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If you have sold or otherwise transferred all of your shares, please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer, so they can pass these documents to the person who now holds the shares.



**International
Personal Finance**

NOTICE OF ANNUAL GENERAL MEETING 2009

International Personal Finance plc

(incorporated and registered in England and Wales under number 6018973)

Notice of the Annual General Meeting ("AGM") of the Company to be held at Number Three, Leeds City Office Park, Meadow Lane, Leeds, LS11 5BD at 10.30 am on 13 May 2009 is set out on pages 2 to 5.

Whether or not you propose to attend the AGM, please complete and submit a proxy form in accordance with the instructions printed on the enclosed form. The proxy form must be received not less than 48 hours before the time of the commencement of the AGM.

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International Personal Finance plc

(incorporated and registered in England and Wales under number 6018973)

Registered Office:

Number Three
Leeds City Office Park
Meadow Lane
Leeds
West Yorkshire
LS11 5BD

31 March 2009

Dear shareholder

Notice of Annual General Meeting

I am pleased to be writing to you with details of our second Annual General Meeting ("AGM") which will be held at 10.30 am on Wednesday 13 May 2009 at the Company's registered office in Leeds. The formal notice of AGM is set out on pages 2 to 5 of this document.

If you would like to vote on the resolutions but cannot come to the AGM, please fill in the proxy form sent to you and return it to our registrars as soon as possible. They must receive it by 10.30 am on Monday 11 May 2009.

Business to be considered

The AGM will cover the ordinary business, which is dealt with in Resolutions 1 to 8 as follows:

- receipt of the directors' report and the financial statements.
- approval of the directors' remuneration report.
- declaration of a final dividend.
- election and re-election of directors.
- reappointment of the auditors and the directors' authority to pay them.

Resolutions 9 to 13 deal with additional matters.

Resolution 9 seeks shareholder approval of a proposed new share plan for executive directors and senior managers.

Resolutions 10 and 11 enable the directors to allot shares in the Company for cash in certain circumstances. Resolution 12 confers authority on the Company to purchase its own shares. Resolution 13 enables meetings other than annual general meetings to be called on 14 clear days' notice.

Explanatory notes on all the business to be considered at this year's AGM, together with details of the documents which may be inspected, appear on pages 6 to 8 of this document.

Recommendation

The directors consider that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. Your board will be voting in favour of all of them and unanimously recommends that you do so as well.

Yours sincerely

Christopher Rodrigues CBE
Chairman

International Personal Finance plc

NOTICE OF ANNUAL GENERAL MEETING

The second annual general meeting of International Personal Finance plc will be held at 10.30 am on 13 May 2009 at Number Three, Leeds City Office Park, Meadow Lane, Leeds, LS11 5BD. You will be asked to consider and pass the resolutions below. Resolutions 11 to 13 will be proposed as special resolutions. All other resolutions will be proposed as ordinary resolutions.

ORDINARY RESOLUTIONS

Directors' report and financial statements

1. To receive the directors' report and the audited financial statements of the Company for the year ended 31 December 2008.

Directors' remuneration report

2. To approve the directors' remuneration report for the year ended 31 December 2008.

Dividend

3. To declare a final dividend of 3.4p per share on the ordinary shares of 10p each in respect of the year ended 31 December 2008, payable on 22 May 2009 to the holders of such ordinary shares on the register of members of the Company on 17 April 2009.

Election and re-election of Directors

4. To elect Craig Shannon as a director of the Company.
5. To re-elect Christopher Rodrigues as a director of the Company.
6. To re-elect Tony Hales as a director of the Company.

Reappointment and remuneration of auditors

7. THAT PricewaterhouseCoopers LLP be reappointed auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
8. THAT the directors be authorised to determine the auditors' remuneration.

Approval of new share plan

9. THAT the directors be and are hereby authorised:
 - (A) to establish The International Personal Finance plc Deferred Bonus and Share Matching Plan ("the DBSMP"), a copy of the draft rules of which has been produced to the meeting and initialled by the Chairman for the purpose of identification and a summary of the main provisions of which is set out in Appendix 2 to the letter to shareholders dated 31 March 2009; and
 - (B) to establish schedules to, or further share plans based on, the DBSMP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under any such schedules or further plans are treated as counting against the limits on individual and overall participation in the DBSMP.

Power to allot relevant securities

10. THAT the directors be and are hereby authorised generally and unconditionally to exercise all the powers of the Company to allot relevant securities (as defined in section 80 of the Companies Act 1985):
 - (A) up to a nominal amount of £8,500,000; and

(B) comprising equity securities (as defined in the Companies Act 1985) up to a nominal amount of £17,000,000 (after deducting from such limit any relevant securities issued under paragraph (A) above) in connection with an offer by way of a rights issue:

- (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
- (ii) to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, regulatory or practical problems in, or laws of, any territory or any other matter,

at any time or times before the conclusion of the next annual general meeting or, if earlier, 13 August 2010 (unless previously revoked or varied by the Company in general meeting) and such authority shall extend to the making before such expiry of an offer or an agreement that would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of that offer or agreement as if the authority conferred hereby had not expired.

SPECIAL RESOLUTIONS

Disapplication of pre-emption rights in certain circumstances

11. THAT if Resolution 10 is passed, the directors be authorised pursuant to section 95 of the Companies Act 1985 to allot equity securities (as defined in section 94 of the Companies Act 1985) for cash pursuant to the general authority conferred by Resolution 10 (set out in this notice of meeting) and/or where the allotment is treated as an allotment of equity securities under section 94(3A) of the Companies Act 1985 free of the restriction in section 89(1) of the Companies Act 1985, provided that this power shall be limited:

- (A) to the allotment of equity securities in connection with an offer of equity securities (but in the case of the authority granted under paragraph (B) of resolution 10, by way of a rights issue only):
 - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - (ii) to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, regulatory or practical problems in, or laws of, any territory or any other matter; and

- (B) in the case of the authority granted under paragraph (A) of Resolution 10, and/or in the case of any transfer of treasury shares which is treated as an allotment of equity securities under section 94(3A) of the Companies Act 1985, to the allotment (otherwise than under paragraph (A) above) of equity securities up to a nominal amount of £1,286,000,

and shall expire at the conclusion of the next annual general meeting or, if earlier, 13 August 2010 (unless previously revoked or varied by the Company in general meeting), provided that the Company may before that date make an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after that date and the directors shall be entitled to allot such securities or sell treasury shares accordingly in pursuance of such offer or agreement as if the power conferred by this agreement had not expired.

Authority for the Company to purchase its own shares

12. THAT the Company is authorised, generally and without conditions, to make market purchases (within the meaning of section 163 of the Companies Act 1985) of its own ordinary shares of 10p each ("ordinary shares"), provided that:

- (A) the Company may not purchase more than 25,721,700 ordinary shares;

- (B) the minimum price which the Company may pay for each ordinary share is the nominal value;
- (C) the maximum price (excluding expenses) which the Company may pay for each ordinary share is 5% over the average of the middle-market price of an ordinary share, based on the London Stock Exchange Daily Official List, for the five business days immediately before the day on which the Company agrees to purchase the ordinary shares;
- (D) this authority will last from the date of this annual general meeting until the conclusion of the next annual general meeting or, if earlier, 30 June 2010; and
- (E) the Company may agree, before the authority ends, to purchase ordinary shares even though the purchase is, or may be, completed after the authority ends.

Notice of general meetings

13. THAT a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

31 March 2009

By order of the Board
Rosamond J Marshall Smith
General Counsel & Company Secretary

Registered Office:
Number Three
Leeds City Office Park
Meadow Lane
Leeds
West Yorkshire
LS11 5BD

Registered in England and Wales No. 6018973

Notes

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting ("AGM") provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please telephone 0871 664 0300 (calls cost 10p per minute plus network extras) or (from overseas) +44 208 639 3399.
2. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 10.30 am on 11 May 2009.
3. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 9 below) will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.
4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
5. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
6. To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 5pm on 11 May 2009 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
7. As at 30 March 2009 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 257,217,888 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 30 March 2009 are 257,217,888.

8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent, Capita Registrars (ID RA10) by 10.30 am on 11 May 2009. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
10. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
12. Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to:
(i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
13. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that
(i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample letter of representation if the chairman is being appointed as described in (i) above.

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING ("THE AGM")

The notes on the following pages give an explanation of the proposed resolutions.

Resolutions 1 to 10 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 11 to 13 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 1: Directors' report and financial statements

The directors' report and the audited financial statements of the Company for the year ended 31 December 2008 ("the annual report") are enclosed and will be presented to shareholders at the AGM. The annual report may also be accessed on the Company's website at www.ipfin.co.uk.

Resolution 2: Directors' remuneration report

The directors' remuneration report is contained in the annual report. It may also be accessed on the Company's website at www.ipfin.co.uk.

Resolution 3: Dividend

Shareholders must approve the final dividend for each ordinary share. However, the final dividend cannot be more than the amount which the directors recommend (which is 3.4p for each ordinary share). The final dividend proposed in this resolution is in addition to the interim dividend of 2.3p for each ordinary share which was paid on 3 October 2008.

Resolutions 4, 5 and 6: Election and re-election of directors

One person is standing for election as a director and two directors are standing for re-election. In accordance with the Combined Code it is confirmed that, in respect of the directors standing for re-election, performance evaluation has been carried out and that each of these directors continues to be an effective member of the board and to demonstrate commitment to the role. Biographical details of those standing for election and re-election are set out in Appendix 1 on page 9.

Resolutions 7 and 8: Reappointment and remuneration of auditors

The Company is obliged by law to reappoint its auditors annually. The audit and risk committee considered the reappointment of PricewaterhouseCoopers LLP at its meeting in February 2009 and recommended this to the board.

Resolution 9: New Share Plan

The proposed new share plan is the International Personal Finance plc Deferred Bonus and Share Matching Plan ("**DBSMP**"). The main terms of the DBSMP are summarised in Appendix 2 on pages 10 to 12 of this document, but the key points are as follows:-

- The DBSMP will operate in conjunction with the Company's annual cash bonus plans for executive directors and senior managers. The maximum annual cash bonus for executive directors in respect of financial year 2008 was set at 100% of base salary, all of which was payable in cash.
- The DBSMP will operate by deferring part of annual bonus outcome into an award of deferred shares. The deferred shares will also be matched on a 1:1 basis by an award of matching shares.
- If the DBSMP is approved by shareholders, first awards under the DBSMP will be made in early 2010 in respect of any bonuses achieved by executives for the current financial year. It is proposed that the total bonus opportunity for executive directors in 2009 will operate as follows:
 - maximum bonus and matching share opportunity of 130% of salary, based on annual financial and individual performance;
 - 40% of bonus outcome for any financial year will be paid in cash (maximum value 52% of base salary),
 - 30% of bonus outcome for any financial year will be delivered as an award of deferred shares under the DBSMP (maximum face value 39% of base salary); and

- 30% of bonus outcome for any financial year will be delivered as an award of matching shares under the DBSMP (maximum face value 39% of base salary).
- Other senior executives may participate in the annual cash bonus arrangements and the DBSMP in any year. Their target bonus opportunity will be lower than that for the executive directors.
- Awards of deferred shares and matching shares will not vest until a further three years after the awards are made. In addition, the matching shares may only vest if further performance conditions are achieved over the three-year period. The remuneration committee (“the Committee”) intends to ensure consistency with the performance measure used for the Performance Share Plan and accordingly, it is intended that the vesting of matching shares will be based on absolute three-year TSR, with a one-for-one match for TSR of 30%. As no matching awards will be granted until 2010 the Committee intends to review and finalise the TSR target prior to grant. In addition to meeting the TSR target the Committee will satisfy itself that there has been a demonstrable improvement in the performance of the Company for any award to vest.

The Committee has considered the DBSMP and the related changes to current annual bonus arrangements in detail and (following consultation with the Company’s major institutional shareholders) believes the proposals to be appropriate:-

- The compulsory deferral of part of annual bonus outcome will be a mechanism to aid retention of key executives.
- The delivery of part of annual bonus outcome in Company shares will further strengthen the alignment of executives’ interests with those of shareholders.
- To the extent that overall opportunity is potentially increased through the award of matching shares, this increase may only be delivered in Company shares and only on the achievement of a further performance condition.

Resolution 10: Power to allot relevant securities

Paragraph (A) of this resolution would give the directors the authority to allot ordinary shares up to an aggregate nominal amount equal to £8,500,000 (representing 85,000,000 ordinary shares of 10p each). This amount represents approximately one-third of the issued ordinary share capital of the Company as at 30 March 2009, the latest practicable date prior to publication of this notice.

In line with recent guidance issued by the Association of British Insurers, paragraph (B) of Resolution 10 would give the directors authority to allot ordinary shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to £17,000,000 (representing 170,000,000 ordinary shares), as reduced by the nominal amount of any shares issued under paragraph (A) of this resolution. This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital of the Company as at 30 March 2009, the latest practicable date prior to publication of this notice.

The authorities sought under paragraphs (A) and (B) of this resolution will expire at the earlier of 13 August 2010 and the conclusion of the annual general meeting of the Company held in 2010.

As at the date of this notice, no shares are held by the Company in treasury. Except for the issue of shares pursuant to the Company’s employee share schemes, the directors do not currently intend to allot any unissued shares.

Resolution 11: Disapplication of pre-emption rights in certain circumstances

This resolution would give the directors the authority to allot ordinary shares (or sell any ordinary shares which the Company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings.

This authority would be similar to previous years. It would be limited to allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares or as the board otherwise considers necessary, or otherwise up to an aggregate nominal amount of £1,286,000 (representing 12,860,000 ordinary shares). This aggregate nominal amount represents approximately 5% of the issued ordinary share capital of the Company as at 30 March 2009, the latest practicable date prior to publication of this notice.

In respect of this aggregate nominal amount, the directors confirm their intention to follow the provisions of the Pre-Emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling three-year period where the Principles provide that usage in excess of 7.5% should not take place without prior consultation with shareholders.

The authority will expire at the earlier of 13 August 2010 and the conclusion of the annual general meeting of the Company held in 2010.

Resolution 12: Authority for the Company to purchase its own shares

The resolution gives the Company authority to purchase its own shares in the market up to a maximum of approximately 10% of the issued ordinary share capital of the Company as at 30 March 2009, the latest practicable date prior to publication of this notice. It sets out the highest and lowest prices which may be paid.

The authority given in this resolution will expire at the conclusion of the annual general meeting to be held in 2010 or, if earlier, 30 June 2010 (the last date by which the Company must hold an annual general meeting in 2010).

If any shares are purchased they will be either cancelled or held in treasury. Any such decision would be made by the directors at the time of purchase on the basis of the shareholders' best interests. If the directors decide to hold such shares as treasury shares, any subsequent resale of shares out of treasury to satisfy the requirements of the Company's employee share schemes would be made within the overall 10% and 5% equity dilution limits for such schemes for so long as this is required by the guidelines of the Association of British Insurers.

Resolution 13: Notice of general meetings

The Shareholder Rights Directive is intended to be implemented in the UK in August this year. One of the requirements of the Directive is that all general meetings must be held on 21 days' notice unless shareholders agree to a shorter notice period. The Company is currently able to call general meetings (other than an AGM) on 14 clear days' notice and would like to preserve this ability. In order to be able to do so after 3 August 2009, shareholders must have approved the calling of meetings on 14 days' notice. Resolution 13 seeks such approval. The approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Directive before it can call a general meeting on 14 days' notice after 3 August 2009.

Inspection of documents

The following documents will be available for inspection at the Company's registered office and at the offices of Pinsent Masons, CityPoint, One Ropemaker Street, London EC2Y 9AH during normal business hours from the date of this notice until the conclusion of the AGM and at the AGM from 30 minutes before the AGM until it ends:

- copies of the executive directors' service contracts;
- copies of letters of appointment of the Chairman and the non-executive directors; and
- a copy of the rules of the International Personal Finance plc Deferred Bonus and Share Matching Plan.

APPENDIX 1

BIOGRAPHICAL DETAILS OF THOSE STANDING FOR ELECTION AND RE-ELECTION AS DIRECTORS

Craig Shannon

Proposed Development Director, age 45

It is proposed that Craig should join the board of International Personal Finance plc as development director, with responsibility at board level for human resources, information technology and operations support.

Qualifications: Graduated in Economics and has an MBA.

Previous appointments: Joins from Friends Provident PLC where he was Chief Change Officer and acting HR Director. He was previously an executive director at the Co-operative Bank plc and a partner in L.E.K Consulting LLP.

Committees: proposed member of the executive committee.

Christopher Rodrigues CBE

Non-Executive Chairman, age 59

Christopher joined the board of International Personal Finance plc in 2007, 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.

Committees: Chairman of the nomination committee.

Tony Hales CBE

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.

Committees: member of the audit and risk, nomination and remuneration committees.

APPENDIX 2

SUMMARY OF THE INTERNATIONAL PERSONAL FINANCE plc DEFERRED BONUS AND SHARE MATCHING PLAN (“DBSMP”)

(a) General

The operation of the DBSMP will be supervised by the remuneration committee (“the Committee”).

(b) Eligibility

Employees (including executive directors) of the Company and its subsidiaries (“the Group”) will be eligible to participate in the DBSMP, at the discretion of the Committee.

The DBSMP will operate in conjunction with the Company’s annual cash bonus arrangements.

It is initially proposed that the executive directors of the Company and around a further 45 senior executives within the Group will participate in annual cash bonus arrangements and the DBSMP.

(c) Awards under DBSMP

Two types of awards (“Awards”) will be granted under the DBSMP:

- **Deferred Shares.** In each year, an individual who participates in both the Company’s annual cash bonus arrangements and the DBSMP will receive an Award of Deferred Shares following calculation of the bonus outcome for that financial year. The Deferred Shares will represent the deferral of part of the individual’s annual bonus outcome for that financial year.
- **Matching Shares.** Executives who receive Deferred Shares will also receive awards of Matching Shares in respect of an equal number of shares (1:1 ratio). All awards of Matching Shares will be subject to a performance condition (“Performance Condition”).

Awards may be satisfied by new shares issued at par, shares purchased in the market by an employees’ trust or by the transfer of treasury shares. Awards may be in the form of options to acquire shares in the Company for nil cost or conditional awards of Company shares which will be received on vesting.

Awards are not transferable (except on death). Benefits under the DBSMP are not pensionable benefits. No payment will be required for the grant of an Award.

(d) Timing of Awards

Awards may be granted:-

- within six weeks of the announcement by the Company of its results for any period; or
- exceptionally, and subject to the Model Code and other relevant restrictions on dealings in shares, on any other day on which the Committee determines that exceptional circumstances exist.

If regulatory or statutory restrictions prevent Awards from being granted in these periods, the Awards may be made after the removal of all such restrictions.

No Awards may be granted after 13 May 2019.

(e) Dilution Limits

Awards may be granted over unissued or existing shares. No Awards may be granted under the DBSMP if it would cause the number of new shares issued or issuable pursuant to awards and options granted in the preceding 10 years under any of the Company’s share plans to exceed 10 per cent of the Company’s issued ordinary share capital at the proposed date of grant. Additionally, a limit of 5 per cent of the Company’s issued ordinary share capital applies to awards and options over new shares granted under the Company’s executive share plans in the same 10 year period.

If Awards are to be satisfied by a transfer of existing shares, the percentage limits stated above will not apply. The Company intends to comply with the guidance of the Association of British Insurers, as amended from time to time, regarding the inclusion of awards or options satisfied by the transfer of treasury shares when calculating these limits.

(f) Individual Limits

The maximum value of shares that may be granted as Deferred Shares in any year will not exceed 50% of a participant’s annual base salary and the maximum value of shares that may be granted in any year as Matching Shares will not exceed 50% of a participant’s annual base salary.

If maximum bonuses were achieved for 2009 the maximum face value of Deferred Shares and Matching Shares to be awarded to the executive directors in 2010 would be 78% (2 x 39%) of base salary.

(g) Vesting of Awards and Performance Conditions

All Awards will not normally vest for a minimum period of at least three years. In addition, Matching Shares will only vest if the Performance Condition has been met.

For any initial awards of Matching Shares to be made in 2010, it is currently proposed that the Performance Condition will be absolute three-year total shareholder return (“TSR”).

The period over which the Performance Condition will be measured (“**Performance Period**”) for the initial Matching Shares will be the period of three years beginning with the date on which Awards are made. TSR will be calculated by averaging the Company’s TSR over the period of three months before the commencement of the Performance Period and a period of three months at the end of the Performance Period. There will be no re-testing of the Performance Condition.

The Committee will review and finalise the targets prior to grant and communicate them to shareholders. It is currently envisaged that the vesting conditions that would apply to initial awards of Matching Shares would be as follows:-

<u>TSR growth over Performance Period</u>	<u>Ratio of Matching Shares that will vest (Matching Shares to Deferred Shares)</u>
Less than 30% growth	Nil
30% growth	1:1

In addition to this, before any Award may vest, the Committee will satisfy itself that there has been a demonstrable improvement in the performance of the Company.

The Committee can set different Performance Conditions from the one described above for future awards of Matching Shares provided that, in the reasonable opinion of the Committee, the Performance Conditions remain appropriately challenging in the circumstances.

The Committee may vary the Performance Condition if an event occurs which causes the Committee reasonably to consider that it would be appropriate to amend the Performance Condition, provided that the Committee considers the varied conditions fair and reasonable and not materially less challenging than the original Performance Condition would have been but for the event in question.

(h) Cessation of Employment

If a participant leaves the Group by reason of death, injury, disability or a sale of a participant’s employing business or company then the Committee will permit a time pro-rated proportion of Matching Shares to be retained and to vest, if at all, at the end of the original period for vesting and subject to the application of the Performance Condition. In addition, the Committee retains discretion to permit vesting in this manner where a participant leaves the Group in other circumstances which the Committee determines as appropriate. In respect of Deferred Shares, where a participant leaves the Group a time pro-rated proportion of the Award can vest at the end of the original vesting period unless the reason for leaving is misconduct.

If the Committee considers it appropriate, it may permit additional vesting in the circumstances of cessation of employment by varying the application of time apportionment to the Award.

(i) Takeover, Reconstruction etc

In the event of a takeover of the Company, Deferred Shares and Matching Shares may vest but normally only in respect of a time pro-rated proportion of the Awards and, in the case of Matching Shares, subject to the application of the Performance Condition until the time of the takeover.

Additionally, in the event of a scheme of arrangement (not being an internal corporate reorganisation), a winding-up of the Company or (at the discretion of the Committee) a demerger, the Committee may

determine that Awards may vest, calculated on the same basis as for a takeover of the Company. On an internal re-organisation replacement Awards would normally be offered.

If the Committee considers it appropriate, it may permit additional vesting by varying the application of time apportionment to the Award in the circumstances of a takeover or other corporate event.

(j) Dividends

The Committee may determine that, following the vesting of an Award, cash or shares equal in value to the dividends paid on vested Award shares over the period for vesting will be transferred to participants together with their vested shares.

(k) Adjustment of Awards

If there is a rights or capitalisation issue, sub-division, consolidation, reduction or other variation of the Company's ordinary share capital, or the implementation by the Company of a demerger or payment of a special dividend which would otherwise materially affect the value of an Award, the Committee may adjust the number of shares subject to Awards.

(l) Rights attaching to Shares

Shares allotted or transferred under the DBSMP will rank alongside shares of the same class then in issue. The Company will apply to the UK Listing Authority for the listing of any newly issued shares.

(m) Amendments

The Committee may amend the DBSMP. However, the provisions governing eligibility requirements, equity dilution, individual Award levels, the basis for determining participants' rights to acquire shares and the adjustments that may be made following a rights issue or any other variation of capital cannot be altered to the advantage of participants without the prior approval of the Company's shareholders in general meeting. There is an exception for minor amendments to benefit the administration of the DBSMP, to take account of a change in legislation or developments in the law affecting the DBSMP or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the DBSMP or for any member of the Group. In addition, no alteration may be made that would materially affect any subsisting rights of any participants without their prior consent.

(n) Overseas Plans

As is standard practice, the directors may at any time (and without further reference to shareholders) establish schedules to the DBSMP and further plans based on the DBSMP but modified to take account of local securities laws, exchange controls or tax laws, provided that any shares made available under such schedules or plans are treated as counting against the limits on individual participation and the overall dilution limits applicable under the DBSMP. The Company intends to establish cash based awards that will replicate the terms of Deferred Shares and Matching Shares and to offer these to participants in certain countries where offering Awards in respect of actual shares could produce unfavourable tax or securities laws outcomes, or where local compliance requirements make it impractical to offer Awards in respect of actual Shares.

