

# Directors' report

## Other matters

### Directors and their interests

Roger Hattam and Mark Stevens were appointed to the Board on 1 May 2007 as Group Product and Marketing Director and Group Sales Director respectively. Michael Buckley was appointed to the Board on 26 July 2007 as a Non-executive Director. Chris Gillespie resigned from the Board on 1 May 2007 and George Cox retired from the Board on 31 December 2007.

Rod Kent, Nicholas Cosh and Steven Crawshaw will retire by rotation at the forthcoming Annual General Meeting ('AGM') and offer themselves for re-appointment under the terms of the Articles of Association. Roger Hattam, Mark Stevens and Michael Buckley, who were appointed since the last AGM, are required to retire by rotation at the AGM and seek re-appointment in accordance with the Articles of Association. Details of the service contract notice periods for Messrs Crawshaw, Hattam and Stevens are contained in the table on page 36. Messrs Kent, Cosh and Buckley do not have service contracts.

For further information see pages → 22-23

The beneficial holdings in shares shown below include the Directors' personal holdings and those of their spouses and minor children.

For further information see pages → 33-39

There has been no change in the Directors' interests in shares or options granted by the Company between the end of the financial year and one month prior to the notice of the AGM.

Ordinary shares	At 31 December 2007	At 31 December 2006
Rod Kent	25,000	25,000
Michael Buckley	-	-
Ian Cheshire	328	328
Nicholas Cosh	8,000	8,000
Steven Crawshaw	184,536	146,005
Robert Dickie	75,386	38,707
Roger Hattam	20,343	16,492*
Louise Patten	7,500	7,500
Mark Stevens	10,691	10,691*
Stephen Webster	3,156	3,000
Chris Willford	250	250

\* number of shares on appointment.

No Director had any material interest during the year in any contract of significance to the Group's business.

### Disclosure of information to the auditor

As at the date of this report each person who is a Director confirms that:

- so far as each Director is aware there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken such steps as he or she should have taken as a Director in order to make him or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985.

For further information see pages → 25-27

### Share capital

#### a) Issue of ordinary shares

During 2007, no new ordinary shares were issued. The number of issued ordinary shares at 31 December 2007 was 617,674,534.

#### b) Purchase of ordinary shares

At the AGM in 2007, the shareholders authorised the Company to purchase up to 63.4 million of the Ordinary 25 pence shares. This was a renewal of the authority granted in previous years. During the year 16.75 million shares were purchased at a cost of £58.6 million. The shares bought back were cancelled from the number of shares in issue. The number of shares in issue reduced as a consequence of this programme from 634 million to 618 million.

The authority to purchase shares remains valid until the earlier of the AGM in 2008 or 22 October 2008. A resolution will be put to shareholders to renew the authority at the forthcoming AGM.

For further information see note → 38

### Change of control provisions

The following key contracts contain change of control provisions:

- ASDA Financial Services Limited: Intermediary services and account operating services agreement;
- Homeloan Management Limited: Mortgage settlement and related administration agreement;
- Newcastle Building Society: Savings account operating services agreement;
- Vertex Limited (formerly The Marlborough Group plc): Supply agreement; and
- Xit2 Limited (formerly The Valuation Exchange Limited): Services agreement.

The impact of such provisions is that on a change of control of the Company certain of the agreements with the Company, or its subsidiaries may alter or terminate.

### Employee involvement

During the year we have continued to maintain and develop policies and approaches which enable:

- sharing information with employees;
- consultation with employees and decisions affecting employees' interests;
- encouraging employee involvement in the Company's performance through employees' share schemes or by other means; and
- achieving a common awareness on the part of all employees of the financial and economic factors affecting performance of the Company.

### Major shareholders

At the date of this report the following interests of 3% or more in the total voting rights of the issued share capital of the Company had been notified in accordance with Disclosure and Transparency Rules of the FSA:

Standard Life Investments	5.715%
Prudential Plc	5.312%
Invesco Ltd	5.085%
Legal & General Group plc	4.000%
Deutsche Bank AG	3.170%
Barclays Plc	3.020%

### Corporate social responsibility

Bradford & Bingley is committed to carrying out its activities in a socially responsible manner in respect of the environment, employees (including equal opportunities, employee participation, staff incentives), customers, shareholders, local communities and other stakeholders.

For further information see pages → 28-32

### Charitable and political donations

During 2007, the Group allocated £1,850,616 to its programme of community investment, including payments to charitable organisations of £664,750.

For further information see pages → 31-32

No contributions were made for political purposes in 2007. We do not plan to make any payments that might be deemed to be political in nature.

### Creditor payment policy

It is the policy of the Company to pay creditor invoices within 30 days of the invoice date. The Company is willing to consider requests by small suppliers for a shorter settlement period. The average number of creditor days in 2007 was 13 days (2006: 14 days).

### Annual General Meeting

The Notice of the AGM to be held on 22 April 2008 is given in the separate AGM booklet. Included in the ordinary business of the Meeting will be resolutions to seek shareholder authority to renew the authority for the Directors to issue shares. Authority will also be sought to make changes to the Executive Incentive Plan 2004. The special business of the Meeting will seek shareholder authority to disapply the statutory pre-emption rights to certain share issues and to enable the Company to make market purchases of its own shares up to a maximum of 61.7 million shares. Authority will also be sought to approve changes to the Articles of Association.

### Auditor

A resolution to re-appoint KPMG Audit Plc will be put to members at the forthcoming AGM.

Paul Hopkinson, Company Secretary, on behalf of the Board, 12 February 2008.