tony Hales (Non-executive director)	9	9
Ray Miles (Non-executive director)	9	8
Nick Page (Non-executive director)	9	9

In addition to its board meetings, the board held a strategy retreat in April 2008 which was attended by all the directors.

Governance

The board has a formal schedule of matters specifically reserved to it for decision. These include corporate strategy, approval of budgets and financial results, new board appointments, proposals for dividend payments and the approval of all major transactions.

The board has approved a statement of the division of responsibilities between the Chairman and the Chief Executive Officer. The Chairman is responsible for chairing board meetings and monitoring their effectiveness and chairing the annual general meeting ('the AGM') and nomination committee. The Chief Executive Officer is responsible for developing and implementing the strategy agreed by the board and for all executive matters (apart from those reserved to the board and the board committees) and will delegate accordingly.

There are five principal board committees. Their written terms of reference are available on the Company's website (www.ipfin.co.uk) and from the Company Secretary.

Chairman

The Chairman is also Chairman of VisitBritain and a non-executive director of Ladbrokes plc. Since the beginning of 2009 he has been acting Chief Executive of VisitBritain on a temporary basis.

Non-executive directors

The non-executive directors have been appointed for a fixed period of three years. The initial period may be extended for a further period, subject to re-election by shareholders. Their letters of appointment may be inspected at the Company's registered office and are available from the Company Secretary. Each of the non-executive directors has been formally determined by the board to be independent for the purposes of the Combined Code.

Ray Miles, the senior independent director, is available to shareholders if they have concerns which contact through the normal channels of Chairman, Chief Executive Officer and Finance Director has failed to address or for which such contact is inappropriate.

Re-election of directors

Under the Company's Articles of Association, each director must offer himself for re-election every three years. After nine years a director, other than an executive director, must offer himself for re-election annually. A director who is initially appointed by the board is subject to election at the next AGM.

Policy on other board appointments

The board has approved a policy on other directorships, any request for an exception to which is considered on its merits. A full-time executive director will be permitted to hold one non-executive directorship (and to retain the fees from that appointment) provided that the board considers that this will not adversely affect his executive responsibilities.

The Company's policy is that the Chairman and the non-executive directors should have sufficient time to fulfil their duties as such, including chairing a board committee as appropriate. A non-executive director should not hold more than four other material non-executive directorships. If he holds an executive role in another FTSE 350 company, he should not hold more than two other material non-executive directorships.

Performance evaluation

The board has carried out an evaluation of its performance and that of its committees and individual directors in 2008. The Chairman was primarily responsible for this evaluation. Directors completed a questionnaire on different aspects of the board and its committees and the performance of individual directors. The senior independent director was responsible for collating comments on the Chairman's performance. A summary of the evaluation was presented to the board which considered the results of the evaluation.

Company Secretary and independent advice

All directors are able to consult with the Company Secretary. The appointment and removal of the Company Secretary is a matter for the board. The Company Secretary is secretary to the five principal board committees. There is a formal procedure by which any director may take independent professional advice at the Company's expense relating to the performance of his duties.

Meetings

Seven board meetings and a strategy retreat are scheduled for 2009. A detailed agenda and a pack of board papers are sent to each director a week before each meeting so he has sufficient time to review them. Additional meetings are convened if required and there is contact between meetings where necessary. The Chairman has held sessions with the non-executive directors without executive directors present, and the non-executive directors have met without the Chairman.

Training

The Company's policy is to provide appropriate training to directors, taking into account their individual qualifications and experience, including environmental, social and governance training as appropriate.

Report on the audit and risk committee

Members and attendance

The members and their attendance at committee meetings in 2008 were as follows:

Name	Number of meetings	Number attended
Nick Page (Chairman)	6	6
Tony Hales	6	6
Ray Miles	6	5

In addition to the members, at the invitation of the committee, meetings are attended by both the internal and external auditors as required and by the Finance Director and the director of risk and compliance. The committee has a session at meetings with the internal and external auditors without an executive director or member of the Company's senior management being present.

Remit

Its remit is:

- to make recommendations to the board, for the board to put to shareholders in general meeting, in relation to the appointment of the external auditors, PricewaterhouseCoopers ('PwC'), and the internal auditors, Ernst & Young, and to approve their terms of appointment;
- to review and monitor the objectivity of the external auditors and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- to develop and implement policy on the engagement of the external auditors to supply non-audit services;
- to monitor the integrity of the financial statements of the Company and the formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgments contained in them;
- to keep under review the effectiveness of the Group's system of internal controls, including operational and compliance controls and risk management;
- to keep under review the Group risk register and to consider the most important risks facing the Group and their mitigation; and
- to keep under review the Group's whistle-blowing policy.

Work in 2008

During 2008 the committee:

- reviewed an internal audit activity report at each meeting and considered 13 reports on specific areas of the business;
- considered a report by PwC on the results of its audit work (February) and considered a review by PwC of the financial information in the half-year report (July);
- received a presentation from PwC on the audit strategy for 2009 and agreed this (October);
- agreed the internal audit plan for 2009 – this provides broad coverage of the business activities and includes reviews in each of the countries, together with the key corporate functions in the UK (December);
- reviewed the Group risk register and considered the top risks facing the Group and their mitigation;
- received presentations on different areas of the business from senior managers and considered the internal controls/risks; and
- decided to establish internal audit functions in all the businesses under the direction of the director of risk and compliance.

Independence of auditors

The committee is conscious of the need to ensure that the external auditors are, and are perceived to be, independent and has taken various steps to seek to ensure that this is and remains the case.

Governance

Corporate governance statement continued

PwC provides a letter of independence for the committee to consider once a year.

The committee has adopted a policy on the appointment of employees from the auditors to positions within the various Group finance departments. This prevents key members of the audit engagement team from being employed as Finance Director or in certain other senior Group finance roles.

The committee has adopted a policy on the use of the external auditors for non-audit work.

- The award of non-audit work to the auditors is managed in order to ensure that the auditors are able to conduct an independent audit and are perceived to be independent by the Group's shareholders and stakeholders.
- The performance of non-audit work by the auditors is minimised and work is awarded only when, by virtue of their knowledge, skills or experience, the auditors are clearly to be preferred over alternative suppliers.
- The Group maintains an active relationship with at least two other professional accounting advisers.
- No information technology, remuneration, recruitment, valuation or general consultancy work may be awarded to the auditors without the prior approval of the Chairman of the audit and risk committee, such approval to be given only in exceptional circumstances.
- The Chairman of the committee must approve in advance any single award of non-audit work with an aggregate cost of £125,000 or more.
- The auditors may not perform internal audit work.
- The committee keeps under review the non-audit work carried out by PwC. Fees paid to PwC in 2008 are set out in note 4 of the notes to the financial statements.

Report on the nomination committee

Members and attendance

The members and their attendance at committee meetings in 2008 were as follows:

Name	Number of meetings	Number attended
Christopher Rodrigues (Chairman)	2	2
John Harnett	2	2
Charles Gregson	2	2
Tony Hales	2	2
Nick Page	2	2
Ray Miles	2	2

Remit

Its remit is:

- to assist the board in the process of the selection and appointment of any new director and to recommend the appointment to the board; and
- to keep under review the size, structure and composition of the board and succession.

Work in 2008

The committee has kept the size, structure and composition of the board under review and recommended to the board the change in board structure which was implemented on 22 October 2008.

Report on the remuneration committee

Full details of the composition and work of the remuneration committee are contained in the directors' remuneration report, which also contains details of the Company's equity incentive schemes.

Report on the executive committee

For most of the year this committee consisted of David Broadbent and John Harnett under the chairmanship of Christopher Rodrigues. On 16 December 2008 Christopher Rodrigues ceased to be a member of the committee and John Harnett became Chairman. Its remit is to deal with those matters specifically reserved to it for decision which primarily relate to the day-to-day running of the Group.

Report on the disclosure committee

This committee consisted of David Broadbent and Rosamond Marshall Smith under the chairmanship of John Harnett. Its remit is to ensure that the Company's obligations pursuant to the Disclosure and Transparency Rules are discharged and that appropriate policies and procedures are in place.

Internal control and risk management

Risk management process

The board is responsible for the Group's system of internal control and for reviewing its effectiveness. Any system can provide only reasonable and not absolute assurance against material misstatement or loss.

In December each year, the board approves a detailed budget for the year ahead. It also approves outline projections for the subsequent four years. A detailed review takes place at the half year. Actual performance against budget is monitored in detail regularly and reported monthly for review by the directors.

The board requires its subsidiaries to operate in accordance with corporate policies and to certify compliance with these policies on an annual basis.

The risk advisory group, which consists of the Chairman, the executive directors, the director of risk and compliance and the Company Secretary, meets four times a year. Twice a year it considers the risk assessments and risk registers produced by the subsidiaries and updates the Group risk register and top risks. It considers areas of specific risk and particular issues. It reports to the audit and risk committee.

The audit and risk committee considers the Group risk register and the nature and extent of the risks facing the Group. It reviews the top risks and the framework to mitigate such risks and reports to the board on a regular basis.

The audit and risk committee keeps under review the adequacy of internal financial controls in conjunction with the internal auditors and reports to the board regularly. An annual programme of work is carried out by the internal auditors. The operation of internal financial controls is monitored by regular management reviews, including a procedure by which operating companies certify compliance quarterly.

The consolidated financial statements for the Group are prepared by aggregating submissions from each statutory entity. Prior to submission to the Group reporting team the individual country submissions are reviewed and approved by the finance director of the relevant country. Once the submissions have been aggregated and consolidation adjustments made to remove the intercompany transactions, the consolidated result is reviewed by the Finance Director. The results are compared to the budget and prior year figures and any significant variances are clarified. Checklists are completed by each statutory entity and by the Group reporting team to confirm that all required controls, such as key reconciliations, have been performed and reviewed.

The financial statements, which are agreed directly to the consolidation of the Group results, are prepared by the Group reporting team and reviewed by the Finance Director. The supporting notes to the financial statements which cannot be agreed directly to the consolidation are prepared by aggregating submission templates from each market and combining this with central information where applicable. The financial statements and all supporting notes are reviewed and approved by the senior manager responsible for corporate reporting and the Finance Director.

Review of effectiveness

In accordance with the Turnbull guidance (2005), the board has reviewed the effectiveness of the Group's framework of internal controls, including financial, operational and compliance controls and risk management systems, during 2008. The process for identifying, evaluating and managing the significant risks faced by the Group was in place throughout 2008 and up to 23 March 2009. The board also, where appropriate, ensures that necessary actions have been or are being taken to remedy significant failings or weaknesses identified from the review of the effectiveness of internal control.

Relations with shareholders

The executive directors meet with institutional shareholders on a regular basis. The Chairman is responsible for ensuring that appropriate channels of communication are established between the executive directors and shareholders and for ensuring that the views of shareholders are made known to the entire board. Independent reviews of shareholder views are commissioned and the board receives regular updates on investor relations.

The board seeks to present the Company's position and prospects clearly. Annual reports, circulars, and announcements made by the Company to the London Stock Exchange are posted on the Company's website (www.ipfin.co.uk).

The Company gives at least 20 working days' notice of the AGM. Its policy is that the Chairman of each of the board committees will be available to answer questions from shareholders and there is an opportunity for shareholders to ask questions on each resolution proposed. Details of proxy votes are made available to shareholders and other interested parties by means of an announcement to the London Stock Exchange and on the Company's website.

Statement of compliance with the Combined Code

The Company complied with all the provisions in Section 1 of the Combined Code throughout 2008 with the following two exceptions.

Code provision A.2.1: From 1 January to 22 October 2008, the Company had an Executive Chairman who carried out, in part, Chief Executive responsibilities. The arrangement of an Executive Chairman/Chief Operating Officer was chosen initially in order to ensure that the Group had the necessary depth of management resource to support its development in the immediate period following the demerger from Provident Financial plc in July 2007. However, some time after the demerger, the board took the view that it was now appropriate to move to a more conventional board structure and on 22 October 2008 the Chairman became non-executive and the Chief Operating Officer became Chief Executive Officer.

Code provision B.1.1: The International Personal Finance plc Incentive Plan provides a one-off (rather than phased) incentive to the senior executive team in the three-year period following the demerger. This is designed to incentivise them to achieve the Company's plans and strategic targets during this critical period in the development of the Company.

Approved by the board on 23 March 2009.

Rosamond Marshall Smith
General Counsel & Company Secretary

23 March 2009

Governance

Directors' remuneration report

Introduction

This is the directors' remuneration report of International Personal Finance plc ('the Company') which has been prepared pursuant to, and in accordance with, section 234B of the Companies Act 1985 ('the Companies Act'). In accordance with section 241 of the Companies Act, a resolution to approve this report will be proposed at the annual general meeting ('AGM') of the Company to be held on 13 May 2009.

Unaudited information

The following information, comprising details of the remuneration committee and its work, the statement of the Company's policy on directors' remuneration, the directors' service agreements and the performance graph, is unaudited.

The remuneration committee

Members and attendance

The members and their attendance at committee meetings in 2008 were as follows:

Name	Number of meetings	Number attended
Ray Miles (Chairman)	7	7
Tony Hales	7	7
Nick Page	7	7

Remit

Its remit is:

- to consider the framework of executive remuneration and make recommendations to the board;
- to determine the specific remuneration packages and conditions of service of the Chairman, the executive directors and the Company Secretary, including their service agreements; and
- to monitor the level and structure of the remuneration of the most senior management below board level within the Group.

Other matters

The committee has appointed Kepler Associates ('Kepler') as remuneration consultant. Kepler is independent and does not provide any other services to the Group. The Chairman of the Company and the Chief Executive Officer each normally attends and speaks at meetings of the committee (other than when his own remuneration or any matter relating to him is being considered). No director is involved in determining his own remuneration. The Company Secretary, Rosamond Marshall Smith, is secretary to the committee and attended the meetings of the committee in 2008; as a solicitor she provides legal and technical support to the committee.

Statement of the Company's policy on directors' remuneration

Key principles of the remuneration policy

The remuneration policy applied by the committee is based on the need to attract, reward, motivate and retain executive directors to enable the Company to achieve its plans. The committee is also conscious of the need to avoid paying more than is reasonable for this purpose and therefore the policy of the committee is to pay remuneration at market levels. The remuneration policy is designed to ensure that a significant proportion of the executive directors' remuneration is linked to performance, through the operation of the annual cash bonus and the long-term incentive plan.

Chairman

The Chairman was Executive Chairman, devoting three days a week to his role with the Company, until 22 October 2008 when he became non-executive Chairman and, in consequence, his remuneration was adjusted. Until October 2008 his remuneration consisted of a basic salary, pension allowance and other benefits, including a company-leased car and medical cover for him and his immediate family. With effect from October his salary was reduced from £385,000 to £250,000 a year and his benefits were phased out in the period up to 31 December 2008, with the exception of the car which may be retained until the end of the Company's lease. He continues his existing participation in a long-term incentive plan at a reduced level but will not receive any further awards under the Company's equity incentive schemes.

Executive directors

The executive directors' remuneration consists of a basic salary, an annual cash bonus (subject to performance conditions) and other benefits, including pension arrangements and participation in a long-term incentive plan. They are provided with company-leased cars and, if they so elect, a fuel card (or a cash alternative), long-term disability cover under the Company's permanent health policy and medical cover for them and their immediate families. Benefits in kind and bonuses are not pensionable.

The committee normally reviews the executive directors' remuneration annually with effect from 1 January. When the Chief Operating Officer was promoted to Chief Executive Officer in October 2008 his salary was increased to £450,000 a year. The Finance Director received an interim review in July 2008 and his salary was increased to £250,000 a year. However, in view of more difficult economic conditions, no general increases in basic salary were awarded either to the executive directors or the senior management group with effect from 1 January 2009.

Non-executive directors

The fees for the non-executive directors are fixed by the board and are designed both to recognise the responsibilities of non-executive directors and to attract individuals with the necessary skills and experience to contribute to the Company's plans. Their business expenses are reimbursed by the Company. They received no increase in fees in 2008 or for 2009.

Bonuses

An annual cash bonus is payable to the Chief Executive Officer and the Finance Director, subject to satisfaction of performance conditions which include, where applicable, appropriate environmental, social and governance matters. During 2008 the executive directors were eligible for a bonus by reference to post-tax profit and personal objectives, subject to a maximum of 100% of salary.

For 2009 a new scheme is proposed for executive directors subject, in the case of the share element, to shareholder approval. The bonus will be payable partly in cash, and partly in deferred shares which will vest at the end of a three-year period subject to the director not being dismissed for misconduct. There will also be a matching award of shares which will vest at the end of a three-year period, subject to a performance condition being satisfied. The performance condition will be determined by the committee at the time of grant. Further details are contained in the Chairman's letter to shareholders to be dated 31 March 2009. Bonuses do not form part of pensionable earnings. A similar scheme, at reduced levels, will operate for approximately 45 senior managers.

Equity incentive schemes

The Company currently operates four equity incentive schemes for directors and employees. These are:

- The International Personal Finance plc Incentive Plan ('the Incentive Plan');
- The International Personal Finance plc Performance Share Plan ('the Performance Share Plan');
- The International Personal Finance plc Exchange Share Scheme 2007 ('the Exchange Scheme'); and
- The International Personal Finance plc Employee Savings-Related Share Option Scheme ('the SAYE Scheme').

The schemes were put in place in June 2007 shortly before the demerger from Provident Financial plc ('PF') on 16 July 2007 and were individually approved by the shareholders of PF.

The Incentive Plan

Awards under the Incentive Plan were granted to the Chairman, the executive directors and certain senior executives following the demerger. In 2008 some further awards were made to three newly promoted senior executives. Additionally, a top-up award was made to John Harnett in October 2008 when he became Chief Executive Officer. The Incentive Plan provides a one-off incentive to 15 people in the period following demerger. If absolute total shareholder return ('TSR') growth of 30% is achieved over a three-year performance period, starting from the demerger, and employment conditions are met, awards under the Incentive Plan will enable participants, according to their seniority, to share in a pool of up to 3% of the total growth in value ('the earned value pool') delivered to shareholders. The committee believes that absolute TSR is a simple and objective measure of shareholder value creation, given the lack of comparable companies. All benefits under the Incentive Plan will be delivered in shares, with 50% delivered shortly after the end of the performance period and delivery of the further 50% deferred for a further 12 months.

The Performance Share Plan

Contingent awards of shares were made under the Performance Share Plan following the demerger to key senior managers who did not participate in the Incentive Plan. The awards will vest after a three-year performance period, starting from the demerger date, with vesting determined by a range of TSR growth targets and by employment conditions. TSR is calculated on the same basis as for the Incentive Plan. No award will vest if TSR growth is less than 30%. 50% of the award will vest if TSR growth is 30% and 100% will vest if TSR growth is 60%. If growth in TSR is between 30% and 60%, vesting will be on a straight-line basis. 50% of vested awards will be released after the end of the performance period, with 50% deferred for an additional 12 months. No awards to directors have been made under this Plan.

In 2008, to achieve consistency of objectives, some further awards were made to new senior managers by reference to the original performance period and target. Awards were made based on either 150% or 75% of salary, depending on seniority, but on a pro rata basis.

New policy on Grants

The vesting of the awards made under the Incentive Plan in July 2007 will be determined in July 2010 and at that point it will be necessary to grant further equity incentives to the executive directors and senior executives. It is therefore proposed that the Performance Share Plan should be used for this purpose and this will mean that the executive directors and senior management will all participate in one plan. The performance target will be determined by the committee at the time of grant. It is expected that awards of up to 100% and 75% of salary will be made in 2010 and thereafter for executive directors and other senior managers.

The Exchange Scheme

Awards were made following the demerger to the executive directors and 55 other Group senior managers who held options under the Provident Financial Executive Share Option Scheme 2006, which lapsed at the demerger, and awards under the Provident Financial Long Term Incentive Scheme 2006 which were cancelled, in return for the grant of new equivalent awards under the Exchange Scheme. These options/awards under the PF Schemes were valued as at 30 June 2007 and awards were made in the form of contingent rights to acquire shares in the Company with an equivalent value for £nil consideration, which would normally vest on the third anniversary of the date of grant of the original award. The remuneration committee of Provident Financial plc determined this to be the most appropriate approach in all the circumstances. No further awards will be made under the Exchange Scheme.

Governance

Directors' remuneration report continued

The SAYE Scheme

The executive directors (together with other UK group employees) may participate in the SAYE Scheme, which has been approved by HM Revenue and Customs. Participants save a fixed sum each month for three or five years and may use these funds to purchase shares after three, five or seven years. The exercise price is fixed at up to 20% below the market value of the shares at the date directors and employees are invited to participate in the scheme. Up to £250 can be saved each month. This scheme does not contain performance conditions as it is an Inland Revenue approved scheme open to employees at all levels.

Service agreements

The current policy is for executive directors' service agreements to provide for both the Company and the director to give one year's notice. No director has a service agreement containing a liquidated damages clause on termination; in the event of the termination of an agreement, the Company would seek mitigation of loss by the director concerned and aim to ensure that any payment made is the minimum which is commensurate with the Company's legal obligations.

Other directorships

The Company will normally permit a full-time executive director to hold one non-executive directorship and to retain the fee from that appointment, subject to the prior approval of the board.

Shareholding policy

In 2008 a shareholding policy was introduced for directors and senior managers. Over a five-year period they should acquire a beneficial shareholding with a value equal to a percentage of their gross basic annual salary (or, in the case of non-executive directors, fees) as follows:

Category	Percentage of salary/fee
Executive director	200%
Non-executive director	100%
Participants in the Incentive Plan	100%
Senior participants in the Performance Share Plan	50%

Senior management remuneration

The committee considers the structure and level of pay of the 13 most senior members of the management team below board level. Two-thirds currently have salaries ranging from £125,000 to £150,000 and one-third has salaries ranging from £150,001 to £250,000.

Changes to the remuneration policy

The remuneration policy is normally reviewed once a year and is scheduled to be reviewed again in December 2009.

Details of directors' service agreements

Re-election of directors

At the forthcoming AGM Christopher Rodrigues and Tony Hales will be offering themselves for re-election.

Chairman

Christopher Rodrigues has a letter of appointment with the Company dated 19 June 2007, as varied on 22 October 2008, terminable on one year's notice from him or the Company. There are no provisions for compensation payable on early termination.

Executive directors

John Harnett has a service agreement dated 19 June 2007, as varied on 22 October 2008. David Broadbent has a service agreement dated 21 June 2007. Each of these service agreements is terminable upon one year's notice from the relevant director or the Company and will automatically terminate when the relevant director reaches normal retirement age (65). There are no provisions for compensation payable on early termination. However, in the event that a director is not re-elected at an annual general meeting of the Company, the agreement is automatically terminated and this is treated as a breach by the Company.

Non-executive directors

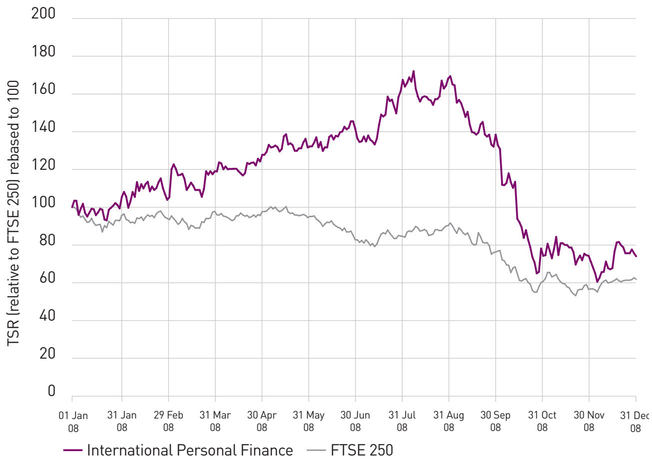
Each of the non-executive directors has a letter of appointment dated 19 June 2007. Each director has been appointed for three years (until 30 June 2010), subject to re-election by shareholders. The initial three-year period may be extended.

Proposed executive director

It is proposed that Craig Shannon should be appointed to the board as Development Director and he will be proposed for election at the forthcoming AGM. He has not yet entered into a service agreement.

Performance graph

The graph below compares the total shareholder return of the Company with the companies comprising the FTSE 250 Index. This index was chosen for comparison because the Company is a member of this index and has been since its shares were listed on 16 July 2007.



Audited information

The following information, comprising details of the directors' remuneration, directors' pension provision and the Group's equity incentive schemes, is audited in accordance with the requirements of the Companies Act 1985.

Directors' remuneration

Remuneration

The directors' remuneration for 2008 amounted to £1,931,000 (2007: £871,000 from 16 July 2007) analysed as follows:

Director's name	Salary £000	Bonus £000	Benefits £000	Fees £000	**2008 Total £000**	2007 Total £000
Christopher Rodrigues	351	–	22	–	**373**	190
John Harnett	394	378	27	–	**799**	356
David Broadbent	238	228	23	–	**489**	199
Charles Gregson	–	–	–	45	**45**	21
Tony Hales	–	–	–	45	**45**	21
Ray Miles	–	–	–	120	**120**	56
Nick Page	–	–	–	60	**60**	28
Total	983	606	72	270	**1,931**	871

Notes

In addition to his basic salary, Christopher Rodrigues received a pension allowance until October 2008 and details of this are set out below (Pensions and life assurance).

The executive directors received bonuses equivalent to 96% of their basic salaries as the Group post-tax performance target was met in full and their individual targets substantially so.

Incentive plan

Awards

Awards under the Incentive Plan are as follows:

Director's name	Awards held at 31 Dec 2007	Awards granted/ surrendered in 2008	Awards held at 31 Dec 2008	Performance condition period	Market price of shares at date of grant/ surrender (p)
Christopher Rodrigues	0.8%			16 Jul 2007 -15 Jul 2010	250
		(0.2%)	0.6%		156
John Harnett	0.6%			16 Jul 2007 -15 Jul 2010	250
		0.1%	0.7%	16 Jul 2007 -15 Jul 2010	156
David Broadbent	0.4%		0.4%	16 Jul 2007 -15 Jul 2010	250

Notes to awards

The awards make available to participants, and thus are shown as, a percentage of the earned value pool (as defined above in the Statement of the Company's policy on directors' remuneration: the Incentive Plan) at the end of the performance condition period. The total pool may be up to 3% of the total return to shareholders in the performance condition period. For this purpose, the total return to shareholders will be calculated as the absolute TSR growth of the total issued share capital of the Company at the demerger expressed as a monetary amount. No awards will vest if TSR growth is less than 30%.

Awards will be satisfied in shares. For the purposes of the Incentive Plan, the starting point is the average value of the issued share capital over the month following demerger which was 226 pence per share.

There were no changes in the interests of the directors under the Incentive Plan between 31 December 2008 and 16 March 2009.

There have been no variations in the terms and conditions of plan interests during the year.

The Exchange Scheme

Awards

Awards under the Exchange Scheme are as follows:

Director's name	Total awards held at 31 Dec 2007	Total awards held at 31 Dec 2008	Market price of shares at date of grant (p)	Normal vesting date
John Harnett	81,278	81,278	250	01 Jun 2009
	23,556	23,556	250	07 Jun 2009
David Broadbent	8,036	8,036	250	07 Jun 2009

Notes to awards

No awards were made during the year.

The awards are contingent rights to acquire shares for £nil consideration. There are no performance conditions other than those related to continued employment.

There were no changes in the interests of the directors under the Exchange Scheme between 31 December 2008 and 16 March 2009.

There have been no variations in the terms and conditions of scheme interests during the year.

The SAYE Scheme

Award

The award made under the SAYE Scheme is as follows:

Director's name	Date of award	Total awards at 31 Dec 2008	Exercise price (p)	Market price at date of grant (p)	Normal exercisable dates
David Broadbent	02 Apr 2008	8,936	188	228	01 Jun 2013 -01 Dec 2013

Notes to award

No consideration is payable on the grant of an option.

There were no options outstanding on 1 January 2008.

There were no changes in the interests of the directors under the SAYE Scheme between 31 December 2008 and 16 March 2009.

There have been no variations in the terms and conditions of scheme interests during the year.

The mid-market closing price of the Company's shares on 31 December 2008 was 139 pence and the range during 2008 was 114 pence to 326 pence.

Governance

Directors' remuneration report continued

Pensions and life assurance

Background

In order to provide continuity of benefits for directors and employees, the Company established two pension schemes which broadly mirrored those operated by PF at the demerger date. These are the International Personal Finance plc Pension Scheme ('the Pension Scheme') and the International Personal Finance Stakeholder Pension Scheme ('the Stakeholder Scheme'). Employees who join the Company and its UK subsidiaries are eligible to join the Stakeholder Scheme.

Benefits

The Pension Scheme is a defined benefit scheme with two sections: cash balance and final salary. The cash balance section provides members with a pension credit calculated as a percentage of basic salary in a retirement account. Currently the pension credit increases each year by the lower of 6.5% and the increase in RPI plus 1.5%. At retirement, up to 25% of the total value of the director's retirement account can be taken as a lump sum, with the balance used to purchase an annuity. If the director dies in service, a death benefit of five times salary plus the value of the retirement account is payable. The final salary section provides a pension of up to two-thirds of basic salary at the normal retirement date of age 65.

Chairman

Christopher Rodrigues received a pension allowance of £86,250 (up until October 2008 when he became non-executive) and life assurance benefit of £2,000,000 (which ceased on 31 December 2008).

Chief Executive Officer

John Harnett has a defined contribution personal pension arrangement. He has life assurance benefit of four times salary at date of death. The Company contributes 30% of his basic salary (subject to a maximum of £112,500) to his pension arrangements. The Company's contributions in respect of John Harnett during 2008 (including the cost of the life insurance) amounted to £113,654.

Finance Director

David Broadbent is the only director for whom retirement benefits are accruing under the Pension Scheme. He was a member of the final salary section until 1 April 2006 when he began to accrue benefits as a member of the cash balance section. He ceased to be a member of the cash balance section on 31 July 2008 and became a deferred member of the Pension Scheme.

Details of David Broadbent's entitlements under both sections of the Pension Scheme are as follows:

Final salary	£
Accrued pension at 31 December 2008	12,577
Accrued pension at 31 December 2007	12,060
Increase in accrued pension during the year (net of inflation)	408*
Transfer value of net increase in accrual over period	3,537
Transfer value of accrued pension at 31 December 2008	109,029
Transfer value of accrued pension at 31 December 2007	72,430
Total change in transfer value during the period (net of director's contributions)	36,599
Director's contributions in 2008	0

*Net of the increase in the Retail Prices Index.

Cash balance	£
Accrued cash balance lump sum at 31 December 2008	89,652
Accrued cash balance lump sum at 31 December 2007	61,750
Increase in cash balance lump sum during the year (net of inflation)	27,346*
Transfer value of net increase in accrual over period	27,346
Transfer value at 31 December 2008	89,652
Transfer value at 31 December 2007	61,750
Total change in transfer value during the period (net of director's contributions)	21,777
Director's contributions in 2008	6,125
Cost of life insurance	691

*Net of the increase in the Retail Prices Index.

David Broadbent was age 40 at the end of the year.

David Broadbent now has a defined contribution personal pension arrangement. He has life assurance benefit of four times salary at date of death. The Company contributes 30% of his basic salary to his pension arrangements. The Company's contributions in respect of David Broadbent during 2008 (including the cost of the life insurance) amounted to £31,689.

The Company is currently reviewing its pension policy and this review may result in changes later in the year.

Approved by the board on 23 March 2009.

Rosamond J Marshall Smith
General Counsel & Company Secretary

23 March 2009