

Directors' Remuneration Report

Deborah Davis
Chair of the
Remuneration
Committee



"We place paramount importance on aligning executive remuneration with the Company's purpose and values, rewarding strong performance against a backdrop of external challenges and ensuring fair and competitive compensation structures across the organisation. I would like to thank our investors for their feedback and support in implementing our remuneration policy which is designed to underpin the long-term success of the business"

Committee members

Deborah Davis, Chair and independent non-executive director

Richard Holmes, Non-executive director

Stuart Sinclair, Chair of the Board

The table below shows the number of meetings held and the directors' attendance during 2023.

Committee member	Scheduled meetings ¹	No. of meetings attended	% of meetings attended
Deborah Davis	4	4	100%
Richard Holmes	4	4	100%
Stuart Sinclair	4	4	100%

Notes

- The scheduled meetings that each individual was entitled to and had the opportunity to attend.

Dear shareholder,

On behalf of the Board and as Chair of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2023. The report explains how the Committee carried out its duties during the year and the rationale behind the decisions that were taken. The report is divided into three sections:

- Remuneration at a glance, illustrating the link between the business strategy and our Remuneration Policy, and the link between pay and performance;
- A summary of the Directors' Remuneration Policy (the 2023 Remuneration Policy), the full detail of which can be found on pages 100-109 of the 2022 Annual Report and Financial Statements; and
- The 2023 Annual Remuneration Report, providing detail of amounts paid during the reporting year, including incentive outcomes and the planned implementation of the 2023 Remuneration Policy in 2024.

Overview

Role and composition

The Committee comprises two independent non-executive directors and the Chair of the Board. Full biographical details can be found on pages 86 and 87.

The Committee's responsibilities include:

- approving the Remuneration Policy for executive directors and the senior leadership team, and making recommendations to the Board. The Committee takes account of the remuneration of the wider workforce when setting policy for, and making remuneration decisions in respect of, the executive directors;
- determining appropriate performance targets and incentive outcomes; and
- engaging with shareholders on matters relating to remuneration.

The Committee's responsibilities are explained fully in its Terms of Reference which are available on our website at www.ipfin.co.uk.

Our Remuneration Framework is intended to strike an appropriate balance between fixed and variable pay components, and to provide a clear link between pay and our key strategic priorities. For example:

- profitable growth is recognised via the structure and operation of our annual bonus plan, which carries an 80% weighting on financial metrics;
- delivery of sustainable organisational performance and shareholder value is reflected in a progressive dividend policy, which underpins our Restricted Share Plan (see page 116); and
- our commitment to building a better world through financial inclusion is reflected in the adoption of appropriate ESG metrics in 2023, which align clearly to our purpose and reflect issues of direct importance to our key stakeholders, including our shareholders.

Progress in 2023

The Committee's principal goals for 2023, in addition to the effective implementation of the 2023 Remuneration Policy, were to:

- ensure the adoption of appropriate ESG metrics in the 2023 annual bonus;
- consult with our major shareholders on the 77.05% vote in favour of the 2022 Directors' Remuneration Report; and
- continue to monitor broader market and governance trends, paying particular attention to the ongoing cost-of-living challenges faced by our colleagues in all markets. See employee and customer representative context section for more details.

For 2023, a number of specific ESG targets were included in the executive directors' personal objectives under the purpose heading. These were weighted independently within the 20% strategic leadership element of the bonus construct. In respect of the 2024 annual bonus, the Committee will focus on refining those measures further and ensure consistency between the executive directors' bonus priorities in this area, and those of the senior management team below the Board.

At the Company's AGM on 27 April 2023, the Board and Remuneration Committee were pleased to note the strong support given by shareholders to the 2023 Remuneration Policy, with 99.33% of votes in favour. However, we recognise that with respect to the 2022 Directors' Remuneration Report (excluding the Directors' Remuneration Policy), 77.05% of votes were received in favour of Resolution 2, the advisory vote to approve the Directors' Remuneration Report. Therefore, and in accordance with the provisions of the UK Corporate Governance Code, the Company consulted further with shareholders on the vote, and published within six months of the AGM an update detailing the engagement that was undertaken. The Committee and the Board recognise that the use of upward discretion in respect of annual bonus outcomes will always raise concerns, and would emphasise that the decisions made by the Committee and the Board reflect the strong underlying performance of the Company in 2022. Having considered the feedback from shareholders and with the support of the majority, the Committee is satisfied that it acted in the best interests of the Company and all of its stakeholders. The Committee will maintain a regular dialogue with shareholders to ensure continued alignment with their interests and will continue to action the matters detailed in the Remuneration Policy approved at the 2023 AGM.

Business context

The Committee's remuneration decisions in 2023 were made within the context of the business delivering a very strong operational and financial performance which included:

- strong demand for our broad range of financial products;
- excellent operational execution delivering further growth and continued good credit quality;

- robust customer repayments and impairment rates in line with our expectations;
- significant progress made in executing our strategy to take advantage of substantial and sustainable long-term growth opportunities; and
- diversifying our funding position and generating significant headroom on facilities to fund growth.

Shareholder context

In line with the Group's progressive dividend policy, and as a consequence of the executive directors' successful execution of our growth strategy and continued growth potential, a full-year dividend of 10.3 pence per share is proposed, representing a year-on-year increase of 12%.

Employee and customer representative context

In making its executive remuneration decisions, the Committee continued to take into account wider workforce remuneration and related policies, and the alignment of incentives and rewards throughout the organisation. In line with Provision 41 of the UK Code, the Committee supported the Workforce Engagement Director to engage with a representative group of the workforce to explain how executive remuneration aligns with the wider company pay policy.

The significant cost-of-living challenges that we see in the UK have also been felt in many of our markets, with high inflation often coupled with skills shortages. Whilst it would be impossible and counter-productive economically to respond to a high consumer price index with equally high salary increases, the Committee has noted the proportionate action taken to protect earnings as far as possible and retain our people, whilst maintaining an appropriate cost base.

The business continues to work hard to reward and recognise our employees and customer representatives, and to provide the best possible opportunities for learning and development. This has been reflected in:

- continued building of our established learning academies, providing structured development pathways for the Group's 16,000 customer representatives;
- partnering with world class organisations, to build dedicated leadership development pathways for our sales leaders through our 'MyBusiness' programme;
- partnering with LinkedIn Learning, Pluralsight and Harvard Business School to provide best-in-class virtual development materials and experiences for colleagues throughout the Group;
- holding our third annual Learning Festival, a week-long global event which attracted over 11,500 participations to more than 100 sessions and hosted by 120 speakers (see page 52 for more information); and
- the outcomes of the bi-annual Global People Survey which were presented to the Committee as part of the wider workforce annual update. The Committee was pleased to see a participation rate of 95% of all colleagues with a very positive response rate as described on page 54.

Remuneration decisions made in 2023

As noted in the 2022 Directors' Remuneration Report, remuneration decisions included:

- a 5% increase in base salary was awarded to the Chief Executive Officer and Chief Financial Officer in line with the typical annual salary increase for the wider UK workforce and less than the planned wider workforce pay budget of 7%, with salaries increasing to £587,633 and £341,250 respectively.
- Financial year 2022 bonus awards of 98% of maximum for both the Chief Executive Officer and for the Chief Financial Officer (the explanation of which can be found on pages 111 to 114 of the 2022 Annual Report and Financial Statements).
- 2023 Restricted Share Plan awards of 80% of salary each for the Chief Executive Officer and Chief Financial Officer. These awards were in line with the normal level expected under the 2023 Policy and are set at half the normal level of the former LTIP.

Implementation of Remuneration Policy in 2024

The Committee approved:

- an increase in base salary of 4.5% each for the Chief Executive Officer and Chief Financial Officer, in line with the typical annual salary increase for the wider UK workforce and less than the planned wider workforce pay budget of 5.5%, with salaries increasing to £614,076 and £356,606 respectively.
- Financial year 2023 bonus awards of 100% of maximum for the Chief Executive Officer and 100% for the Chief Financial Officer within the context of the business delivering a strong operational and financial performance (see page 111), and each executive director performing exceptionally well against their personal objectives (see pages 120 and 121);
- legacy 2021 PSP awards that have vested at 100% reflecting strong TSR performance over the life of the scheme and maximum achievement on both EPS and net revenue growth.
- 2024 Restricted Share Plan awards of 80% of salary for each of the Chief Executive Officer and Chief Financial Officer.

Similar to last year, the Committee considered base salary increases in the context of the macroeconomic environment, including the impact of cost-of-living increases on our people. Base salary increases have been tailored in each market to address these issues; this has resulted in salary increases in most markets being above the 4.5% award made to each of the executive directors, and in particular, high increases to many of our lower-paid employees, who have been especially hard hit by economic circumstances. On that basis, the Committee is comfortable that the 4.5% awards made to our executive directors are fair and proportionate.

Other priorities in 2024

In addition to continuing to monitor broader market and governance trends, the priorities for the Committee will include:

- Prioritising the successful embedding of ESG considerations into remuneration.
- Ensuring appropriate focus on remuneration trends in each of our markets.
- Working to continue to enhance oversight of workforce-related policies and practices as part of the Group's broader purpose agenda.

As Chair of the Committee I have greatly appreciated the constructive feedback provided by shareholders throughout 2023, and am committed to maintaining this open dialogue with you. I look forward to reporting on further positive progress in 2024.

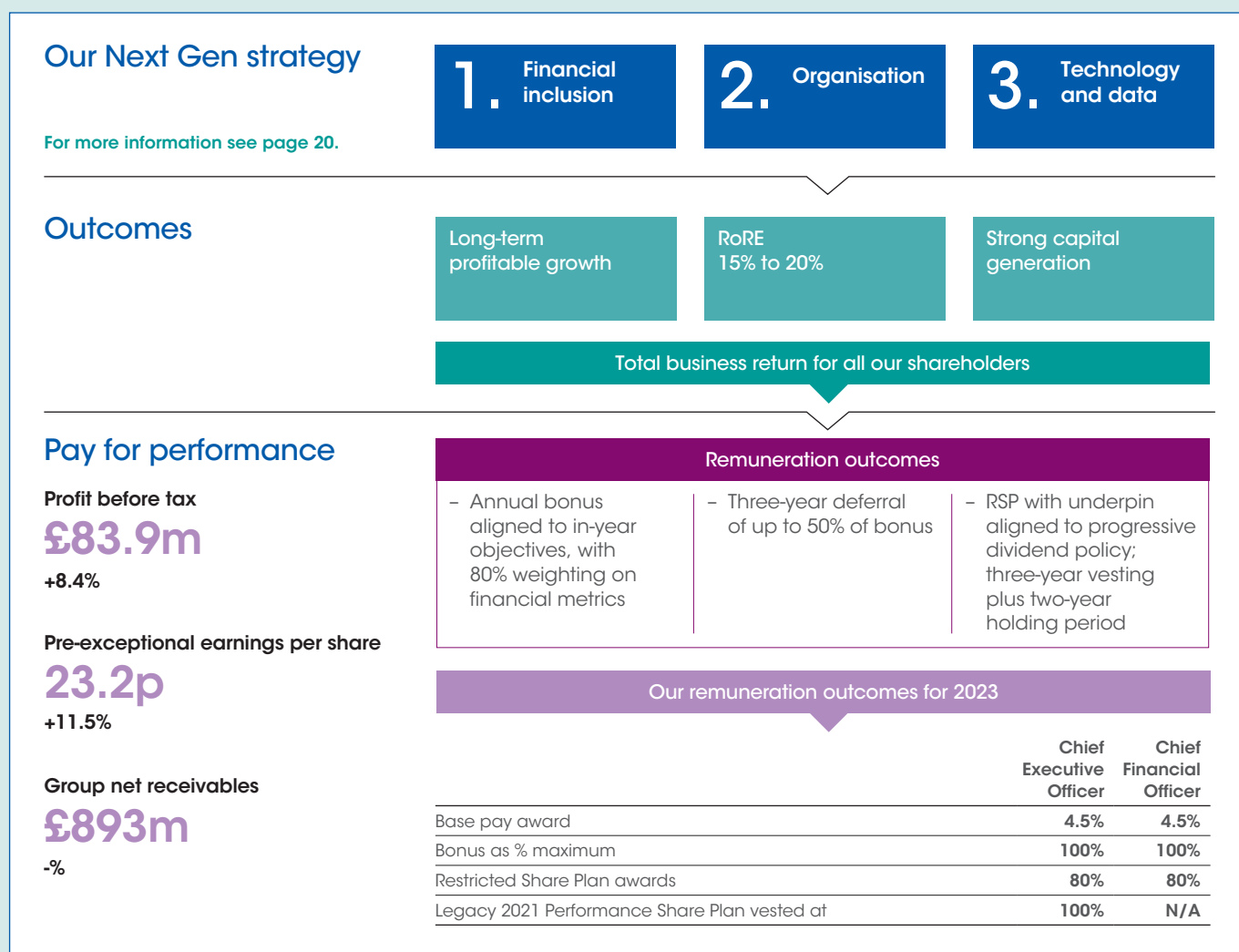
Deborah Davis

Chair of the Committee

14 March 2024

Remuneration at a glance

Our Remuneration Framework is intended to strike an appropriate balance between fixed and variable pay components, and to provide a clear link between pay and our key strategic priorities. Executive director and senior leadership remuneration are structured, so that individuals are rewarded only for the successful delivery of the strategy over both the short and long term.



Our 2023 Remuneration Policy at a glance

Our Remuneration Policy	Links to strategy	Key features
2023	2024	2025
2026	2027	2028
Salary, pension and benefits		To attract and retain talent capable of delivering the Group's strategy.
		Normally reviewed annually. Increases take into account salary reviews across the Group and increases paid to UK employees.
Annual bonus	Deferral of 50% to 25%	To motivate and reward sustainable Group profit before tax and the achievement of specific personal objectives linked to the Company's strategy.
	Malus on deferral	
	Clawback on cash	
Long-term incentive plan	Vest period	To motivate and reward longer-term performance and support shareholder alignment through incentivising absolute shareholder value creation.
	Two-year post-vest holding	
	Clawback period	
		On-target performance delivers 50% of maximum. Maximum opportunity 130% of base. 50% cash and 50% deferred for three years until shareholding requirement met; thereafter 75% cash and 25% deferred. Typically, 80% based on financial measures and 20% on personal objectives, linked to strategy.
		Award normally equivalent to 80% of base salary at time of grant (maximum 125%). Three-year performance period with the extent of any vesting subject to satisfaction of an underpin as determined by the Committee. Two-year post-vesting holding period. Two-year post-cessation shareholding requirement.

Directors' Remuneration Policy 2023

The 2023 Remuneration Policy is included on pages 100-109 of the 2022 Annual Report and Financial Statements. A copy of the Report can be found on our website in the Investors section at www.ipfin.co.uk together with all notes to the Policy. The 2023 Remuneration Policy was approved by shareholders at the 2023 AGM and took effect from 27 April 2023.

The Remuneration Policy table for the executive directors has been reproduced below:

Purpose and link to strategy	Operation	Maximum opportunity	Metrics, weightings and period
<p>Base salary</p> <p>To attract and retain talent capable of delivering the Group's strategy. Rewards executives for their performance in the role.</p>	<p>Base salary is paid in 12 equal monthly instalments during the year. Salaries are normally reviewed annually; generally, any changes are effective from 1 April.</p> <p>Salary levels are set considering role, experience, responsibility and performance, of both the individual and the Company, and also taking into account market conditions and the salaries for comparable roles in other companies.</p>	<p>Salary increases take into account salary reviews across the Group and are usually in line with increases awarded to UK employees. Additionally, due regard is given to any specific external factors or events relevant to the setting and review of executive salaries. By exception, higher awards may be made at the Committee's discretion to reflect individual circumstances. For example:</p> <ul style="list-style-type: none"> - changes to role which increase scope and/or responsibility; - development and performance in the role; and - responding to competitive market pressures. <p>There is no prescribed maximum increase.</p>	<p>None, although overall performance of the individual is considered by the Committee when setting and reviewing salaries annually.</p>
<p>Pension</p> <p>To provide retirement funding.</p>	<p>The Company operates a stakeholder scheme; at the discretion of the Committee, this may be paid as a cash allowance.</p> <p>The Company has closed its defined benefit scheme to new members and future accrual.</p>	<p>Company contribution is set at the most common rate for the wider workforce, currently 12%. Cash allowance is paid net of employer's NIC and other employment taxes.</p>	<p>None.</p>
<p>Benefits</p> <p>To provide market-competitive benefits that support the executive directors to undertake their role.</p>	<p>The Company pays the cost of providing the benefits on a monthly, annual or one-off basis.</p> <p>All benefits are non-pensionable.</p>	<p>The standard benefits package includes:</p> <ul style="list-style-type: none"> - life assurance of 4x salary; - car allowance; - long-term disability cover; - private medical cover for executive director and immediate family; - annual medical; and - ability to participate in the IPF Save As You Earn Plan (SAYE) and any other all-employee share plans on the same terms as other employees. <p>Additional benefits may also be provided in certain circumstances, and may include relocation expenses, housing allowance and school fees. Other benefits may be offered if considered appropriate and reasonable by the Committee.</p>	<p>None.</p>

Purpose and link to strategy	Operation	Maximum opportunity	Metrics, weightings and period
<p>Annual bonus</p> <p>To motivate and reward the generation of sustainable Group profit before tax and the achievement of specific personal objectives linked to the Company's strategy.</p>	<p>Measures and targets are set annually, and payout levels are determined by the Committee after the year end, based on performance against those targets. The Committee may, in exceptional circumstances, amend the bonus payout should this not, in the view of the Committee, reflect overall business performance or individual contribution. 50% of the total amount is deferred for three years in Company shares through the Deferred Share Plan (DSP) until the executive director has achieved the shareholding requirement of 200%, at which point 25% of the total is deferred on the same basis. The remaining bonus (50% or 75% depending on shareholding) is paid in cash. Payments are made around three months after the end of the financial year to which they relate.</p> <p>There are provisions for clawback adjustments on the occurrence of certain events.</p> <p>Executive directors remain eligible to participate in, and receive pro rata payment under, the terms of the annual bonus during notice, until their date of leaving.</p>	<p>On target bonus: 50% of maximum.</p> <p>Maximum opportunity: 130% of base salary.</p>	<p>Performance is measured over the financial year and is assessed using the following criteria:</p> <ul style="list-style-type: none"> - typically 80% is based on achievement of financial measures; and - typically 20% is based on achievement of personal objectives linked to achievement of Company strategy. <p>Although each of the annual bonus metrics could pay out independently, the Committee will set a minimum threshold profit target before any other metrics are assessed.</p>
<p>Deferred Share Plan (DSP)</p> <p>To strengthen the link between short- and longer-term incentives and the creation of sustainable long-term value.</p>	<p>50% of the total bonus amount is subject to compulsory deferral for three years in Company shares without any matching, until the executive director has achieved the shareholding requirement of 200%, at which point 25% of the total is deferred on the same basis.</p> <p>Following the vesting of awards, executive directors receive an amount (in cash or shares) in respect of the dividends paid or payable between the date of grant and the vesting of the award on the number of shares that have vested.</p> <p>The DSP has provision for malus and clawback adjustments on the occurrence of certain events.</p> <p>Awards may also be adjusted in the event of a variation of capital, in accordance with the plan rules.</p>	<p>50% of the total bonus amount received (or 25% once the shareholding requirement has been achieved) during the year.</p>	<p>None.</p>

Purpose and link to strategy	Operation	Maximum opportunity	Metrics, weightings and period
<p>Restricted Share Plan (RSP) Awards are designed to incentivise executive directors to successfully and sustainably deliver the Company's strategy.</p>	<p>Annual grant of awards, made generally as conditional awards or options. Awards vest at the end of the three-year period subject to:</p> <ul style="list-style-type: none"> - the executive directors' continued employment at the date of vesting; and - the satisfaction of an underpin as determined by the Committee, whereby the Committee can adjust vesting for Company or individual performance. <p>Executive directors will be required to hold any shares acquired on vesting (net of any shares that may need to be sold to cover taxes) for a two-year period starting on the date of vesting.</p> <p>The RSP has provisions for malus and clawback adjustments on the occurrence of certain events.</p> <p>Awards granted under the RSP may incorporate the right to receive an amount (in cash or shares) equal to the dividends which would have been paid or payable on the shares that vest in the period up to vesting.</p>	<p>In normal circumstances, award levels for executive directors equivalent to 80% of base salary at the time of grant.</p> <p>Rules permit annual grants up to individual limit of 125%.</p> <p>There are no performance conditions on grant, however the Committee will consider prior year business and personal performance to determine whether the level of grant remains appropriate.</p>	<p>Central, quantifiable financial RSP underpin will be adherence to the Group's dividend policy throughout the three-year vesting period of each annual RSP grant. A further basket of underpin factors will be considered at the end of the relevant three-year vesting period. For 2024 awards, these will be as follows:</p> <ol style="list-style-type: none"> 1. the extent to which any windfall gains have arisen as a result of any marked appreciation in share price; 2. whether there have been any material sanctions or fines issued by a regulatory body (which may give rise to allocation of individual or collective responsibility); 3. any material damage to the reputation of individual Group Companies, or the Group itself (which may give rise to allocation of individual or collective responsibility); 4. the level of employee and customer representative engagement over the vesting period; and 5. the level of customer engagement (as measured by net promoter scores, Rep Track or such other means as determined by the Committee).
<p>Shareholding requirement Aligns executive and shareholder interests.</p>	<p>Executive directors expected to acquire a beneficial shareholding over time.</p> <p>Shares which have vested unconditionally under the Company's share plans will be taken into account with effect from the date of vesting (but not before).</p> <p>50% of all share awards vesting under any of the Company's share incentive plans (net of exercise costs, income tax and social security contributions) must be retained until the shareholding requirement is met.</p>	<p>The shareholding requirement for executive directors is 200% of base salary.</p>	<p>None.</p>
<p>Post-cessation shareholding Aligns executive and shareholder interests.</p>	<p>Post-cessation shareholding policy is set at 1x the shareholding requirement (200%), or the number of shares actually held, at leaving, whichever is lower, for two years. Requirement applies to any shares held, including shares acquired from the executive director's own funds, and any vested shares subject to a holding period.</p> <p>The policy applies only to shares acquired after the date on which the 2020 Remuneration Policy was introduced (30 April 2020).</p>	<p>Not applicable.</p>	<p>Two-year post-cessation holding period.</p>

Annual Directors' Remuneration Report 2023

Remuneration principles and alignment with strategy

As explained in the Chair's opening statement on page 110, our Remuneration Framework is intended to strike an appropriate balance between fixed and variable pay components, and to provide a clear link between pay and key strategic priorities. For example:

- profitable growth is recognised via the structure and operation of our annual bonus plan, which carries an 80% weighting on financial metrics;

- delivery of sustainable organisational performance and shareholder value is reflected in a progressive dividend policy, which underpins our Restricted Share Plan (see page 116), and has a three-year vesting period coupled with two-year post-vesting holding requirements; and
- our commitment to building a better world through financial inclusion is reflected in the adoption of appropriate ESG metrics in the 2023 annual bonus, and reflects issues of direct importance to our key stakeholders, including our shareholders.

Remuneration governance

The Committee met four times in 2023, with consideration given to a range of issues as illustrated below:

	Governance		Annual bonus		Share plan			Wider Workforce	Shareholder
	Policy	Directors' Remuneration Report	Design	Performance	Grant	Performance	Salary		
January		●					●		
February		●	●	●	●	●	●	●	●
April									●
December		●	●				●	●	

The Chief Executive Officer, Chief Human Resources Officer and Group Head of Reward attended meetings by invitation, to provide advice and respond to questions. Other members of management may attend by invitation. All such attendees are excluded when any matter concerning their own remuneration and performance is under discussion.

Advisor to the Committee

Willis Towers Watson, appointed in April 2016, provides independent remuneration advice to the Committee. During 2023, total fees in respect of advice to the Committee (based on time and materials) totalled £40,500 (excluding VAT), (2022: £48,071). Willis Towers Watson is a founding member of the Remuneration Consultants Group and is a signatory to, and abides by, the Remuneration Consultants Group Code of Conduct. Further details can be found at www.remunerationconsultantsgroup.com. The Committee is satisfied that the advice it receives is objective and independent, and that Willis Towers Watson does not have any connections with the Company or any of the directors that may impair its independence.

Service agreements for executive directors

Copies of the service agreements of the Executive Directors and the Letters of Appointment of the Non-Executive Directors are available for inspection at the Company's registered office during normal business hours. All directors will retire at this year's AGM and submit themselves for re-election by shareholders at the AGM on 2 May 2024. Gerard Ryan and Gary Thompson have service agreements which provide for a notice period of 12 months and 6 months respectively. Non-executive Directors do not have service agreements as they have Letters of Appointment instead.

Executive director	Date of service agreement	Duration of service agreement
Gerald Ryan	January 2012	No fixed term
Gary Thompson	April 2022	No fixed term

Single figure of total remuneration (audited information)

The following table sets out the single figure of total remuneration for directors for the financial years 2022 and 2023.

	A. Salary/Fees £000		B. Benefits £000		C. Bonus ¹ £000		D. LTIP £000		E. Pension £000		Total £000 (A, B, C, D, E)		Total fixed remuneration £000 (A, B, E)		Total variable remuneration £000 (C, D)	
	2023	2022	2023	2022	2023	2022	2023 ²	2022 ³	2023	2022	2023	2022	2023	2022	2023	2022
Executive directors																
Gerard Ryan ⁴	581	560	53	25	755	713	967	13	61	98	2,417	1,409	695	683	1,722	726
Gary Thompson ⁵	337	242	23	15	438	309	-	-	37	18	835	584	397	275	438	309
Non-executive directors																
Stuart Sinclair	200	200	-	-	-	-	-	-	-	-	200	200	200	200	-	-
Deborah Davis ⁶	65	65	-	-	-	-	-	-	-	-	65	65	65	65	-	-
Richard Holmes ⁷	88	90	-	-	-	-	-	-	-	-	88	90	88	90	-	-
Katrina Cliffe ⁸	57	23	-	-	-	-	-	-	-	-	57	23	57	23	-	-
Aileen Wallace ⁹	57	-	-	-	-	-	-	-	-	-	57	-	57	-	-	-

1. Bonus payable in respect of the financial year including any deferral element at face value, at date of award.

2. The value of the awards included in the table for 2023 relates to the PSP award granted in 2021, the performance period for which is the three financial years ending 31 December 2023. The awards have been valued according to an estimate based on expected vesting and the 1-month average share price to 31 January 2024.

3. The value of the awards included in the table for 2022 has been reviewed to reflect the actual value of awards at date of vesting and any dividend equivalents received in 2023 when the awards became exercisable. Due to rounding, the revised value has not resulted in a change to the total for 2022.

4. In accordance with Company policy, the benefits for Gerard Ryan in 2023 include additional costs of £27,000 related to expenses associated with an extended period of business travel for which the Board agreed it was appropriate for his wife to accompany him. All costs associated with her travel were borne by the Company.

5. Amounts shown for 2022 reflect the fact that Gary Thompson joined the Company with effect from 4 April 2022.

6. Deborah Davis was paid a fee of £10,000 in her capacity as Chair of the Remuneration Committee, in addition to her base fee of £55,000.

7. Richard Holmes stood down as Senior Independent Director on 1 December 2023 and received pro rata fees of £18,000, in addition to fees of £15,000 in his capacity as Chair of the Audit and Risk Committee and his basic fee of £55,000.

8. Katrina Cliffe was appointed to the role of Senior Independent Director on 1 December 2023 and received pro rata fees in respect of the additional role, in addition to her base fee of £55,000.

9. Aileen Wallace was paid a base fee of £55,000, in addition to pro rata fees from December 2022 when she was appointed, as non-executive directors are paid in arrears, no payment was made during 2022.

Additional disclosures for the single figure of total remuneration

Base salary

The base salary of the Chief Executive Officer increased by 5% in 2023 to £587,633, in line with the typical annual salary increase of the wider UK workforce.

The base salary of the Chief Financial Officer increased by 5% in 2023 to £341,250, in line with the typical annual salary increase of the wider UK workforce.

Benefits

The benefits provided to the executive directors in 2023 included: private healthcare, life assurance, annual medical cover, long-term disability cover, and a cash allowance in lieu of a company car. Gerard Ryan's benefits in 2023 also include additional costs of £27,000 related to expenses associated with an extended period of business travel for which the Board agreed it was appropriate for his wife to accompany him. All costs associated with her travel were borne by the Company.

Determination of 2023 annual bonus

The maximum bonus opportunity for the Chief Executive Officer and Chief Financial Officer was 130% of salary, with 50% of the maximum for on-target performance. During 2023, a balanced scorecard approach was used to ascertain annual bonus outcomes whereby:

- 80% of total bonus opportunity was subject to achieving the profit before tax (PBT) element; and
- the remaining 20% of the bonus opportunity was subject to the achievement of personal objectives.

Qualifiers for the 2023 annual bonus were:

- for any bonus to be payable, the Group must first achieve the PBT threshold figure.

Group bonus targets

Group bonus targets were set considering the Company's operating budget. Targets were designed to be stretching in support of the Company's strategic objectives, and to focus on metrics and personal targets that would deliver in line with this strategy, as well as stretching and motivating participants. Bonus targets for the executive directors for 2023 were as follows:

	Metric	Weighting in Scheme	Threshold	Target	Stretch	Achievement	Bonus payment % of bonusable base salary
Financial ¹	Group PBT	80%	£75.6m	£78.4m	£83.9m	£83.9m	104%

1. Straight line between each point.

The Committee uses the annual bonus to focus on short-term targets that the Board agrees each year consistent with the Group's strategy and on individual performance against personal targets. Performance is assessed over each calendar year and at the start of the following year. The Committee retains the right to exercise its judgement to adjust the formulaic bonus outcomes, to ensure the final bonus outcome for executive directors reflects the broader performance of the Group and the experience of our employees and shareholders over the reported year.

In 2023, the Group delivered a strong financial performance, with profit before tax up 8.4% year on year to £83.9m. In addition to this improvement in profit before tax, each executive director performed exceptionally well against their personal objectives as summarised on pages 120 and 121. As a result the Committee did not apply any discretion to the formulaic bonus outcomes.




Personal objectives

The following tables explain the objectives that were set for each executive director in 2023 and achievement against them.




Gerard Ryan – Chief Executive Officer

Category	Objective	Weighting	Results	Achievement
Continue to embed our purpose within the Group	<ul style="list-style-type: none"> – Ensure inclusion is at the heart of our purpose. – Align our ESG aspirations to our purpose. 	25%	<ul style="list-style-type: none"> – Building a better world through financial inclusion has become part of the fabric of our business and is evident in what we do on a day-to-day basis. – The Global People Survey results confirmed that purpose has been cascaded successfully throughout the organisation. – The Board approved our Responsible Business Framework and ESG strategy - including short-, medium- and long-term goals. ESG management information was established and produced quarterly enabling regular updates to the Board on ESG strategy progress. – We revised guidelines and standards across a range of key ESG issues including climate change, sustainability, human rights, anti-corruption, and modern slavery. – Purpose and ESG objectives have been created for all senior management in 2024. 	
Evolve the Group strategy	<ul style="list-style-type: none"> – Evolve the next iteration of the Group's strategy, ensuring it is clearly aligned to our purpose. 	25%	<ul style="list-style-type: none"> – Our strategy has been articulated to reflect the Group's advancement to a more modern, multi-product, multi-channel and digitally enabled business. It is captured through our Next Gen strategy which sets out a clear plan to become the leading provider of financial services to underserved communities around the world. Our Next Gen strategy has been communicated to colleagues and is resonating well. – We have created an operating rhythm to track the progress of strategy delivery. 	
Develop better choices and experiences for our customers	<ul style="list-style-type: none"> – Focus on innovation to drive increased choice and improved experiences for our customers. – Execute the rollout of credit cards in Poland. – Develop a thriving retail partnership model. 	25%	<ul style="list-style-type: none"> – Our Think Customer programme is established and driving product and service innovation. – The rollout of our Polish credit card has progressed very well and is proving to be very popular with customers. – Our retail partnerships model is now established, and we are providing access to finance for consumers at the point of sale in Romania and Mexico. 	
Develop our people and organisational capability	<ul style="list-style-type: none"> – Determine a new vision and strategy for IT and marketing. – Ensure that we have the required capability to take the business forward and that colleagues are fully engaged in our purpose and strategy. 	25%	<ul style="list-style-type: none"> – New Group Chief Marketing Officer and Group Chief Information Officer recruited successfully, and delivering very positive impacts across the business. – A Group-wide IT strategy was approved by the Board and execution is underway – including strategic adoption of AI in value-adding areas. – Exceptional results from our Global People Survey demonstrate clear engagement from colleagues around our purpose and IPF being a great place to work. 	

Key




-  Criteria met
-  Criteria partially met
-  Criteria not met

Gary Thompson – Chief Financial Officer

Category	Objective	Weighting	Results	Achievement
Ensure that the business operates with strong financial discipline	<ul style="list-style-type: none"> – Ensure the long-term financial health of the Group through rigorous application of the financial model. – Diversify funding sources for the Group. – Maximise the value of the Group's strategic investments and demonstrate use of data in decision-making. – Ensure delivery of cost efficiencies in 2023. 	25%	<ul style="list-style-type: none"> – Our financial model continues to be a central pillar of our operations and is considered in all investment decisions and budgets. All KPIs progressed towards our target ranges in 2023. – We successfully extended the Group's debt facilities in 2023 by £50m more than our original target and have significant headroom to fund growth. – We deployed a refreshed commercial approach to pricing that balances business performance, customer outcomes, competitiveness, and relevant regulations. – We improved our cost-income ratio by 3.9 ppts to 57%. – We delivered a tax rate of 38% for the year, down from 40%. 	
Develop a clear strategy for shareholder value creation	<ul style="list-style-type: none"> – Develop and embed a framework for linking business performance to the creation of shareholder value. – Enhance investor communication to attract new shareholders and retain existing major shareholders. 	25%	<ul style="list-style-type: none"> – We developed and rolled out a robust capital expenditure framework to ensure that capital is deployed only when it meets minimum returns criteria. – We upgraded our approach to communication with investors, to enable a better understanding of the Group. – We have established one new entrant in our top ten shareholder register. – IPF was one of the top performing shares in the FTSE in 2023. 	
Continue to embed our purpose within the Group	<ul style="list-style-type: none"> – Continue to embed purpose into business interactions, decisions, and our internal and external dialogue. – Enhance ESG reporting and transparency in the Group's disclosures. – Ensure responsible and sustainable practices throughout the supply chain. 	25%	<ul style="list-style-type: none"> – We enhanced reporting of ESG matters, including TCFD disclosures, and embedded ESG considerations into our investor communications. – We ensured the creation and delivery of our strategy for sustainable procurement and focus on combatting modern slavery, and we have ensured that supply chain practices reflect ethical requirements. – We created and obtained Board approval for our Responsible Business Framework including short-, medium- and long-term goals. 	
Develop our people and organisational capability	<ul style="list-style-type: none"> – Invest in our people, build a talented successor pipeline, and improve our finance function capability. 	25%	<ul style="list-style-type: none"> – We upgraded the talent pipeline in the finance function through targeted acquisition, organisation design and internal development. – We developed a new operating rhythm around customer representative effectiveness to drive top and bottom-line performance. – We ensured the requisite budget was put in place to enable 500+ training programmes to be delivered to over 21,000 colleagues. 	

Having reviewed the executive directors' performance against their personal objectives, and in the context of the progress made by the Group in 2023, the Committee determined that each executive director met all of his objectives. Consequently, the bonus payout in respect of personal objectives is 26% for both the Chief Executive Officer and the Chief Financial Officer.

Key

-  Criteria met
-  Criteria partially met
-  Criteria not met

Bonus outcomes for 2023

For the year ending 31 December 2023, the Committee awarded bonuses to the executive directors as follows.

Name	Financial objectives – achievement as % of bonusable base salary	Personal objectives – achievement as % of bonusable base salary	Cash bonus £000	DSP – face value of shares due to vest in 2027 £000	Total value of 2023 annual bonus £000	Cash and DSP shares awarded as a % of maximum available bonus
Gerard Ryan ¹	104%	26%	£566.12	£188.70	£754.82	100%
Gary Thompson	104%	26%	£219.17	£219.17	£438.34	100%

1. Gerard Ryan has met the executive director shareholding requirement in 2023, therefore 25%, rather than 50%, of bonus is deferred in line with policy.

In accordance with the 2023 Policy, bonus is payable 50% in cash and up to 50% in deferred shares until the executive director has met the shareholding requirement of 200% of salary at which time 25% of the total bonus is deferred on the same basis. The deferred element will vest at the end of a three-year period, subject to the executive director not being dismissed for misconduct. There are also provisions for clawback with respect to the cash element of the bonus, and malus and clawback with respect to the deferred element of bonus.

Pension

The Company has two pension schemes, the International Personal Finance plc Pension Scheme (the pension scheme), closed to future accrual, and the International Personal Finance Workplace Pension Scheme (the WPP).

The Company contribution rate for the Chief Executive Officer and the Chief Financial Officer is 12% of base salary (10.5% net). These contribution rates are in line with the wider workforce. At the discretion of the Committee, this may be paid wholly, or in part, as a cash allowance, net of employer's NI contributions.

The Company's contributions in respect of Gerard Ryan during 2023 amounted to £61,245, all of which was paid as a cash allowance. The Company's contributions in respect of Gary Thompson during 2023 amounted to £36,869, of which £26,036 was paid as a cash allowance.

Long-term incentives

Awards estimated to vest during 2024 (included in 2023 single figure)

The LTIP amount included in the 2023 single figure table relates to the PSP awards granted in March 2021. The performance achieved against the performance targets is shown below:

PSP

Performance Condition	Weighting	Threshold	Maximum	Achieved	Projected vesting
Absolute TSR performance ¹	50%	30%	60%	116%	100%
Cumulative EPS growth	25%	45.1 pence	54.8 pence	59.0 pence	100%
Net revenue growth	25%	11.60%	14.10%	14.20%	100%
Total					100%

1. Based on TSR from 1 January 2021 and 31 December 2023.

Awards granted in 2023

Executive directors were granted long-term incentive plan awards structured as RSP conditional awards in May 2023, in line with the 2023 Remuneration Policy. The resulting number of RSP conditional awards and associated performance underpins are set out below.

Name	Number of RSP conditional awards	Face value ¹ £	Percentage of base salary	End of performance period	Performance underpin
Gerard Ryan	481,338	£470,106	80%	31 December 2025	Adherence to the Group's dividend policy and a further basket of underpin factors for the relevant three-year vesting period (see page 116)
Gary Thompson	279,523	£273,000	80%	31 December 2025	Adherence to the Group's dividend policy and a further basket of underpin factors for the relevant three-year vesting period (see page 116)

1. The face value was calculated using the mid-market closing price for the day preceding the date of grant, being 98 pence per share.

DSP

In 2023, half the annual bonus award earned by the Chief Executive Officer and Chief Financial Officer in respect of 2022 was deferred into shares. There are no further performance conditions attached to the vesting of the deferred shares. The following table sets out details of awards of nil-cost options made in the year under the DSP:

	Date of award	Face value ¹ £
Gerard Ryan	3 April 2023	£356,600
Gary Thompson	3 April 2023	£154,276

1. The face value was calculated using the mid-market closing price for the day preceding the date of grant, being 98 pence per share.

Save As You Earn (SAYE)

UK-based executive directors are entitled to participate in the Company's all-employee SAYE plan. The executive directors did not participate in the plan, therefore no options were granted to them under the plan in 2023.

Loss of office payments

No loss of office payments were made in 2023.

Payments to past directors

As previously disclosed in the 2021 Annual Report and Financial Statements, the Committee determined Justin Lockwood a good leaver at the time he ceased employment as Chief Financial Officer on 23 July 2021. Mr Lockwood's 2021 PSP award was subject to achievement of the performance targets outlined on page 122 and pro rated for time served during the performance period. As the performance targets were achieved in full, the pro rated number of shares vesting is 51,513. The shares will be subject to a two-year holding period.

Annual percentage change in the remuneration of directors and employees

The table below shows how the percentage change in each director's salary, benefits and bonus compared with the average percentage change in each of those components for employees, on a full-time equivalent basis. The table will build over time to show five years' data. Leavers during the year are excluded.

Percentage change in the relevant period	2020 vs. 2019			2021 vs. 2020			2022 vs. 2021			2023 vs. 2022		
	Base salary	Benefits ¹	Bonus ²	Base salary	Benefits ¹	Bonus ²	Base salary	Benefits ¹	Bonus ²	Base salary	Benefits ¹	Bonus ²
Executive directors												
Gerard Ryan ³	1%	0%	-100%	0%	0%	100%	5%	-1%	5%	5%	110%	6%
Gary Thompson ⁴	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Non-executive directors												
Deborah Davis	0%	N/A	N/A	12%	N/A	N/A	5%	N/A	N/A	0%	N/A	N/A
Richard Holmes ⁵	N/A	N/A	N/A	N/A	N/A	N/A	15%	N/A	N/A	-2%	N/A	N/A
Stuart Sinclair	N/A	N/A	N/A	N/A	N/A	N/A	0%	N/A	N/A	0%	N/A	N/A
Katrina Cliffe ⁶	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Aileen Wallace ⁷	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Employees	1%	3%	-100%	-2%	-2%	100%	15%	3%	1%	8%	0%	-16%

1. Non-executive directors are ineligible for any benefits.

2. Non-executive directors are ineligible for any bonus.

3. Gerard Ryan's benefits in 2023 include additional costs of £27,000 related to expenses associated with an extended period of business travel for which the Board agreed it was appropriate for his wife to accompany him. All costs associated with her travel were borne by the Company.

4. Gary Thompson joined in April 2022 and received pro rata salary benefits and bonus in that year; therefore the percentage change is not reflective of a normal year-on-year comparison.

5. Richard Holmes stood down from the role of Senior Independent Director on 1 December 2023 and received pro rata fees for the year in respect of that role. As such, the percentage change is not reflective of a normal year-on-year comparison.

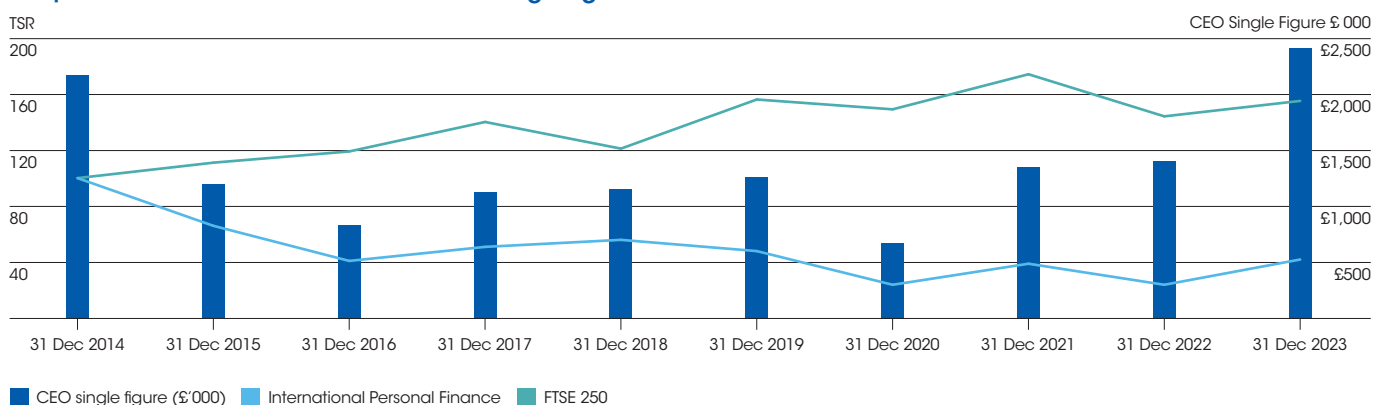
6. Katrina Cliffe was appointed to the Board with effect from 1 August 2022, receiving pro rata fees in 2022, and was subsequently appointed to Senior Independent Director from 1 December 2023. As such, the percentage change is not reflective of a normal year-on-year comparison.

7. Aileen Wallace was appointed to the Board on 20 December 2022 but received no payment in 2022. As such, the percentage change is not reflective of a normal year-on-year comparison.

TSR performance

The graph below compares the TSR of the Company with the companies comprising the FTSE 250 Index for the 10-year period ended 31 December 2023. This index was chosen for comparison because it is the index in which IPF was listed originally, and to which it continues to compare itself. TSR data is presented in tandem with Chief Executive Officer single figure total remuneration for the same period to highlight the relationship between remuneration and shareholder returns.

TSR performance vs Chief Executive Officer single figure of total remuneration



The table below shows the corresponding Chief Executive Officer remuneration, as well as the annual variable element award rates and long-term vesting rates against maximum over the same period:

Year	Chief Executive Officer	Chief Executive Officer single figure of remuneration £000	Annual bonus payout (as % of maximum opportunity)	LTIP vesting (as % of maximum opportunity)
2023	Gerard Ryan	2,417	100.0%	100.0%
2022	Gerard Ryan	1,409	98.0%	-
2021	Gerard Ryan	1,353	98.3%	-
2020	Gerard Ryan	677	-	-
2019	Gerard Ryan	1,260	72.3%	33.0%
2018	Gerard Ryan	1,158	98.0%	-
2017	Gerard Ryan	1,130	96.6%	-
2016	Gerard Ryan	838	16.0%	23.3%
2015	Gerard Ryan	1,197	45.0%	58.8%
2014	Gerard Ryan	2,172	74.2%	100.0%

Relative spend on pay

The table below shows the expenditure and percentage change in overall spend on employee remuneration and dividend:

	2023 £m	2022 £m	Percentage change
Overall expenditure on pay	198.4	168.4	18% ¹
Dividend paid in the year	21.5	18.9	14%

1. The percentage change at a constant exchange rate is 12.7%.

Other directorships

Neither executive director currently holds any external directorships or external appointments.

Directors' shareholdings and share interests (audited information)

The interests of each person who has served as a director of the Company during the year as at 31 December 2023 (together with interests held by his or her persons closely associated) are shown in the table below. Katrina Cliffe and Aileen Wallace are currently within the three-year period to build their shareholding. Stuart Sinclair, however, has served the Company for more than three years and his shareholding is therefore currently below the required quantum. This will be rectified as soon as practicable. Executive directors are required to retain half of any vested Company share plan options until the shareholding requirement is met.

	Shares held Owned outright	Executive directors' interests in Company share plans				Shareholding required (% salary/fee)	Shareholding (% salary/fee) ¹	Requirement met
		Unvested and subject to performance conditions	Unvested and subject to deferral only	Unvested and subject to continued employment	Vested but not yet exercisable and subject to continued employment			
Executive directors²								
Gerard Ryan	1,549,411	2,470,387	741,579	-	-	200	314	Y
Gary Thompson	150,000	662,628	157,425	24,000	-	200	52	N
Non-executive directors³								
Katrina Cliffe	40,000	-	-	-	-	100	63	N
Deborah Davis	60,000	-	-	-	-	100	110	Y
Richard Holmes	275,133	-	-	-	-	100	468	Y
Stuart Sinclair	86,944	-	-	-	-	100	52	N
Aileen Wallace	21,443	-	-	-	-	100	46	N

1. Based on a share price of 119 pence, being the closing price on 29 December 2023 and using the non-executive directors' base fee. Any vested but unexercised shares are included in the shareholding requirement calculation net of tax and national insurance.

2. Executive directors are expected to acquire a beneficial shareholding over time, with 50% of all share awards vesting to be retained until the requirement is met. Of the 1.5 million shares held by Gerard Ryan, 0.9 million were purchased outright by him using his own funds.

3. Non-executive directors are expected to acquire a beneficial shareholding equivalent to 100% of their director fee within three years of appointment.

There were no changes to these interests between 31 December 2023 and 14 March 2024, with the exception of Stuart Sinclair who purchased 21,553 shares on 1 February 2024, and an additional 21,553 shares on 2 February 2024. Following these purchases, Stuart's total shareholding in the Company was 130,050 shares.

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

The current shareholding requirements for executive and non-executive directors are described in the 2023 Remuneration Policy which can be found on pages 100 to 109 of the 2022 Annual Report and Financial Statements, available in the Investor section of the Company website at www.ipfin.co.uk.

Executive directors' interests in Company share plans (audited information)

	Date of award	Awards held at 31 December 2022	Awarded in 2023	Exercised in 2023	Lapsed / Surrendered in 2023	Awards held at 31 December 2023	Performance condition period	Market price at date of grant (p)	Exercise price (p)	Exercise period
Gerard Ryan										
PSP	23 Mar 21	810,185	-	-	-	810,185	01 Jan 2021 - 31 Dec 2023	104	-	23 Mar 2024 - 22 Mar 2031
	10 Mar 22	1,178,864	-	-	-	1,178,864	01 Jan 2022 - 31 Dec 2024	97	-	10 Mar 2025 - 9 May 2032
RSP	10 May 23	-	481,338	-	-	481,338	01 Jan 2023 - 31 Dec 2025	99	-	10 May 2026 - 09 May 2033
Deferred	28 Feb 20	119,608	-	(119,608)	-	-	-	146	1.1	-
Deferred	10 Mar 22	377,701	-	-	-	377,701	-	97	-	-
Deferred	3 Apr 23	-	363,878	-	-	363,878	-	103	-	-
SAYE	30 Aug 19	20,930	-	(20,930)	-	-	-	-	86	1 Nov 2022 - 31 May 2023
Total		2,507,288	845,216	(140,538)	-	3,211,966				

	Date of award	Awards held at 31 December 2022	Awarded in 2023	Exercised in 2023	Lapsed / Surrendered in 2023	Awards held at 31 December 2023	Performance condition period	Market price at date of grant (p)	Exercise price (p)	Exercise period
Gary Thompson										
PSP	05 Apr 22	383,105	-	-	-	383,105	01 Jan 2022 – 31 Dec 2024	106	-	05 Apr 2025 – 04 Apr 2032
RSP	10 May 23	-	279,523	-	-	279,523	01 Jan 2023 – 31 Dec 2025	99	-	10 May 2026 – 09 May 2033
Deferred	03 Apr 23	-	157,425	-	-	157,425	-	103	-	-
SAYE	26 Aug 22	24,000	-	-	-	24,000	-	-	75	01 Nov 2025 – 31 May 2026
Total		407,105	436,948	-	-	844,053				

Share dilution

The Company manages dilution rates within the standard guidelines of 10% of issued ordinary share capital in respect of the all-employee share plan and 5% in respect of discretionary plans.

Shareholder voting

The table below summarises the total voting outcomes at the 2023 AGM, including the percentage of total votes cast and number of votes withheld:

AGM		Votes for		Votes against		Withheld ¹
2023	Annual Remuneration Report	143,779,893	77.05%	42,827,128	22.95%	247,993
2023	Directors' Remuneration Policy	185,597,585	99.33%	1,246,936	0.67%	10,493

1. Votes withheld are not counted in the votes for or against a resolution but would be considered by the Committee in the event of a significant number of votes being withheld.

Statement of Remuneration Policy implementation for 2024

The base salary for the Chief Executive Officer will increase by 4.5% to £614,076.

The base salary for the Chief Financial Officer will increase by 4.5% to £356,606.

Maximum bonus opportunity will be 130% of base salary (on target 50% of maximum), in line with the 2023 Policy, with performance measures weighted 80% financial and strategic and 20% personal, also in line with the 2023 Policy. Annual bonus targets are not disclosed on a forward-looking basis because they are considered by the Board to be commercially sensitive but will continue to be disclosed retrospectively to ensure transparency.

The Committee expects to make 2024 RSP awards prior to the 2024 AGM in accordance with the 2023 Remuneration Policy; awards will be at 80% of base salary for the Chief Executive Officer and 80% for the Chief Financial Officer, in line with the 2023 Remuneration Policy.

The central, quantifiable financial underpin for 2024 RSP awards will be adherence to IPF's dividend policy throughout the vesting period of the RSP grant. To ensure a robust assessment, the Committee will consider a further basket of underpin factors at the end of the three-year vesting period, as follows:

1. the extent to which any windfall gains have arisen as a result of any marked appreciation in share price;
2. whether there have been any material sanctions or fines issued by a regulatory body (which may give rise to allocation of individual or collective responsibility);
3. any material damage to the reputation of individual Group Companies, or the Group itself (which may give rise to allocation of individual or collective responsibility);
4. the level of employee and customer representative engagement over the vesting period; and
5. the level of customer engagement (as measured by Net Promoter Score, our Rep Track survey or other such means as determined by the Committee).

Approved by the Board

Deborah Davis

Chair of the Committee

14 March 2024