RNS Number : 5901T
Manx Financial Group PLC
21 March 2023

FOR IMMEDIATE RELEASE
21st March 2023

Manx Financial Group PLC (the 'Company' or the 'Group')

Report and accounts for the year ended 31 December 2022

Manx Financial Group PLC (LSE: MFX), the financial services group which includes Conister Bank Limited, Conister Finance & Leasing Ltd, Blue Star Business Solutions Limited, Edgewater Associates Limited and MFX Limited presents its audited final results for the year ended 31 December 2022.

Jim Mellon, Executive Chairman, commented: " The year's financial performance sets a record despite the continued economic uncertainty in the Isle of Man and the UK throughout 2022. Profit before tax payable increased by £2.2 million to £5.2 million, an increase of over 70%. As a result, we are well-positioned to support the growth in profitability for 2023."

The 2022 Audited Annual Report and Accounts will be posted to Shareholders and will be available from the Company's website www.mfg.im shortly. Details concerning the 2023 Annual General Meeting will be announced in due course.

This announcement contains inside information for the purposes of Article 7 of EU Regulation No. 596/2014 on market abuse. Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

For further information, please contact:

Manx Financial Group PLC	Beaumont Cornish Limited	Greentarget Limited
Denham Eke,	**Roland Cornish/James Biddle**	**Jamie Brownlee**
Executive Vice Chairman	**Tel +44 (0) 20 7628 3396**	**Tel +44 (0) 20 3307 5726**
Tel +44 (0)1624 694694		

Dear Shareholders

Introduction

In my report last year, I discussed the negative economic environment and how it would result in higher interest rates and higher inflation despite a tight employment market. With the Isle of Man and UK economy now proving more resilient, with inflation falling faster than expected, and the labour market remaining robust, it appears likely that the Bank of England will avoid declaring a further interest rate rise. Indeed, in now looks as if the UK will avoid a recession altogether. Notwithstanding, I also predicted that excellent acquisition opportunities would arise in this environment, and I still believe this to be the case, and that our strengthened balance sheet positions us well to take advantage of them.

Our principal operating subsidiaries' strategy of growth through gaining market share in recession-proof markets, both organically and through acquisition, has allowed us this year to take advantage of opportunities in a prudent and compliant manner. In our Interims, I was pleased to report our strongest profit before tax payable in more than a decade and now I am equally pleased to report a record full-year profit before tax payable of £5.2 million (2021: £3.0 million) - an increase of 71.2%.

These record results have improved our balance sheet by £70.5 million to £379.3 million (2021: 308.8 million) and our shareholder equity by £4.8 million to £29.8 million (2021: £25.0 million). This further underpins the Board's commitment to return 10.0% of the Group's profit available to shareholders each year in the form of cash and shares. This year, the total dividend available for payment is £0.433 million (2021: £0.279 million). Thus, the amount recommended for shareholder approval will be 0.3764 pence per share (2021: 0.2443 pence per share), a 54.1% uplift, as we continue to reward our loyal shareholders.

Financial Performance

This year's financial performance is a record year despite the continued economic uncertainty in the Isle of Man and the UK. Profit before tax payable increased by £2.2 million to £5.2 million (2021: £3.0 million), a growth of over 70%. For the second year running, Conister Bank Limited set a new lending milestone of £231.4 million (2021: £212.6 million), an increase of 8.8%. Whilst the cost of deposits increased in the second half of the year as the Bank of England increased interest rates to dampen inflationary pressures, the Group improved its Net Interest Margin by £6.4 million to £24.4 million (2021: £18.0 million). With other subsidiaries making a positive contribution, notably Conister Finance & Leasing Limited, MFX Limited and Payment Assist Limited, this resulted in Operating Income of £26.1 million (2021: £20.0 million), despite last year benefitting from a £0.7 million revaluation credit.

Operating Expenses, excluding provisions, increased by £4.3 million to £16.9 million (2021: £12.6 million), with £2.6 million relating to incremental personnel expenses, driven by acquisitions and further investment in our UK headcount, in readiness of receiving our recently applied for UK Branch deposit taking licence. The balance, £1.7 million, relates to further IT investment; increased travel costs post the pandemic; general overheads; and the impairment of a portion of the goodwill carried in respect of our Isle of Man based IFA. Impairments reduced by £0.4 million to £4.0 million (2021: £4.4 million) and total overheads, including operating expenses and impairments, increased by £3.9 million to £20.9 million (2021: £17.0 million). Our Profit Before Tax ratio, measured as profit before tax as a percentage of total income, improved by 3.7% to 17.0% (2021: 13.3%). Another key operational efficiency measure, our Loan to Deposit ratio, also improved, this time by 5.4% to 95.8% (2021: 90.4%).

Turning to our balance sheet, our Total Assets increased by £70.5 million to £379.3 million (2021: £308.8 million), a growth of 22.8%. This was driven mostly by a £62.2 million increase in our loan book. As part of our prudent approach to maintaining our balance sheet, we continue to value any government backed assets monthly on a mark-to-market basis so that their carrying value always reflects their true current market value. Our Isle of Man depositors continued to support the business, with deposits increasing by £50.7 million to £304.2 million (2021: £253.5 million). Total Liabilities stood at £349.5 million (2021: £283.8 million), leading to an increase in total equity of £4.8 million to £29.8 million (2021: £25.0 million). A measure of the Company's financial wellbeing, our Debt to Asset ratio, which we measure on a conservative basis as being total debt as a percentage of total tangible assets (discounting goodwill and intangibles) remains robust at 91.7% (2021: 92.4%), meaning our liabilities are covered by assets 1.1 times (2021: 1.1 times).

Key Objectives

Whilst the drivers of economic uncertainty have shifted over the last four years, our key objective of safely growing shareholder value has remained unchanged. Thus, our strategic focus has continued to be as previously reported, namely to:

- Provide the highest quality of service throughout our operations to all customers, ensuring that their treatment is both fair and appropriate;
- Adopt a pro-active strategy to managing risk within a structured and compliant manner;
- Concentrate on developing our core business by considered acquisitions, increasing prudential lending, and augmenting the range of financial services we offer;
- Prudently progress the implementation of an enhanced and scalable IT infrastructure to better service the operational requirements of a growing Group without the requirement for a disproportionate increase in headcount and other associated operational costs;
- Continue to develop our Treasury management to improve the return on the liability side of our balance sheet; and
- Manage our balance sheet to exceed the regulatory requirements for capital adequacy.

Our Strategic Report is set out in greater detail later in these accounts. Our approach to Risk Management is set out later in these accounts.

Environmental, Social and Corporate Governance

Climate change presents financial and reputational risks for the financial services industry. The Board consider climate change a material risk as per the Board-approved risk appetite framework, which provides a structured approach to risk-taking within agreed boundaries. The assessment framework is proportional at present, but it will develop over time as the Group generates further resources, and industry consensus emerges. Whilst it is difficult to assess how climate change will unfold, the Group is continually assessing various risk exposures. Both Isle of Man and the UK have committed to cut their greenhouse gas emissions to "net-zero" by 2050. There is growing consensus that an orderly transition to a low-carbon economy will bring substantial adjustments to the global economy, which will have financial implications while bringing risks and opportunities. The risk assessment process has been integrated into our existing risk frameworks and will be governed through the various risk governance structures, including review and recommendations by the Group's Risk Committee.

The Group is continuously developing a suitable strategic approach to climate change and the unique challenges it poses. In addition to the modelling of various scenarios and various governance reviews, the Group will continue to monitor requirements through its relationship with UK Finance and the equivalent Isle of Man forums.

Our Corporate Governance Report and a review of our compliance with the principles of the Quoted Companies Alliance Code is set out in greater detail later in these accounts. A more detailed review of our ESG compliance is set out on later in these accounts.

Conister Bank Limited and Conister Finance and Leasing Limited

Both the Bank and CF&L continued to progress with prudent lending strategies, with the loan book increasing by £57.7 million to £292.1 million (2021: £234.4 million). We recorded growth in both of our markets, namely, our home market, the Isle of Man, and the UK.

The Isle of Man market's demand for loan finance has virtually returned to its pre-pandemic levels, and the Bank has improved its market share through flexible online offerings. On Island, the Bank lent a record £50.5 million (2021: £42.9 million) to consumers and Small and Medium Sized Enterprises ("SMEs"), with over 65.0% (2021: 60.0%) of this originating from our online portal.

In the UK, the Bank lent £150.0 million (2021: £114.1 million) in its Structured Finance division, which has been identified as a future key area of growth for the Bank. These products are designed in such a manner as to provide the Bank with additional collateral enhancements. This allows the Bank to hold lower loss provisions, supporting its demonstrable history of safe lending in this market.

With Government guarantee support schemes tapering off, it is encouraging to see our UK SME Broker division return to pre-Covid levels of lending of £30.9 million (2021: £11.1 million). These guarantee schemes were an important lending stream for the Bank.

The Bank continues to seek acquisitions that provide access to niche lending markets in the UK. By owning the customer, the Bank continued its strategy to reduce its reliance on other introducers and their expensive commissions. In the last year, I am pleased to say that whilst interest income increased by £3.3 million to £25.3 million (2021: £22.0 million), commissions decreased by 6.6%, or £0.3 million, to £3.2 million (2021: £3.5 million).

The Bank's Isle of Man depositor base remains very loyal, with a retention rate in excess of 78.0% (2021: 70.0%). Whilst we continue to introduce new products for this market, it remains our intention to reduce our on-Island reliance. As such, we have embarked on an application to the PRA to raise UK deposits through a UK Branch licence.

During the year, the Bank continued to attract deposits to fund lending, with deposits from customers increasing to £304.2 million (2021: £253.5 million), improving the Loan-to-Deposit ratio efficiency to 96.0% (2021: 92.5%). This helped to offset the rising interest rates, driven by the Bank of England base rate increases in its attempt to curb inflation. The Bank's average cost of funds at the end of the year had increased to 2.4% (2021: 1.5%). The Bank continues to hold significant cash reserves and debt securities totalling £57.9 million (2021: £58.5 million).

Turning to overheads, personnel expenses increased by £1.0 million, reflecting the additional staff costs associated with our UK growth strategy, but overall, overheads decreased to £8.0 million (2021: £8.3 million). Despite loan book growth of £57.7 million, provisioning decreased by £0.9 million to £3.4 million (2021: £4.3 million), reflecting the emergence from Covid related stresses in the credit book. Depreciation and amortisation narrowly fell by £0.1 million to £0.5 million (2021: £0.6 million). In total, the Bank's cost base increased by £0.6 million to £13.8 million (2021: £13.2 million), but driven by the increase in Net Interest Margin, the Bank's profit before tax margin increased by 3.4% to 8.2% (2021: 4.8%).

Total assets grew by £57.9 million to £354.7 million (2021: £296.8 million), a growth of 19.5%. Shareholder funds increased by £3.4 million to £34.6 million (2021: £31.2 million). The CET1 ratio reduced by 2.8% to 12.4% (2021: 15.2%), in line with loan book growth - a figure which is a prudent 3.9% above the Bank's regulatory minimum of 8.5%.

Edgewater Associates Limited

We have re-focused and resourced this business to meet the demands of legislation relating to the provision of regulated financial advice on the Isle of Man. In addition, through a project to improve our technology, our customer segmentation will allow an improved customer focused journey, which will also deliver operational efficiencies. In light of these two projects, revenue and profitability has remained fairly consistent year on year.

revenue and profitability has remained fairly consistent year-on-year.

Manx FX Limited

Our foreign exchange advisory continued to perform positively and recorded a record profit for the year of £1.4 million (2021: £1.2 million), with a marginal reduction in its Cost-to-Income ratio to 18.5% (2020: 18.8%). This is a highly cash-generative business which contributed £1.8 million (2021: £1.0 million) to the Group's treasury.

Blue Star Business Solutions Limited

Despite the challenging economic environment, Blue Star grew its brokered lending in the year by £0.7 million to £15.0 million (2021: £14.3 million). Of the total advanced, the Bank wrote £7.6 million (2021: £8.8 million), with the balance being passed to other funders - this business model will be developed in 2023 as a safe haven for growth for the Group.

The business was profitable in its own right and contributed £0.7 million (2021: £0.5 million) to the Group's operating income this year.

Ninkasi Rentals & Finance Limited

The business continued to be the largest fermentation tank lessor in the UK brewing market with a fleet size of 278 (2021: 261), providing 1.3 million litres of brewing capacity (2021: 1.2 million litres).

A key measure of performance is the deployment of its fleet, which is currently 81.0% (2021: 88.0%). The business, in addition to being profitable in its own right, generated £1.7 million (2021: £1.4 million) to the Group's income this year.

The Business Lending Exchange Limited

This is the first year in consolidating the full-year results of the Business Lending Exchange. Its loan book grew to £8.3 million (2021: £5.0 million) and its Group contribution of profit before tax increased to £0.5 million (2021: £0.1 million). When eliminating the impact of intra-group funding, the business contributed £1.1 million to Group profitability.

This business specialises in prudent lending through its experienced management team to the profitable sub-prime SME market, a sector to which the Bank lacked meaningful access.

Payment Assist Limited

On 21 September 2022, the Group announced its acquisition of 50.1% of Payment Assist's shares. Payment Assist ("PAL") was incorporated in 2013 to capitalise on the opportunity in the automotive sector to improve garage customer retention rates by providing a user-friendly method of enabling customers to spread their payments over a small period of time.

Since the acquisition, PAL has contributed £0.7 million of profit before tax. The PAL acquisition shows every sign that this will be a significantly profitable operation and an important contributor to the Group's profitability in the coming years.

Outlook

The set of results within this report demonstrates the value of the Group's diversified portfolio.

For our banking and lending subsidiaries, we will continue our strategy of investing in resilient and profitable growth sectors, which will allow us to protect our Net Interest Margin. By broadening our access to liquidity through our UK branch deposit-taking licence application, we will be able to arbitrage deposit rates to maximise this margin for the future. On the asset side of our balance sheet, demand for our products in both the Isle of Man and UK remains strong, and as a result, I would expect our 2023 Interim lending to be in excess of that reported in 2022's equivalent period. With the economic outlook suggesting a shallower, shorter recession than predicted in 2022, provisioning going forward should not be in excess of our historical norm. In summary, our lending businesses are well-positioned for this year.

In summary, our various business streams are well-positioned to support the growth in profitability for this year. Our Executive team will continue to safeguard each of these and to maximise suitable opportunities as they arise, whether they be through organic growth or accretive acquisitions.

Our Executive team will continue to protect our business and to maximise opportunities as they arise, whether they be through organic growth or accretive acquisitions.

Board changes

Whilst there has been no changes to your Board of Directors since the announcement of our Interim results, I would like again to put on record my sincere thanks to David Gibson, who retired after thirteen years serving this Board and five years acting as Chairman of our banking subsidiary.

Conclusion

Finally, I would like to thank each of our staff for their hard work and dedication in making this splendid result possible. I would also like to thank my fellow shareholders and other stakeholders for their enduring loyalty and support.

Jim Mellon

Executive Chairman

20 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December	Notes	**2022 £000**	2021 £000
Interest revenue calculated using the effective interest rate method		**28,978**	21,010
Other interest income		**1,765**	1,937
Interest expense		**(6,391)**	(4,967)
Net interest income	9	**24,352**	17,980
Fee and commission income	10	**4,719**	4,621
Fee and commission expense	10	**(3,569)**	(3,339)
Depreciation on leasing assets	22	**(16)**	(269)
Net trading income		**25,486**	18,993
Other operating income		**314**	365
(Loss) / gain on financial instruments	19	**(19)**	30
Realised gain / (loss) on debt securities	18	**292**	(1)
Revaluation on acquisition of subsidiary	32	**-**	660
Operating income		**26,073**	20,047
Personnel expenses	11	**(9,764)**	(7,156)
Other expenses	12	**(5,806)**	(4,500)
Provision for impairment on loans and advances to customers	13	**(3,990)**	(4,360)
Depreciation	22	**(738)**	(675)
Amortisation and impairment of intangibles	23	**(582)**	(458)
Share of profit of equity accounted investees, net of tax	30	**18**	32
VAT recovery	21	**-**	113
Profit before tax payable	14	**5,211**	3,043
Income tax expense	15	**(537)**	(234)
Profit for the year		**4,674**	2,809

For the year ended 31 December	Notes	**2022 £000**	2021 £000
Profit for the year		**4,674**	2,809
Other comprehensive income:			
Items that will be reclassified to profit or loss			
Unrealised gain / (loss) on debt securities	18	**131**	(18)
Items that will never be reclassified to profit or loss			
Revaluation gain on property, plant and equipment	22	**-**	15
Actuarial gain on defined benefit pension scheme taken to equity	28	**407**	172
Recognition of deferred tax credit on defined benefit pension		**-**	67
Total comprehensive income for the period attributable to owners		**5,212**	3,045
Profit attributable to:			
Owners of the Company		**4,331**	2,793
Non-controlling interests	32	**343**	16
		4,674	2,809
Total comprehensive income attributable to:			
Owners of the Company		**4,869**	3,029
Non-controlling interests	32	**343**	16
		5,212	3,045
Earnings per share - Profit for the year			
Basic earnings per share (pence)	16	**4.07**	2.46
Diluted earnings per share (pence)	16	**3.15**	1.97
Earnings per share - Total comprehensive income for the year			

Basic earnings per share (pence)	16	**4.54**	2.66
Diluted earnings per share (pence)	16	**3.50**	2.13

The Directors believe that all results derive from continuing activities.

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December	Notes	**2022 £000**	2021 £000
Dividend income		**1,575**	1,259
Interest income		**522**	518
Other income		**69**	78
Operating income		**2,166**	1,855
Personnel expenses	11	**(127)**	(129)
Administration expenses		**-**	(59)
Depreciation expense	22	**(65)**	(91)
Amortisation expense		**(2)**	(2)
Impairment of intercompany receivable		**-**	(545)
Profit before tax payable		**1,972**	1,029
Tax payable		**-**	-
Profit for the year		**1,972**	1,029
Total comprehensive income for the year		**1,972**	1,029

The Directors believe that all results derive from continuing activities.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December	Notes	**2022 £000**	2021 £000
Assets			
Cash and cash equivalents	17	**22,630**	20,279
Debt securities	18	**40,675**	40,987
Equity held at Fair Value Through Profit or Loss	33	**122**	68
Loans and advances to customers	20	**291,475**	229,251
Trade and other receivables	21	**4,211**	1,947
Property, plant and equipment	22	**6,714**	7,257
Intangible assets	23	**2,703**	2,508
Investment in associates	30	**155**	136
Goodwill	34	**10,576**	6,320
Total assets		**379,261**	308,753
Liabilities			
Deposits from customers	24	**304,199**	253,459
Creditors and accrued charges	25	**13,108**	4,745
Deferred consideration	26, 6(ii), 32	**262**	1,023
Loan notes	27	**31,332**	23,672
Pension liability	28	**237**	687
Deferred tax liability	15	**353**	182
Total liabilities		**349,491**	283,768
Equity			
Called up share capital	29	**19,195**	19,133
Profit and loss account		**10,371**	5,781
Revaluation reserve	22	**15**	15
Non-controlling interest	32	**189**	56
Total equity		**29,770**	24,985
Total liabilities and equity		**379,261**	308,753

COMPANY STATEMEENT OF FINANCIAL POSITION

As at 31 December	Notes	**2022 £000**	2021 £000
Assets			
Cash and cash equivalents	17	**1,761**	430
Trade and other receivables	21	**562**	472
Amounts due from Group undertakings	35	**9,907**	6,104
Property, plant and equipment	22	**201**	263
Intangible assets		**25**	20
Investment in subsidiaries	31	**23,597**	22,597

	Notes	2022	2021
Subordinated loans	35	**7,728**	7,728
Total assets		**43,781**	37,614
Liabilities			
Creditors and accrued charges	25	**440**	501
Amounts due to Group undertakings	35	**122**	3,309
Loan notes	27	**31,332**	23,672
Total liabilities		**31,894**	27,482
Equity			
Called up share capital	29	**19,195**	19,133
Profit and loss account		**(7,308)**	(9,001)
Total equity		**11,887**	10,132
Total liabilities and equity		**43,781**	37,614

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company					
Group	**Share capital £000**	**Profit and loss account £000**	**Revaluation reserve £000**	**Total £000**	**Non-controlling interests £000**	**Total equity £000**
Balance as at 1 January 2021	19,121	3,230	-	22,351	84	22,435
Profit for the year	-	2,793	-	2,793	16	2,809
Other comprehensive income	-	221	15	236	-	236
Transactions with owners						
Dividends declared	12	(197)	-	(185)	-	(185)
Acquisition of subsidiary with non-controlling interest	-	(266)	-	(266)	(44)	(310)
Balance as at 31 December 2021	19,133	5,781	15	24,929	56	24,985
Profit for the year	**-**	**4,331**	**-**	**4,331**	**343**	**4,674**
Other comprehensive income	**-**	**538**	**-**	**538**	**-**	**538**
Transactions with owners						
Dividend declared (see note 29)	**62**	**(279)**	**-**	**(217)**	**-**	**(217)**
Acquisition of subsidiary with non-controlling interest	**-**	**-**	**-**	**-**	**(210)**	**(210)**
Balance as at 31 December 2022	**19,195**	**10,371**	**15**	**29,581**	**189**	**29,770**

Company	**Share capital £000**	**Profit and loss account £000**	**Total equity £000**
Balance as at 1 January 2021	19,121	(9,833)	9,288
Profit for the year	-	1,029	1,029
Dividends declared (see note 29)	12	(197)	(185)
Balance as at 31 December 2021	19,133	(9,001)	10,132
Profit for the year	**-**	**1,972**	**1,972**
Transactions with owners **Dividend declared (see note 29)**	**62**	**(279)**	**(217)**
Balance as at 31 December 2022	**19,195**	**(7,308)**	**11,887**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December	Notes	**2022 £000**	2021 £000
RECONCILIATION OF PROFIT BEFORE TAXATION TO OPERATING CASH FLOWS			
Profit before tax		**5,211**	3,043
Adjustments for:			
Depreciation	22	**754**	944
Amortisation of intangibles	23	**582**	458
Share of profit of equity accounted investees	30	**(18)**	(32)
Contingent consideration interest expense	6(ii)	**102**	114
Pension charge included in personnel expenses	28	**14**	13
Gain / (loss) on financial instruments	19	**19**	(30)
Revaluation on acquisition of subsidiary	32	**-**	(660)

		6,664	3,850
Changes in:			
Equity at FVTPL		**-**	4
Trade and other receivables		**(2,228)**	223
Creditors and accrued charges		**1,436**	(109)
Net cash flow from trading activities		**5,872**	3,968
Changes in:			
Loans and advances to customers		**(83,066)**	(53,816)
Deposits from customers		**50,740**	35,174
Pension contribution	28	**(57)**	(98)
Cash (outflow) / inflow from operating activities		**(26,511)**	(14,772)

CASH FLOW STATEMENT

Cash from operating activities			
Cash (outflow) / inflow from operating activities		**(26,511)**	(14,772)
Interest received		**30,136**	22,624
Interest paid		**(6,184)**	(4,936)
Income taxes paid		**(157)**	(10)
Net cash (used in) / from operating activities		**(2,716)**	2,906
Cash flows from investing activities			
Purchase of property, plant and equipment, excluding right-of-use assets	22	**(1,473)**	(2,109)
Purchase of intangible assets	23	**(504)**	(481)
Sale of property, plant and equipment	22	**2,083**	961
Acquisition of subsidiary or associate, net of cash acquired	32	**(1,785)**	(555)
Sale / (purchase) of debt securities		**442**	(15,473)
Deferred consideration on acquisition of subsidiary	6(ii),26	**(937)**	(120)
Net cash used in investing activities		**(2,174)**	(17,777)
Cash flows from financing activities			
Receipt of loan notes	27	**7,660**	1,450
Payment of lease liabilities (capital)	37	**(202)**	(201)
Dividend paid	29	**(217)**	(152)
Net cash from financing activities		**7,241**	1,097
Net increase / (decrease) in cash and cash equivalents		**2,351**	(13,774)
Cash and cash equivalents at 1 January		**20,279**	34,053
Cash and cash equivalents at 31 December		**22,630**	20,279

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December	Notes	**2022 £000**	2021 £000
RECONCILIATION OF PROFIT BEFORE TAXATION TO OPERATING CASH FLOWS			
Profit before tax		**1,972**	1,029
Adjustments for:			
Depreciation	22	**63**	91
Amortisation		**2**	2
Dividend income		**(1,575)**	(1,259)
		462	(137)
Changes in:			
Amounts due from group undertakings		**(2,228)**	(2,910)
Trade and other receivables		**(90)**	(163)
Creditors and accrued charges		**100**	66
Amounts due to Group undertakings		**(4,187)**	1,012
Cash outflow from operating activities		**(5,943)**	(2,132)

CASH FLOW STATEMENT

Cash from operating activities			
Cash outflow from operating activities		**(5,943)**	(2,132)
Net cash used in operating activities		**(5,943)**	(2,132)
Cash flows from investing activities			
Purchase of intangible assets		**(8)**	(15)
Net cash used in investing activities		**(8)**	(15)
Cash flows from financing activities			
Receipt of loan notes	27	**7,660**	1,450
Payment of finance lease liability		**(99)**	(99)
Dividend paid		**(279)**	(152)
Net cash from financing activities		**7,282**	1,199
Net increase / (decrease) in cash and cash equivalents		**1,331**	(948)
Cash and cash equivalents at 1 January		**430**	1,378

	2022	2021
Cash and cash equivalents at 31 December	**1,761**	430

The notes form part of these financial statements.

1. Reporting entity

Manx Financial Group PLC ("Company") is a company incorporated in the Isle of Man. The Company's registered office is at Clarendon House, Victoria Street, Douglas, Isle of Man, IM1 2LN. The consolidated financial statements of the Company for the year ended 31 December 2022 comprise the Company and its subsidiaries ("Group") including Conister Bank Limited (the "Bank"). The Group is primarily involved in the provision of financial services.

2. Basis of accounting

The consolidated and the separate financial statements of the Company have been prepared in accordance with international accounting standards in accordance with UK-adopted international accounting standards ("UK-adopted IFRS" or "IFRSs"), on a going concern basis as disclosed in the Directors' Report.

3. Functional and presentation currency

These financial statements are presented in pounds sterling, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated. All subsidiaries of the Group have pounds sterling as their functional currency.

4. Use of judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at year-end that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 23 and 34 - impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts;
- Note 44(G)(vii) - measurement of Expected Credit Loss ("ECL") allowance for loans and advances to customers and assessment of impairment allowances where loans are in default or arrears: key assumptions in determining the weighted-average loss rate; and

5. Financial instruments - Classification

For description of how the Group classifies financial assets and liabilities, see note 44(G)(ii).

The following table provides reconciliation between line items in the statement of financial position and categories of financial instruments.

Group **31 December 2022**	**Mandatorily at FVTPL** **£000**	**Designated as at FVTPL** **£000**	**FVOCI - debt instruments** **£000**	**FVOCI - equity instruments** **£000**	**Amortised cost** **£000**	**Total carrying amount** **£000**
Cash and cash equivalents	-	-	-	-	22,630	22,630
Debt securities	-	-	40,675	-	-	40,675
Equity held at Fair Value Through Profit or Loss	-	122	-	-	-	122
Loans and advances to customers	-	-	-	-	291,475	291,475
Trade and other receivables	-	-	-	-	4,211	4,211
Total financial assets	-	122	40,675	-	318,316	359,113
Deposits from customers	-	-	-	-	304,199	304,199
Creditor and accrued charges	-	-	-	-	13,108	13,108
Deferred consideration	-	262	-	-	-	262
Loan notes	-	-	-	-	31,332	31,332
Total financial liabilities	-	262	-	-	348,639	348,901

Group 31 December 2021	Mandatorily at FVTPL £000	Designated as at FVTPL £000	FVOCI - debt instruments £000	FVOCI - equity instruments £000	Amortised cost £000	Total carrying amount £000

Cash and cash equivalents	-	-	-	-	20,279	20,279
Debt securities	-	-	-	40,987	-	40,987
Equity held at Fair Value Through Profit or Loss	-	68	-	-	-	68
Loans and advances to customers	-	-	-	-	229,251	229,251
Trade and other receivables	-	-	-	-	1,947	1,947
Total financial assets	-	68	-	40,987	251,477	292,532
Deposits from customers	-	-	-	-	253,459	253,459
Creditor and accrued charges	-	-	-	-	4,745	4,745
Deferred consideration	-	-	1,023	-	-	1,023
Loan notes	-	-	-	-	23,672	23,672
Total financial liabilities	-	-	1,023	-	281,876	282,899

Company	**Mandatorily at FVTPL**	**Designated as at FVTPL**	**FVOCI - debt instruments**	**FVOCI - equity instruments**	**Amortised cost**	**Total carrying amount**
31 December 2022	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Cash and cash equivalents	-	-	-	-	**1,761**	**1,761**
Trade and other receivables	-	-	-	-	**562**	**562**
Amounts due from Group undertakings	-	-	-	-	**9,907**	**9,907**
Subordinated loans	-	-	-	-	**7,728**	**7,728**
Total financial assets	-	-	-	-	**19,958**	**19,958**
Creditor and accrued charges	-	-	-	-	**440**	**440**
Amounts due to Group undertakings	-	-	-	-	**122**	**122**
Loan notes	-	-	-	-	**31,332**	**31,332**
Total financial liabilities	-	-	-	-	**31,894**	**31,894**

Company	Mandatorily at FVTPL	Designated as at FVTPL	FVOCI - debt instruments	FVOCI - equity instruments	Amortised cost	Total carrying amount
31 December 2021	£000	£000	£000	£000	£000	£000
Cash and cash equivalents	-	-	-	-	430	430
Trade and other receivables	-	-	-	-	472	472
Amounts due from Group undertakings	-	-	-	-	6,104	6,104
Subordinated loans	-	-	-	-	7,728	7,728
Total financial assets	-	-	-	-	14,734	14,734
Creditor and accrued charges	-	-	-	-	501	501
Amounts due to Group undertakings	-	-	-	-	3,309	3,309
Loan notes	-	-	-	-	23,672	23,672
Total financial liabilities	-	-	-	-	27,482	27,482

6. Financial instruments - Fair values

For description of the Group's fair value measurement accounting policy, see note 44(G)(vi).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	**Fair value**			
31 December 2022	**Total £000**	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial assets measured at fair value					
Debt securities	**40,675**	-	**40,675**	-	**40,675**
Equity held at Fair Value Through Profit or Loss	**122**	-	-	**122**	**122**
	40,797	-	**40,675**	**122**	**40,797**
Financial assets not measured at fair value					
Cash and cash equivalents	**22,630**	-	-	-	-
Loans and advances to customers	**291,475**	-	-	-	-
Trade and other receivables	**4,211**	-	-	-	-
	318,316	-	-	-	-
Financial liabilities measured at fair value					
Deferred consideration	**262**	-	-	**262**	**262**
	262	-	-	**262**	**262**
Financial liabilities not measured at fair value					
Deposits from customers	**304,199**	-	-	-	-
Creditors and accrued charges	**13,108**	-	-	-	-
Loan notes	**31,332**	-	-	-	-
	348,639	-	-	-	-

	Carrying amount	**Fair value**			
31 December 2021	**Total £000**	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**

Financial assets measured at fair value					
Debt securities	40,987	-	40,987	-	40,987
Equity held at Fair Value Through Profit or Loss	68	-	-	68	68
	41,055	-	40,987	68	41,055
Financial assets not measured at fair value					
Cash and cash equivalents	20,279	-	-	-	-
Loans and advances to customers	229,251	-	-	-	-
Trade and other receivables	1,947	-	-	-	-
	251,477	-	-	-	-
Financial liabilities measured at fair value					
Deferred consideration	1,023	-	-	1,023	1,023
	1,023	-	-	1,023	1,023
Financial liabilities not measured at fair value					
Deposits from customers	253,459	-	-	-	-
Creditors and accrued charges	4,745	-	-	-	-
Loan notes	23,672	-	-	-	-
	281,876	-	-	-	-

Measurement of fair values

i. Valuation techniques and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Debt securities	Market comparison / discounted cash flow: The fair value is estimated considering a net present value calculated using discount rates derived from quoted yields of securities with similar maturity and credit rating that are traded in active markets.	Not applicable.	Not applicable.
Equities at Fair Value Through Profit or Loss	Net asset value	Expected net cash flows derived from the entity	The estimated fair value would increase (decrease) if the expected cash flows were higher (lower).
Deferred consideration	Discounted cash flows: The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate.	Expected cash flows £291,340 (2021: £1,133,820). Risk-adjusted discount rate 14% (2021: 14%).	The estimated fair value would increase (decrease) if: -the expected cash flows were higher (lower); or -the risk-adjusted discount rate was lower (higher).

ii. Level 3 recurring fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	2022 £000	2021 £000
Balance at 1 January	**1,023**	672
Assumed in a business combination (Note 32)	**-**	387
Finance costs	**102**	114
Net change in fair value (unrealised)	**74**	(30)
	176	84
Payment (note 26)	**(937)**	(120)
Balance at 31 December	**262**	1,023

Sensitivity analysis

For the fair value of contingent consideration, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant would have the following effects.

31 December 2022	**Profit or loss**	
	Increase £000	**Decrease** £000
Expected cash flows (10% movement)	**29**	(29)
Risk-adjusted discount rate (1% movement)	**5**	(3)

31 December 2021	**Profit or loss**	
	Increase £000	Decrease £000

Expected cash flows (10% movement)	**113**	66
Risk-adjusted discount rate (1% movement)	**12**	(8)

7. Financial risk review

Risk management

This note presents information about the Group's exposure to financial risks and the Group's management of capital. For information on the Group's financial risk management framework, see note 42.

A. Group Credit risk

For definition of credit risk and information on how credit risk is mitigated by the Group, see note 42.

The key assumptions used in determining the weighted-average loss rate are loss given default rate and probability of default. These metrics are calculated at individual product level (for example Hire Purchase, Lease). In determining probability of default, the Group considers market consensus estimates of the UK's forecast GDP, inflation and interest rate over the applicable loan term of the product. Over the next 3 years, the Group has forecast average GDP growth of -0.6%, inflation of 4.1% and BOE base rate of 2.6%.

i. Credit quality analysis

Loans and advances to customers

Explanation of the terms 'Stage 1', 'Stage 2' and 'Stage 3' is included in note 44(G)(vii).

An analysis of the credit risk on loans and advances to customers is as follows:

Group	**2022**				2021			
	Stage 1 £000	**Stage 2 £000**	**Stage 3 £000**	**Total £000**	Stage 1 £000	Stage 2 £000	Stage 3 £000	Total £000
Grade A	**273,332**	**-**	**-**	**273,332**	213,102	-	-	213,102
Grade B	**-**	**5,006**	**9,347**	**14,353**	-	5,735	5,594	11,329
Grade C	**391**	**-**	**17,622**	**18,013**	342	541	12,656	13,539
Gross value	**273,723**	**5,006**	**26,969**	**305,698**	213,444	6,276	18,250	237,970
Allowance for impairment	**(303)**	**(3)**	**(13,917)**	**(14,223)**	(503)	(124)	(8,092)	(8,719)
Carrying value	**273,420**	**5,003**	**13,052**	**291,475**	212,941	6,152	10,158	229,251

Loans are graded A to C depending on the level of risk. Grade A relates to agreements with the lowest risk, Grade B with medium risk and Grade C relates to agreements with the highest of risk.

The following table sets out information about the overdue status of loans and advances to customers in Stage 1, 2 and 3:

Group	**2022**				2021			
31 December	**Stage 1 £000**	**Stage 2 £000**	**Stage 3 £000**	**Total £000**	Stage 1 £000	Stage 2 £000	Stage 3 £000	Total £000
Current	**269,130**	**-**	**-**	**269,130**	210,491	-	-	210,491
Overdue < 30 days	**4,593**	**604**	**-**	**5,197**	2,953	-	-	2,953
Overdue > 30 days	**-**	**4,402**	**26,969**	**31,371**	-	6,276	18,250	24,526
	273,723	**5,006**	**26,969**	**305,698**	213,444	6,276	18,250	237,970

For Stage 3 loans and advances, the Bank holds collateral with a value of £12,927,000 (2021: £11,625,250) representing security cover of 48% (2021: 64%).

Debt securities, cash and cash equivalents

The following table sets out the credit quality of liquid assets:

Group	**2022 £000**	2021 £000
Government bonds and treasury bills		
Rated A to A+	**40,675**	40,987
Cash and cash equivalents		
Rated A to A+	**22,630**	20,279
Trade and other receivables		
Unrated	**4,211**	1,947
	67,516	63,213

The analysis has been based on Standard & Poor's ratings.

ii. Collateral and other credit enhancements

The Group holds collateral in the form of the underlying assets (typically private and commercial vehicles, plant and machinery) to loan arrangements as security for HP, finances leases, vehicle stocking plans, block discounting, wholesale funding arrangements, integrated wholesale funding arrangements and secured commercial loan balances, which are sub-categories of loans and advances to customers. In addition, the Group will take debentures, mortgages, personal and corporate guarantees, fixed and floating charges on specific assets such as cash and shares. The terms of enforcing such security can only occur on default, and when realised can only be used to settle the amount of debt and related collection fees. On occasion the Bank may realise a surplus if the defaulting party loses title to the underlying security as part of enforcement. In addition, the commission share schemes have an element of capital indemnified. During 2022, 61.0% of loans and advances had an element of capital indemnification (2021: 76.0%).

At the time of granting credit within the sub-categories listed above, the loan balances due are secured over the underlying assets held as collateral.

iii. Amounts arising from ECL

See accounting policy in note 44(G)(vii).

IFRS 9 significantly overhauled the requirements and methodology used to assess credit impairments by transitioning to a forward-looking approach based on an expected credit loss model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

After a detailed review, the Group devised and implemented an impairment methodology in light of the IFRS 9 requirements outlined above noting the following:

- A Significant Increase in Credit Risk ("SICR") is always deemed to occur when the borrower is 30 days past due on its contractual payments. If the Group becomes aware ahead of this time of non-compliance or financial difficulties of the borrower, such as loss of employment, avoiding contact with the Group then a SICR has also deemed to occur.
- A receivable is always deemed to be in default and credit-impaired when the borrower is 90 days past due on its contractual payments or earlier if the Group becomes aware of severe financial difficulties such as bankruptcy, individual voluntary arrangements, abscond or disappearance, fraudulent activity or other similar events.
- The ECL was derived by reviewing the Group's loss rate and loss-given-default over the past 5 years by product and geographical segment.
- The Group has assumed that the future economic conditions will broadly mirror the current environment and therefore the forecasted loss levels in the next 3 years will match the Group's experience in recent years.
- For portfolios where the Group has never had a default in its history or has robust credit enhancements such as credit insurance or default indemnities for the entire portfolio, then no IFRS 9 provision is made.
- If the Group holds objective evidence through specifically assessing a credit-impaired receivable and believes it will go on to completely recover the debt due to the collateral held and cooperation with the borrower, then no IFRS 9 provision is made.

There have been no significant changes to ECL assumptions from the prior year.

iv. Concentration of credit risk

Geographical

Lending is restricted to individuals and entities with Isle of Man, UK or Channel Islands addresses.

Segmental

The Bank is exposed to credit risk with regard to customer loan accounts, comprising HP and finance lease balances, unsecured personal loans, secured commercial loans, block discounting, vehicle stocking plan loans and wholesale funding agreements. In addition, the Bank lends via significant introducers into the UK. There was no introducer that accounted for more than 20% of the Bank's total lending portfolio at the end of 31 December 2022 (2021: none).

B. Group Liquidity risk

For the definition of liquidity risk and information on how liquidity risk is manged by the Group, see note 41.

i. Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers and short-term funding. For this purpose, net liquid assets includes cash and cash equivalents and investment-grade debt securities for which there is an active and liquid market.

Details of the reported Group ratio of net liquid assets to deposits from customers at the reporting date and during the reporting year were as follows:

	2022	2021
At 31 December	**20%**	24%
Average for the year	**22%**	25%
Maximum for the year	**25%**	28%
Minimum for the year	**19%**	20%

ii. Maturity analysis for financial liabilities and financial assets

The table below shows the Group's financial liabilities classified by their earliest possible contractual maturity, on an undiscounted basis including interest due at the end of the deposit term. Based on historical data, the Group's expected actual cash flow from these items vary from this analysis due to the expected re-investment of maturing customer deposits.

Residual contractual maturities of financial liabilities as at the reporting date (undiscounted):

31 December 2022	**Sight-8 days £000**	**>8 days - 1 month £000**	**>1 month - 3 months £000**	**>3 months - 6 months £000**	**>6 months - 1 year £000**	**>1 year - 3 years £000**	**>3 years - 5 years £000**	**>5 years £000**	**Total £000**
Deposits	**10,878**	**6,838**	**27,346**	**65,153**	**104,662**	**81,670**	**14,557**	**-**	**311,104**
Other liabilities	**691**	**116**	**1,796**	**3,717**	**13,196**	**22,354**	**6,697**	**590**	**49,157**
Total liabilities	**11,569**	**6,954**	**29,142**	**68,870**	**117,858**	**104,024**	**21,254**	**590**	**360,261**

31 December 2021	Sight-8 days £000	>8 days - 1 month £000	>1 month - 3 months £000	>3 months - 6 months £000	>6 months - 1 year £000	>1 year - 3 years £000	>3 years - 5 years £000	>5 years £000	Total £000
Deposits	6,864	4,743	18,359	63,733	61,891	88,036	16,738	-	260,364
Other liabilities	291	83	1,210	1,253	10,995	9,091	9,053	869	32,845
Total liabilities	7,155	4,826	19,569	64,986	72,886	97,127	25,791	869	293,209

Maturity of assets and liabilities at the reporting date:

31 December 2022	**Sight-8 days £000**	**>8 days - 1 month £000**	**>1 month - 3 months £000**	**>3 months - 6 months £000**	**>6 months - 1 year £000**	**>1 year - 3 years £000**	**>3 years - 5 years £000**	**>5 years £000**	**Total £000**
Assets									
Cash	**22,630**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**22,630**
Debt securities	**3,986**	**7,987**	**20,785**	**7,917**	**-**	**-**	**-**	**-**	**40,675**
Loans and advances	**8,038**	**10,952**	**27,913**	**40,730**	**47,813**	**106,755**	**46,176**	**3,098**	**291,475**
Other assets	**122**	**-**	**-**	**-**	**5,786**	**-**	**5,140**	**13,433**	**24,481**
Total assets	**34,776**	**18,939**	**48,698**	**48,647**	**53,599**	**106,755**	**51,316**	**16,531**	**379,261**
Liabilities									
Deposits	**10,878**	**6,380**	**26,552**	**64,251**	**103,561**	**78,984**	**13,593**	**-**	**304,199**
Other liabilities	**650**	**-**	**1,500**	**3,286**	**12,399**	**20,627**	**6,240**	**590**	**45,292**
Total liabilities	**11,528**	**6,380**	**28,052**	**67,537**	**115,960**	**99,611**	**19,833**	**590**	**349,491**

Maturity of assets and liabilities at the reporting date:

31 December 2021	Sight-8 days £000	>8 days - 1 month £000	>1 month - 3 months £000	>3 months - 6 months £000	>6 months - 1 year £000	>1 year - 3 years £000	>3 years - 5 years £000	>5 years £000	Total £000
Assets									
Cash	20,279	-	-	-	-	-	-	-	20,279

Debt securities	-	5,001	20,994	14,992	-	-	-	-	40,987
Loans and advances	9,271	8,372	12,378	25,458	30,835	94,395	44,081	4,462	229,252
Other assets	68	-	-	-	3,186	-	6,018	8,964	18,236
Total assets	29,618	13,373	33,372	40,450	34,021	94,395	50,099	13,426	308,754
Liabilities									
Deposits	6,864	4,285	17,565	62,831	60,790	85,350	15,774	-	253,459
Other liabilities	238	-	1,000	946	10,512	7,967	8,777	869	30,309
Total liabilities	7,102	4,285	18,565	63,777	71,302	93,317	24,551	869	283,768

iii. Liquidity reserves

The following table sets out the components of the Group's liquidity reserves:

	2022 Carrying amount £000	**2022 Fair value £000**	2021 Carrying amount £000	2021 Fair value £000
Balances with other banks	**20,954**	**20,954**	20,279	20,279
Unencumbered debt securities	**40,675**	**40,675**	40,987	40,987
Total liquidity reserves	**61,629**	**61,629**	61,266	61,266

C. Group Market risk

For the definition of market risk and information on how the Group manages the market risks of trading and non-trading portfolios, see note 42.

The following table sets out the allocation of assets and liabilities subject to market risk between trading and non-trading portfolios:

		Market risk measure	
31 December 2022	**Carrying amount £000**	**Trading portfolios £000**	**Non-trading portfolios £000**
Assets subject to market risk			
Debt securities	**40,675**	**-**	**40,675**
Equity held at Fair Value Through Profit or Loss	**122**	**-**	**122**
Total	**40,797**	**-**	**40,797**

		Market risk measure	
31 December 2021	Carrying amount £000	Trading portfolios £000	Non-trading portfolios £000
Assets subject to market risk			
Debt securities	40,987	-	40,987
Equity held at Fair Value Through Profit or Loss	68	-	68
Total	41,055	-	41,055

i. Exposure to interest rate risk

The following tables present the interest rate mismatch position between assets and liabilities over the respective maturity dates. The maturity dates are presented on a worst-case basis, with assets being recorded at their latest maturity and deposits from customers at their earliest.

31 December 2022	**Sight-1 month £000**	**>1month - 3months £000**	**>3months - 6months £000**	**>6months-1 year £000**	**>1 year - 3 years £000**	**>3 years - 5 years £000**	**>5 years £000**	**Non-Interest Bearing £000**	**Total £000**
Assets									
Cash & cash equivalents	**22,630**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**22,630**
Debt securities	**11,973**	**20,785**	**7,917**	**-**	**-**	**-**	**-**	**-**	**40,675**
Loans and advances to customers	**18,990**	**27,913**	**40,730**	**47,813**	**106,755**	**46,176**	**3,098**	**-**	**291,475**
Other assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**24,481**	**24,481**
Total assets	**53,593**	**48,698**	**48,647**	**47,813**	**106,755**	**46,176**	**3,098**	**24,481**	**379,261**
Liabilities and equity									
Deposits from									

from customers	**17,258**	**26,552**	**64,251**	**103,561**	**78,984**	**13,593**	**-**	**-**	**304,199**
Other liabilities	**650**	**1,500**	**3,286**	**905**	**20,627**	**6,240**	**237**	**11,847**	**45,292**
Total equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**29,770**	**29,770**
Total liabilities and equity	**17,908**	**28,052**	**67,537**	**104,466**	**99,611**	**19,833**	**237**	**41,617**	**379,261**
Interest rate sensitivity gap	**35,685**	**20,646**	**(18,890)**	**(56,653)**	**7,144**	**26,343**	**2,861**	**(17,136)**	**-**
Cumulative	**35,685**	**56,331**	**37,441**	**(19,212)**	**(12,068)**	**14,275**	**17,136**	**-**	**-**

31 December 2021	Sight-1 month £000	>1month - 3months £000	>3months - 6months £000	>6months- 1 year £000	>1 year - 3 years £000	>3 years - 5 years £000	>5 years £000	Non-Interest Bearing £000	Total £000
Assets									
Cash & cash equivalents	20,279	-	-	-	-	-	-	-	20,279
Debt securities	5,001	20,994	14,992	-	-	-	-	-	40,987
Loans and advances to customers	17,642	12,378	25,458	30,835	94,395	44,081	4,462	-	229,251
Other assets	-	-	-	-	-	-	-	18,236	18,236
Total assets	42,922	33,372	40,450	30,835	94,395	44,081	4,462	18,236	308,753
Liabilities and equity									
Deposits from customers	11,149	17,565	62,831	60,790	85,350	15,774	-	-	253,459
Other liabilities	238	1,000	946	7,050	7,967	8,777	687	3,644	30,309
Total equity	-	-	-	-	-	-	-	24,985	24,985
Total liabilities and equity	11,387	18,565	63,777	67,840	93,317	24,551	687	28,629	308,753
Interest rate sensitivity gap	31,535	14,807	(23,327)	(37,005)	1,078	19,530	3,775	(10,393)	-
Cumulative	31,535	46,342	23,015	(13,990)	(12,912)	6,618	10,393	-	-

The Bank monitors the impact of changes in interest rates on interest rate mismatch positions using a method consistent with the FSA required reporting standard. The methodology applies weightings to the net interest rate sensitivity gap in order to quantify the impact of an adverse change in interest rates of 2.0% per annum (2021: 2.0%). The following tables set out the estimated total impact of such a change based on the mismatch at the reporting date:

31 December 2022	**Sight-1 month**	**>1month - 3months**	**>3months - 6months**	**>6months - 1 year**	**>1 year - 3 years**	**>3 years - 5 years**	**>5 years**	**Non-Interest Bearing**	**Total**
Interest rate sensitivity gap £000	**35,685**	**20,646**	**(18,890)**	**(56,653)**	**7,144**	**26,343**	**2,861**	**(17,136)**	**-**
Weighting	**0.000**	**0.003**	**0.007**	**0.014**	**0.027**	**0.054**	**0.115**	**-**	**-**
£000	**-**	**62**	**(132)**	**(793)**	**193**	**1,423**	**329**	**-**	**1,082**

31 December 2021	Sight-1 month	>1month - 3months	>3months - 6months	>6months - 1 year	>1 year - 3 years	>3 years - 5 years	>5 years	Non-Interest Bearing	Total
Interest rate sensitivity gap £000	31,535	14,807	(23,327)	(37,005)	1,078	19,530	3,775	(10,393)	-
Weighting	0	0.003	0.007	0.014	0.027	0.054	0.115	0	0
£000	-	44	(163)	(518)	29	1,055	434	-	881

D. Group Capital Management

i. Regulatory capital

MFG and its subsidiaries maintain sufficient capital stock to cover risks inherent in their principal operating activities. The lead regulator of the Group's wholly owned subsidiary, the Bank, is the FSA. The FSA sets and monitors capital requirements for the Bank. The Bank maintains a capital base to meet the capital adequacy requirements of the FSA. There have been no changes to its approach to capital management from the prior year.

The Bank's regulatory capital consists of the following elements.

- Common Equity Tier 1 ("CET1") capital, which includes ordinary share capital, retained earnings and reserves after adjustment for deductions for goodwill, intangible assets and intercompany receivable.
- Tier 2 capital, which includes qualifying subordinated liabilities and any excess of impairment over expected losses.

The Bank's Tier 1 and Total Capital regulatory ratios stood at 12.4% (2021: 15.2%) and 15.2% (2021: 19.1%) respectively as at 31 December 2022. The Bank complied with all capital requirements externally imposed on it in the year with minimum Tier 1 and Overall Capital ratio of 8.5% and 14% respectively.

The FSA's approach to the measurement of capital adequacy is primarily based on monitoring the relationship of the capital resources requirement to available capital resources. The FSA sets individual capital guidance ("ICG") for the Bank in excess of the minimum capital resources requirement. A key input to the ICG setting process is the Bank's internal capital adequacy assessment process ("ICAAP").

The Bank is also regulated by the FCA in the UK for credit and brokerage related activities.

Further details of the Bank's management of capital are described in the Risk Management Report on page 10.

ii. Capital allocation

Management uses regulatory capital ratios to monitor its capital base. The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily on regulatory capital requirements.

E. Company Financial Risk Review

i. Credit risk

The Company is exposed to credit risk primarily from deposits with banks and from its financing activities of Group entities. These balances include Trade and other receivables, Amounts due from Group undertakings, Investment in subsidiaries and Subordinated loans. Cash balances are held with institutions with a credit rating of A to A+. The Group's primary credit exposure is to the Bank. The Investment in subsidiary and subordinated loan balance counterparties are disclosed in Note 31 and 35 respectively. Amounts due from Group undertakings relate to balances advanced to the Group's subsidiary (MVL) for the acquisition of other subsidiaries including PAL, BBSL, BLX and NRF. The Group manages its credit risk by ensuring that sufficient resources are allocated to credit management and capital allocation and using reputable financial institutions to hold its cash balances.

ii. Liquidity risk

The value and term of short term assets are monitored against those of the Company's liabilities. The Company maintains sufficient liquid assets to meet liabilities as they fall due either by retaining Interest income from the Subordinated loan, Dividend income from subsidiary companies or raising funds through the issue of Loan notes. Amounts due to / from Group undertakings are unsecured, interest-free and repayable on demand.

iii. Market risk

The Company does not have exposure to foreign exchange risk as transactions are made in and balances held in Sterling. The Company has both interest-bearing assets and liabilities. In order to manage interest rate risk, the Companies Subordinated loans and Loan notes are charged exclusively at fixed rates.

8. Operating segments

Segmental information is presented in respect of the Group's business segments. The Directors consider that the Group currently operates in one geographic segment comprising of the Isle of Man, UK and Channel Islands. The primary format, business segments, is based on the Group's management and internal reporting structure. The Directors consider that the Group operates in three (2021: three) product orientated segments in addition to its investing activities: Asset and Personal Finance (including provision of HP contracts, finance leases, personal loans, commercial loans, block discounting, vehicle stocking plans and wholesale funding agreements); Edgewater Associates Limited (provision of financial advice); and MFX Limited (provision of foreign currency transaction services).

For the year ended 31 December 2022	Asset and Personal Finance £000	Edgewater Associates £000	MFX Limited £000	Investing Activities £000	Total £000
Interest revenue calculated using the effective interest rate method	28,978	-	-	-	**28,978**

Other interest income	1,765	-	-	-	**1,765**
Interest expense	(6,391)	-	-	-	**(6,391)**
Net interest income	**24,352**	**-**	**-**	**-**	**24,352**
Components of Net Trading Income	(2,696)	2,096	1,734	-	**1,134**
Net trading income	**21,656**	**2,096**	**1,734**		**25,486**
Components of Operating Income	587	-	-	-	**587**
Operating Income	**22,243**	**2,096**	**1,734**	**-**	**26,073**
Depreciation	(640)	(31)	(2)	(65)	**(738)**
Amortisation and impairment of intangibles	(494)	(81)	(5)	(2)	**(582)**
Share of profit of equity accounted investees, net of tax	-	-	-	18	**18**
All other expenses	(17,226)	(1,943)	(314)	(77)	**(19,560)**
Profit / (loss) before tax payable	**3,883**	**41**	**1,413**	**(126)**	**5,211**
Capital expenditure	**1,794**	**55**	**3**	**1**	**1,853**
Total assets	**332,689**	**2,248**	**543**	**43,781**	**379,261**
Total liabilities	**316,921**	**513**	**163**	**31,894**	**349,491**

For the year ended 31 December 2021	Asset and Personal Finance £000	Edgewater Associates £000	MFX Limited £000	Investing Activities £000	Total £000
Interest revenue calculated using the effective interest rate method	21,010	-	-	-	21,010
Other interest income	1,937	-	-	-	1,937
Interest expense	(4,967)	-	-	-	(4,967)
Net interest income	17,980	-	-	-	17,980
Components of Net Trading Income	(2,783)	2,282	1,514	-	1,013
Net Trading Income	15,197	2,282	1,514	-	18,993
Components of Operating Income	1,054	-	-	-	1,054
Operating income	16,251	2,282	1,514	-	20,047
Depreciation	(560)	(22)	(2)	(91)	(675)
Amortisation and impairment of intangibles	(373)	(80)	(3)	(2)	(458)
Share of profit of equity accounted investees, net of tax	58	-	-	(26)	32
Intercompany write-off	-	-	-	(545)	(545)
All other expenses	(12,848)	(2,066)	(282)	(162)	(15,358)
Profit / (loss) before tax payable	2,528	114	1,227	(826)	3,043
Capital expenditure	3,083	13	1	5	3,102
Total assets	292,721	2,330	802	12,900	308,753
Total liabilities	265,751	638	61	17,318	283,768

9. Net interest income

	2022 £000	2021 £000
Interest income		
Loans and advances to customers	**28,978**	21,010
Total interest income calculated using the effective interest method	**28,978**	21,010
Operating lease income	**1,765**	1,937
Total interest income	**30,743**	22,947
Interest expense		
Deposits from customers	**(4,601)**	(3,512)
Loan note interest	**(1,610)**	(1,299)
Lease liability	**(78)**	(42)
Contingent consideration: interest expense	**(102)**	(114)
Total interest expense	**(6,391)**	(4,967)
Net interest income	**24,352**	17,980

10. Net fee and commission income

In the following table, fee and commission income from contracts with customers in the scope of IFRS 15 - Revenue from Contracts with Customers is disaggregated by major type of services. The table includes a reconciliation of the disaggregated fee and commission income with the Group's reportable segments. See note 44D regarding revenue recognition.

	2022 £000	2021 £000
Major service lines		
Independent financial advice income	**2,096**	2,282
Foreign exchange trading income	**1,743**	1,528
Asset and personal finance: Brokerage services income	**590**	510
Debt collection	**290**	301
Fee and commission income	**4,719**	4,621
Fee and commission expense	**(3,569)**	(3,339)
Net fee and commission income	**1,150**	1,282

Fee and commission expense relates to commission paid to Brokerages which introduce new business to the Bank.

11. Personnel expenses

	Group		Company	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Staff gross salaries	**(7,403)**	(5,416)	-	-
Executive Directors' remuneration	**(507)**	(440)	-	-
Non-executive Directors' fees	**(207)**	(176)	(127)	(129)
Executive Directors' pensions	**(41)**	(34)	-	-
Executive Directors' performance related pay	**(68)**	(51)	-	-
Staff pension costs	**(397)**	(330)	-	-
National insurance and payroll taxes	**(818)**	(623)	-	-
Staff training and recruitment costs	**(305)**	(86)	-	-
Equity Settled Restricted Stock Units (Note 29)	**(18)**	-	-	-
	(9,764)	(7,156)	(127)	(129)

The Company's personnel expenses consist exclusively of Directors remuneration and fees for services rendered to the Company.

12. Other expenses

	2022	2021
	£000	£000
Professional and legal fees	**(1,427)**	(1,367)
Marketing costs	**(363)**	(264)
IT costs	**(1,210)**	(1,001)
Establishment costs	**(366)**	(317)
Communication costs	**(152)**	(129)
Travel costs	**(297)**	(104)
Bank charges	**(314)**	(124)
Insurance	**(333)**	(344)
Irrecoverable VAT	**(362)**	(268)
Other costs	**(782)**	(582)
Impairment loss on goodwill (See Note 34)	**(200)**	-
	(5,806)	(4,500)

13. Impairment on loans and advances to customers

The charge in respect of allowances for impairment comprises, excluding loss allowances on financial assets managed on a collective basis.

	2022	2021
	£000	£000
Impairment allowances made	**(7,642)**	(5,457)
Reversal of allowances previously made	**3,612**	1,055
Total charge for provision for impairment	**(4,030)**	(4,402)

The credit in respect of allowances for impairment on financial assets managed on a collective basis comprises:

	2022	2021
	£000	£000
Collective impairment allowances made	**(244)**	(77)
Release of allowances previously made	**284**	119
Total credit for allowances for impairment on financial assets managed on a collective basis	**40**	42
Total charge for allowances for impairment	**(3,990)**	(4,360)

14. Profit before tax payable

The profit before tax payable for the year is stated after charging:

		Group		Company	
		2022	2021	**2022**	2021
		£000	£000	**£000**	£000
Auditor's remuneration:	as Auditor current year	**(255)**	(232)	-	-
	non-audit services	**(11)**	(2)	-	-
Pension cost defined benefit scheme		**(14)**	(13)	-	-
Expenses relating to short-term leases and low value assets		**(92)**	(64)	-	-

15. Income tax expense

Group	2022 £000	2021 £000
Current tax expense		
Current year	**(366)**	(132)
Changes to estimates for prior years	**-**	(50)
	(366)	(182)
Deferred tax expense		
Origination and reversal of temporary differences	**(171)**	(52)
Tax expense	**(537)**	(234)

Group	%	2022 £000	%	2021 £000
Reconciliation of effective tax rate				
Profit before tax		**5,211**		3,043
Tax using the Bank's domestic tax rate	**(10.0)**	**(521)**	(10.0)	(304)
Effect of tax rates in foreign jurisdictions	**3.6**	**186**	5.0	152
Tax exempt income	**(2.4)**	**(127)**	(1.2)	(36)
Changes to estimates for prior years	**(0.8)**	**(43)**	(4.7)	(144)
R&D claim	**-**	**-**	(1.4)	(42)
Tax expense	**(10.3)**	**(537)**	(7.7)	(234)

The main rate of corporation tax in the Isle of Man is 0.0% (2021: 0.0%). However, the profits of the Group's Isle of Man banking activities are taxed at 10.0% (2021: 10.0%). The profits of the Group's subsidiaries that are subject to UK corporation tax are taxed at a rate of 19.0% (2021: 19.0%). The Company is subject to 0.0% tax.

The value of tax losses carried forward reduced to nil and there is now a temporary difference related to accelerated capital allowances resulting in a £353,000 liability (2021: £182,000 liability). This resulted in an expense of £171,000 (2021: £52,000) to the Consolidated Income Statement offset by a deferred tax credit on the defined benefit pension through the OCI of £nil (2021: £67,000).

16. Earnings per share

	2022	2021
Profit for the year	**£4,674,000**	£2,809,000
Weighted average number of Ordinary Shares in issue (basic)	**114,763,883**	114,291,639
Basic earnings per share (pence)	**4.07**	2.46
Diluted earnings per share (pence)	**3.15**	1.97
Total comprehensive income for the year	**£5,212,000**	£3,045,000
Weighted average number of Ordinary Shares in issue (basic)	**114,763,883**	114,291,639
Basic earnings per share (pence)	**4.54**	2.66
Diluted earnings per share (pence)	**3.50**	2.13

The basic earnings per share calculation is based upon the profit for the year after taxation and the weighted average of the number of shares in issue throughout the year.

As at:	2022	2021
Reconciliation of weighted average number of Ordinary Shares in issue between basic and diluted		
Weighted average number of Ordinary Shares (basic)	**114,763,883**	114,291,639
Number of shares issued if all convertible loan notes were exchanged for equity	**38,225,772**	36,555,556
Dilutive element of share options if exercised	**830,035**	-
Weighted average number of Ordinary Shares (diluted)	**153,819,660**	150,847,195
Reconciliation of profit for the year between basic and diluted		
Profit for the year (basic)	**£4,674,000**	£2,809,000
Interest expense saved if all convertible loan notes were exchanged for equity	**£171,415**	£166,250
Profit for the year (diluted)	**£4,845,415**	£2,975,250

The diluted earnings per share calculation assumes that all convertible loan notes and share options have been converted / exercised at the beginning of the year where they are dilutive.

As at:	2022	2021
Reconciliation of total comprehensive income for the year between basic and diluted		
Total comprehensive income for the year (basic)	**£5,212,000**	£3,045,000
Interest expense saved if all convertible loan notes were exchanged for equity	**£171,415**	£166,250

Total comprehensive income for the year (diluted)	**£5,383,415**	£3,211,250

17. Cash and cash equivalents

	Group		Company	
	2022 £000	2021 £000	**2022 £000**	2021 £000
Cash at bank and in hand	**20,651**	18,278	**1,761**	430
Fixed deposit (less than 90 days)	**1,979**	2,001	**-**	-
	22,630	20,279	**1,761**	430

Cash at bank includes an amount of £24,000 (2021: £56,000) representing receipts which are in the course of transmission.

18. Debt securities

	Group		Company	
	2022 £000	2021 £000	**2022 £000**	2021 £000
Financial assets at fair value through other comprehensive income:				
UK Government treasury bills	**40,675**	40,987	**-**	-
	40,675	40,987	**-**	-

UK Government Treasury Bills are stated at fair value and unrealised changes in the fair value are reflected in other comprehensive income. There were realised gains of £292,000 (2021: realised losses of £1,000) and unrealised gains of £131,000 (2021: unrealised losses of £18,000) during the year.

19. Financial assets

	Group		Company	
	2022 £000	**2021 £000**	**2022 £000**	**2021 £000**
Financial assets at FVOCI:				
(Loss) / gain on Deferred consideration (see note 6(ii))	**(74)**	30	-	-
Gain on equity instrument	**55**	-	-	-
	(19)	30	-	-

The Bank acquired a new equity instrument in the previous financial year (See note 33).

20. Loans and advances to customers

	2022			2021		
Group	**Gross Amount £000**	**Impairment Allowance £000**	**Carrying Value £000**	Gross Amount £000	Impairment Allowance £000	Carrying Value £000
HP balances	**87,142**	**(4,093)**	**83,049**	71,789	(4,107)	67,682
Finance lease balances	**21,513**	**(3,782)**	**17,731**	28,131	(3,317)	24,814
Unsecured personal loans	**47,735**	**(5,282)**	**42,453**	31,267	(537)	30,730
Vehicle stocking plans	**1,918**	**-**	**1,918**	1,675	-	1,675
Wholesale funding arrangements	**30,904**	**-**	**30,904**	15,447	-	15,447
Block discounting	**46,294**	**-**	**46,294**	16,465	-	16,465
Secured commercial loans	**12,753**	**(595)**	**12,158**	11,099	(519)	10,580
Secured personal loans	**1,867**	**(90)**	**1,777**	1,739	-	1,739
Government backed loans	**55,572**	**(381)**	**55,191**	60,358	(239)	60,119
	305,698	**(14,223)**	**291,475**	237,970	(8,719)	229,251

20. Loans and advances to customers

Collateral is held in the form of underlying assets for HP, finance leases, vehicles stocking plans, block discounting, secured commercial and personal loans and wholesale funding arrangements.

Allowance for impairment	**2022 £000**	2021 £000
Balance at 1 January	**8,464**	6,824
Acquisition	**4,620**	-
Allowance for impairment made	**7,642**	5,457
Release of allowances previously made	**(3,612)**	(1,055)
Write-offs	**(3,106)**	(2,762)
Balance at 31 December	**14,008**	8,464

Collective allowance for impairment	**2022 £000**	2021 £000

Balance at 1 January	**255**	297
Collective allowance for impairment made	**244**	77
Release of allowances previously made	**(284)**	(119)
Balance at 31 December	**215**	255
Total allowances for impairment	**14,223**	8,719

Advances on preferential terms are available to all Directors, management and staff. As at 31 December 2022 £1,228,334 (2021: £945,625) had been lent on this basis. In the Group's ordinary course of business, advances may be made to Shareholders, but all such advances are made on normal commercial terms (see note 36).

At the end of the current financial year 13 loan exposures (2021: 5) exceeded 10.0% of the capital base of the Bank:

Exposure	**Outstanding Balance 2022 £000**	Outstanding Balance 2021 £000	**Facility Limit £000**
Block discounting facility	**68,209**	16,465	**40,536**
Wholesale funding agreement	**34,975**	25,645	**28,819**

HP and finance lease receivables

Loans and advances to customers include the following HP and finance lease receivables:

	2022 £000	2021 £000
Less than one year	**51,368**	34,833
Between one and five years	**57,287**	58,949
Gross investment in HP and finance lease receivables	**108,655**	93,782

The investment in HP and finance lease receivables net of unearned income comprises:

	2022 £000	2021 £000
Less than one year	**47,646**	32,495
Between one and five years	**53,134**	54,994
Net investment in HP and finance lease receivables	**100,780**	87,489

21. Trade and other receivables

	Group		Company	
	2022 £000	2021 £000	**2022 £000**	2021 £000
Other debtors	**2,334**	1,449	**494**	1
Prepayments	**1,877**	498	**68**	100
VAT claim	**-**	-	**-**	371
	4,211	1,947	**562**	472

After consultation with its professional advisors, the Bank made a notice of error correction ("NEC") to the Isle of Man Government Customs & Exercise Division in respect of a repayment for overpaid VAT to the amount of £534,000 exclusive of statutory interest. The NEC relates to bad debt relief that was not claimed during the period from 1 April 1989 to 18 March 1997. The Bank recognised a receivable and income of £534,000 during 2020. The VAT claim was settled in full and the Bank received £699,000 during 2021. An additional recovery of £113,000 over and above the carrying amount was recognised in the previous year's statement of profit or loss.

22. Property, plant and equipment and right-of-use assets

Group	**Buildings and Leasehold Improvements £000**	**IT Equipment £000**	**Furniture and Equipment £000**	**Motor Vehicles[1] £000**	**Right-of-use assets £000**	**Total £000**
Cost						
As at 1 January 2022	**681**	**522**	**5,814**	**818**	**1,444**	**9,279**
Acquisition of subsidiary	**-**	**-**	**14**	**196**	**136**	**346**
Additions	**64**	**81**	**1,280**	**48**	**380**	**1,853**
Disposals	**-**	**-**	**(1,369)**	**(866)**	**-**	**(2,235)**
As at 31 December 2022	**745**	**603**	**5,739**	**196**	**1,960**	**9,243**
Accumulated depreciation						
As at 1 January 2022	**427**	**387**	**765**	**238**	**205**	**2,022**
Acquisition of subsidiary	**-**	**-**	**14**	**65**	**-**	**79**
Charge for year	**15**	**69**	**452**	**38**	**180**	**754**
Disposals	**-**	**-**	**(70)**	**(256)**	**-**	**(326)**
As at 31 December 2022	**442**	**456**	**1,161**	**85**	**385**	**2,529**

As at 31 December 2022	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Carrying value at 31 December 2022	**303**	**147**	**4,578**	**111**	**1,575**	**6,714**
Carrying value at 31 December 2021	254	124	5,120	520	1,239	7,257

[1]Included in motor vehicles are operating leases with the Group as lessor. Depreciation on leasing assets was £16,000 (2021: £269,000).

Buildings with an original cost of £160,000 were revalued by independent valuers Vospers Limited to £175,000 on the basis of market value as at 15 September 2021. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties. The Directors consider the valuation of the buildings as at 31 December 2022 remains £175,000. The carrying amount that would have been recognised had the building been carried under the cost model would be £160,000.

Company	**Leasehold Improvements £000**	**IT Equipment £000**	**Furniture and Equipment £000**	**Right-of use-assets £000**	**Total £000**
Cost					
As at 1 January 2022	**234**	**18**	**17**	**424**	**693**
Additions	**-**	**2**	**1**	**-**	**3**
As at 31 December 2022	**234**	**20**	**18**	**424**	**696**
Accumulated depreciation					
As at 1 January 2022	**234**	**6**	**9**	**181**	**430**
Charge for year	**-**	**-**	**2**	**63**	**65**
As at 31 December 2022	**234**	**6**	**11**	**244**	**495**
Carrying value at 31 December 2022	**-**	**14**	**7**	**180**	**201**
Carrying value at 31 December 2021	-	12	8	243	263

23. Intangible assets

Group	**Customer Contracts £000**	**Intellectual Property Rights £000**	**IT Software and Website Development £000**	**Total £000**
Cost				
As at 1 January 2022	**2,657**	**749**	**2,541**	**5,947**
Acquisition of subsidiary (see note 32)	**273**	**-**	**-**	**273**
Additions	**-**	**496**	**8**	**504**
As at 31 December 2022	**2,930**	**1,245**	**2,549**	**6,724**
Accumulated amortisation				
As at 1 January 2022	**865**	**523**	**2,051**	**3,439**
Charge for year	**296**	**-**	**286**	**582**
As at 31 December 2022	**1,161**	**523**	**2,337**	**4,021**
Carrying value at 31 December 2022	**1,769**	**722**	**212**	**2,703**
Carrying value at 31 December 2021	1,792	226	490	2,508

24. Deposits from customers

	2022 £000	2021 £000
Retail customers: term deposits	**291,238**	242,788
Corporate customers: term deposits	**12,961**	10,671
	304,199	253,459

25. Creditors and accrued charges

	Group		Company	
	2022 £000	2021 £000	**2022 £000**	2021 £000
Other creditors and accruals	**10,096**	1,380	**232**	182
Commission creditors	**1,398**	1,520	**-**	-
Lease liability	**1,614**	1,295	**208**	319
Taxation creditors	**-**	550	**-**	-
	13,108	4,745	**440**	501

26. Deferred consideration

Deferred consideration relates to contingent payments due to the sellers on the acquisition of BBSL and BLX respectively.

On acquisition of BBSL on 16 April 2019, the Group agreed to pay the selling shareholders:

- 50% of net profits in BBSL for 3 years post completion; and
- 50% of the incremental net profit that the Group benefits from as a result of taking up BBSL loan proposals post completion up until the third anniversary.

This was to be paid on each anniversary with a final payment in year 4 for the unrealised lending profit. The Group made final instalment and settlement of this contingent consideration when it made the final payment of £781,095 during the period.

On the acquisition of BLX on 11 October 2021, the Group agreed that a further conditional consideration of up to £483,663 is payable to the sellers in addition to the cash consideration paid. The total amount payable is contingent on the recovery of certain loans and advances found to be in default at acquisition. The fair value on acquisition date was determined to be £387,000. The Group made a payment of £156,093 to the sellers during the period.

	2022 £000	2021 £000
BBSL	**-**	636
BLX	**262**	387
	262	1,023

27. Loan notes

		Group		Company	
	Notes	**2022 £000**	2021 £000	**2022 £000**	2021 £000
Related parties					
J Mellon	**JM**	**1,750**	1,750	**1,750**	1,750
Bumbrae Limited	**BL**	**3,200**	3,200	**3,200**	3,200
Culminant Reinsurance Ltd	**CR**	**1,000**	1,000	**1,000**	1,000
		5,950	5,950	**5,950**	5,950
Unrelated parties	**UP**	**25,382**	17,722	**25,382**	17,722
		31,332	23,672	**31,332**	23,672

JM - Two loans, one of £1,250,000 maturing on 26 February 2025 with interest payable of 5.4% per annum, and one of £500,000 maturing on 31 July 2027, paying interest of 7.5% per annum. Both loans are convertible to ordinary shares of the Company at the rate of 7.5 pence.

On 22 July 2022, JM and BL agreed to extend outstanding unsecured convertible loans of £1,750,000, expiring on 31 July 2022, for a further five years to 31 July 2027. A loan of £1,250,000 million is from BL and the remaining loan of £0.5 million is from JM himself. The new annual interest rate will be 7.5% (previously 5.0%) and the new conversion price will be 8.0 pence per share (previously 7.5 pence). All other terms are unchanged, including the ability for the Company to repay the loans at any time during the period.

BL - Three loans, one of £1,200,000 maturing on 31 July 2027, paying interest of 7.5% per annum, one of £1,000,000 maturing 25 February 2025, paying interest of 5.4% per annum, and one of £1,000,000 maturing 28 February 2025 paying interest of 6% per annum. Jim Mellon is the beneficial owner of BL and Denham Eke is also a director. The £1,200,000 loan is convertible at a rate of 7.5 pence.

CR - One loan consisting of £1,000,000 maturing on 12 October 2025, paying interest of 6.0% per annum. Greg Bailey, a director, is the beneficial owner of CR.

UP - Forty loans (2021: Forty-three), the earliest maturity date is 5 January 2023 and the latest maturity is 1 September 2027.

With respect to the convertible loans, the interest rate applied was deemed by the Directors to be equivalent to the market rate at the time with no conversion option.

28. Pension liability

The Conister Trust Pension and Life Assurance Scheme ("Scheme") operated by the Bank is a funded defined benefit arrangement which provides retirement benefits based on final pensionable salary. The Scheme is closed to new entrants and the last active member of the Scheme left pensionable service in 2011.

The Scheme is approved in the Isle of Man by the Assessor of Income Tax under the Income Tax (Retirement Benefit Schemes) Act 1978 and must comply with the relevant legislation. In addition, it is registered as an authorised scheme with the FSA in the Isle of Man under the Retirement Benefits Scheme Act 2000. The Scheme is subject to regulation by the FSA but there is no minimum funding regime in the Isle of Man.

The Scheme is governed by two corporate trustees, Conister Bank Limited and Boal & Co (Pensions) Limited. The trustees are responsible for the Scheme's investment policy and for the exercise of discretionary powers in respect of the Scheme's benefits.

Exposure to risk

The Company is exposed to the risk that additional contributions will be required in order to fund the Scheme as a result of poor experience. Some of the key factors that could lead to shortfalls are:

- investment performance - the return achieved on the Scheme's assets may be lower than expected; and
- mortality - members could live longer than foreseen. This would mean that benefits are paid for longer than expected, increasing the value of the related liabilities.

In order to assess the sensitivity of the Scheme's pension liability to these risks, sensitivity analysis have been carried out. Each sensitivity analysis is based on changing one of the assumptions used in the calculations, with no change in the other assumptions. [The same method has been applied as was used to calculate the original pension liability and the results are presented in comparison to that liability]. It should be noted that in practice it is unlikely that one assumption will change without a movement in the other assumptions; there may also be some correlation between some of these assumptions. It should also be noted that the value placed on the liabilities does not change on a straight line basis when one of the assumptions is changed. For example, a 2.0% change in an assumption will not necessarily produce twice the effect on the liabilities of a 1.0% change.

No changes have been made to the method or to the assumptions stress-tested for these sensitivity analyses compared to the previous period. The investment strategy of the Scheme has been set with regard to the liability profile of the Scheme. However, there are no explicit asset-liability matching strategies in place.

Restriction of assets

No adjustments have been made to the statement of financial position items as a result of the requirements of IFRIC 14 - IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, issued by IASB's International Financial Reporting Interpretations Committee.

Scheme amendments

There have not been any past service costs or settlements in the financial year ending 31 December 2022 (2021: none).

Funding policy

The funding method employed to calculate the value of previously accrued benefits is the Projected Unit Method. Following the cessation of accrual of benefits when the last active member left service in 2011, regular future service contributions to the Scheme are no longer required. However, additional contributions will still be required to cover any shortfalls that might arise following each funding valuation.

The most recent triennial full actuarial valuation was carried out at 31 March 2022, which showed that the market value of the Scheme's assets was £1,432,000 representing 65.2% of the benefits that had accrued to members, after allowing for expected future increases in earnings. As required by IAS 19: Employee Benefits, this valuation has been updated by the actuary as at 31 December 2022.

The amounts recognised in the Consolidated Statement of Financial Position are as follows:

Total underfunding in funded plans recognised as a liability	**2022 £000**	2021 £000
Fair value of plan assets	**1,289**	1,543
Present value of funded obligations	**(1,526)**	(2,230)
	(237)	(687)

Movement in the liability for defined benefit obligations	**2022 £000**	2021 £000
Opening defined benefit obligations at 1 January	**2,230**	2,350
Benefits paid by the plan	**(75)**	(74)
Interest on obligations	**44**	32
Actuarial gain	**(673)**	(78)
Liability for defined benefit obligations at 31 December	**1,526**	2,230

	2022	2021

Movement in plan assets	£000	£000
Opening fair value of plan assets at 1 January	**1,543**	1,406
Expected return on assets	**30**	19
Contribution by employer	**57**	98
(Loss) / gain	**(266)**	94
Benefits paid	**(75)**	(74)
Closing fair value of plan assets at 31 December	**1,289**	1,543

Expense recognised in income statement	2022 £000	2021 £000
Interest on obligation	**44**	32
Expected return on plan assets	**(30)**	(19)
Total included in personnel costs	**14**	13
Actual (loss) / return on plan assets	**(236)**	113

Actuarial gain / (loss) recognised in other comprehensive income	2022 £000	2021 £000
(Loss) / gain on plan assets	**(266)**	94
Actuarial gain on defined benefit obligations	**673**	78
	407	172

Plan assets consist of the following	2022 %	2021 %
Equity securities	**61**	52
Corporate bonds	**13**	26
Government bonds	**21**	17
Cash	**2**	2
Other	**3**	3
	100	100

The actuarial assumptions used to calculate Scheme liabilities under IAS19 are as follows:	2022 %	2021 %	2019 %
Rate of increase in pension in payment:			
- Service up to 5 April 1997	**-**	-	-
- Service from 6 April 1997 to 13 September 2005	**3.1**	3.4	2.9
- Service from 14 September 2005	**2.1**	2.2	2.1
Rate of increase in deferred pensions	**5.0**	5.0	5.0
Discount rate applied to scheme liabilities	**5.0**	1.7	1.8
Inflation	**3.2**	3.5	3.0

The assumptions used by the actuary are best estimates chosen from a range of possible assumptions, which due to the timescale covered, may not necessarily be borne out in practice.

29. Called up share capital

Ordinary shares of no par value available for issue	Number
At 31 December 2022	**200,200,000**
At 31 December 2021	200,200,000

Issued and fully paid: Ordinary shares of no par value	Number	£000
At 31 December 2022	**115,072,988**	**19,195**
At 31 December 2021	114,291,639	19,133

A. Analysis of changes in financing during the year

	2022 £000	2021 £000
Balance at 1 January	**44,100**	41,846
Issue of loan notes	**7,659**	1,450
Issue of lease liability	**520**	993
Issue of shares via scrip dividend	**62**	12
Payment of lease liabilities	**(201)**	(201)
Balance at 31 December	**52,140**	44,100

The 2022 closing balance is represented by £19,195,000 share capital (2021: £19,133,000), £31,332,000 of loan notes (2021: £23,672,000) and £1,614,000 lease liability (2021: £1,295,000).

B. Dividends

On 25 May 2022, MFG declared a dividend of £279,200 (2021: £196,800) which could either be taken up in cash or new ordinary shares. 781,349 new shares (2021: 161,562 new shares) were admitted to the Alternative Investment Market ("AIM") at 8.0205 pence per share (2021: 7.0575 pence per share), at a total cost of £62,000 (2021: £12,000).

C. Convertible loans

There are three convertible loans totalling £2,950,000 (2021: £2,950,000) (refer to note 27).

D. Share options and Restricted Stock Options

i. Issued during the financial year ended 31 December 2022

On 5 July 2022 and 27 October 2022, MFG granted Restricted Stock Units ("RSUs") under its 2022 RSU Plan. The Group has issued, in total, RSUs over 2,435,000 ordinary shares representing 2.1% of the issued share capital of the Group, including 1,250,000 to certain directors and 1,185,000 to certain employees. The RSUs will have a 2-year term and are subject to certain vesting conditions based upon an overall growth in profitability. Any RSUs granted will fall away should the recipient leave employment before the 2-year term expires. Should the individual vesting conditions be satisfied at the end of the term, the stock will be exercised at nil cost.

The Group directors who received RSUs are as follows:

- Douglas Grant, Group Chief Executive Officer, who currently owns 533,951 ordinary shares in the Company representing a holding of 0.45% was issued 1,075,000 RSUs. Including 700,000 Share Options issued 24 June 2014, he would hold a total of 2,308,951 ordinary shares, being 1.98% of the issued share capital of the Company on a fully diluted basis; and
- James Smeed, Group Finance Director, was issued 175,000 RSUs. On the same basis, he would hold 0.15% of the new issued share capital of the Company.

The terms and conditions of the grants are as follows: and will be settled by the physical delivery of shares.

Grant date / employees entitled	Number of Units	Contractual life of options
RSUs granted to key employees at 5 July 2022	**1,020,000**	2 years
RSUs granted to directors at 5 July 2022	**1,100,000**	2 years
RSUs granted to key employees at 27 October 2022	**165,000**	2 years
RSUs granted to directors at 27 October 2022	**150,000**	2 years
Total RSUs	**2,435,000**	

The fair value of employee services received in return for restricted stock units granted is based on the fair value of them measured using the Black-Scholes formula. Service related and non-market performance conditions were not taken into account in measuring fair value. The inputs used in measuring the fair values at the grant of the equity-settled restricted stock unit payment plans were as follows.

Fair value of restricted stock units and assumptions	Grant at 5 July 2022	Grant at 27 October 2022
Share price at grant date	**8.5 pence**	**14.0 pence**
Exercise price	**nil**	**nil**
Expected volatility * ^	**55.14%**	**107.71%**
Expected life (weighted average)	**2 years**	**2 years**
Risk-free interest rate (based on government bonds) * ^	**1.65%**	**3.15%**
Forfeiture rate	**0.00%**	**0.00%**
Fair value at grant date	**8.5 pence**	**14.0 pence**

^ Based on past 3 years

* Annual rates

The expected volatility is based on both historical average share price volatility and implied volatility derived from traded options over the group's ordnary shares of maturity similar to those of the employee options.

The fair value of the liability is remeasured at each reporting date and at settlement date.

The charge for the year for share options granted was £18,000 (2021: £nil).

ii. Issued during the financial year ended 31 December 2014

On 23 June 2014, 1,750,000 share options were issued to Executive Directors and senior management within the

Group at an exercise price of 14 pence per share.

The options vest over three years with a charge based on the fair value of 8 pence per option at the date of grant. The period of grant is for 10 years less 1 day ending 22 June 2024, with the condition of three-years continuous employment being met.

Of the 1,750,000 share options issued, 1,050,000 (31 December 2021:1,050,000) remain outstanding.

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using a binomial probability model with the following inputs for each award:

	23 June 2014
Fair value at date of grant	£0.08
Share price at date of grant	£0.14
Exercise price	£0.14
Expected volatility	55.0%
Option life	3
Risk-free interest rate (based on government bonds)	0.5%
Forfeiture rate	33.3%

30. List of associates

Set out below is a list of associates of the Group:

	Group 2022 £000	Group 2021 £000
Payitmonthly Ltd ("PIML")	**155**	136
	155	136

In December 2017, 40.0% of the share capital of BLX was acquired for nil consideration. During 2021 financial year, the Group obtained control of the subsidiary. Prior to obtaining control, the share of the associate's total comprehensive income during the year was £nil (2021: £22,000).

In August 2018, 30% of the share capital of PIML was acquired for £90,000 consideration. The Group's resulting share of the associate's total comprehensive income during the year was £18,000 (2021: £10,000).

31. List of subsidiaries

Set out below is a list of direct subsidiaries of the Group:

Carrying value of investments	Nature of Business	**31 December 2022 % Holding**	Date of Incorporation	**2022 £000**	2021 £000
Conister Bank Limited	Asset and Personal Finance	**100**	05/12/1935	**21,592**	20,592
Edgewater Associates Limited	Wealth Management	**100**	24/12/1996	**2,005**	2,005
TransSend Holdings Limited	Holding Company	**100**	05/11/2007	**-**	-
Manx Ventures Limited	Holding Company	**100**	15/05/2009	**-**	-
				23,597	22,597

All subsidiaries are incorporated in the Isle of Man.

32. Subsidiaries and non-controlling interests

A. Acquisition of subsidiary

Payment Assist Limited ("PAL")

On 16 May 2022, the Group (through MVL) announced that it entered into an agreement to acquire 50.1% of the shares and voting interests in UK focused, point of sale lender PAL for a total consideration of £4.244 million payable in cash. The acquisition was completed in September 2022.

Payment Assist ("PAL"), the UK's leading automotive repair point-of-sale finance provider, works with premier national chains such as National Tyres, Halfords and Formula One. PAL has diversified into insured products and retail.

The agreement with PAL continues MFG's strategy of acquiring interests in high quality specialist lenders.

PAL has contributed revenue of £3,407,000 and profit of £701,000 to the Group's results. If the acquisition had occurred on 1 January 2022, management estimates that the impact on consolidated interest income would have been £9,190,000 and the impact on consolidated profit for the period would have been £1,473,000.

In addition to the acquisition, MVL has agreed an option to acquire the remaining 49.9% of Payment Assist for a variable cash consideration of 2 times the average net profit per share at the point of exercise, subject to a maximum of £5 million (the "Option"). The Option can be exercised by MVL at any time for the period until PAL has declared a dividend for the financial year ended 31 December 2026.

i. PAL - Consideration transferred

The following table summarises as at the acquisition date the fair value of each major class of consideration transferred:

	£000
Cash	4,244
Settlement of pre-existing relationship	23,490
	27,734

ii. PAL - Settlement of pre-existing relationship

The Bank and PAL were parties to a Integrated Wholesale Facility loan agreement and a Coronavirus Business Interruption Loan with the Bank as lender and PAL as borrower. This pre-existing relationship was £23,102,116 when the Group acquired PAL.

iii. PAL - Acquisition-related costs

The Group incurred acquisition-related costs of £101,229 relating to external legal fees and due diligence costs. These costs have been included in 'other costs' in the consolidated statement of profit or loss and other comprehensive income.

iv. PAL - Identifiable assets acquired, and liabilities assumed

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at the date of acquisition:

	£000
Intangible assets - customer related	273
Property and equipment	269
Trade and other receivables	10
Loans and advances to customers	25,384
Cash and cash equivalents	1,875
Creditors and accrued charges	(4,744)
Total identifiable net assets acquired	**23,067**

v. PAL - Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Intangible assets	*Multi-period excess earnings method:* The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships.

vi. PAL - Goodwill

The goodwill arising from the acquisition has been recognised as follows:

	£'000
Total consideration transferred	27,734
Non-controlling interest, based on their proportionate interest in the recognised amounts	(211)
Fair value of identifiable net assets	(23,067)
Goodwill	**4,456**

The Business Lending Exchange ("BLX")

On 11 October 2021, the Group (through MVL) announced that it entered into an agreement to acquire 60% of the shares and voting interests in BLX. As a result, the Group's equity interest in BLX increased from 40% to 100%, thereby obtaining control of BLX.

Regulated by the FCA under Consumer Credit Authorisations, BLX primarily lends to start-up companies and small businesses which require asset backed finance.

The acquisition strengthens the Group's strategy of developing a network of niche loan brokers within the UK.

The consideration transferred was £6,524,000 and transaction costs of £25,000 were incurred. The net fair value of identifiable assets acquired and liabilities assumed was £5,488,000. Goodwill of £1,098,000 was recognised.

In 2021 the remeasurement to fair value of the Bank's existing 20% interest in BLX resulted in a gain of £660,000

(£872,000 less the £212,000 carrying amount of the equity accounted investee at the date of acquisition). This amount was included separately in prior year's statement of profit or loss and other comprehensive income.

Blue Star Business Solutions Limited ("BBSL")

On 16 April 2019, the Group (through MVL) acquired 100% of the shares and voting interest in BBSL, obtaining control of BBSL. The Group agreed to pay the selling shareholders:

- 50% of net profits in BBSL for 3 years post completion; and
- 50% of the incremental net profit that the Group benefits from as a result of taking up BBSL loan proposals post completion up until the third anniversary.

This is to be paid on each anniversary with a final payment in year 4 for the unrealised lending profit. The total consideration is to have a cap of £4,000,000 in total. The contingent consideration is calculated by forecasting 3 years of net profits discounted using an interest rate of 14.0% per annum. The range of contingent consideration payable is £nil to £2,500,000.

The remaining contingent consideration payable was remeasured during the period with an interest expense charge of £35,067 and remeasurement loss of £109,916. A final payment of £781,095 was paid during the period. There is no further consideration or amounts due to the sellers of BBSL.

B. NCI in subsidiaries

The following table summarises the information about the Group's subsidiaries that have material NCI, before any intra-group eliminations.

31 December 2022 £'000	PAL	NRF	Total
NCI percentage	**49.9%**	**10%**	
Cash and cash equivalents	2,584	219	
Loans and advances to customers	9,818	-	
Trade and other receivables	1,116	941	
Property, plant and equipment	15	4,507	
Intangible assets	251	27	
Loans and borrowings	(3,089)	(4,355)	
Creditors and accrued charges	(10,416)	(628)	
Deferred tax	-	(217)	
Net assets	**279**	**494**	
Carrying amount of NCI	**140**	**49**	**189**
Revenue	3,407	1,660	
Profit	701	238	
OCI	-	-	
Total comprehensive income	**724**	**238**	
Profit allocated to NCI	350	(7)	343
OCI allocated to NCI	-	-	-
Operating activities cashflows	585	87	
Investing activities cashflows	124	(158)	
Financing activities cashflows	-	(12)	
Net increase / (decrease) in cashflows	**709**	**(82)**	

33. Acquisition of financial instrument

On 9 June 2021 the Group acquired 10% of the issued share capital of RFG for nil consideration. The receipt of the issued share capital is considered to be a commitment fee receivable by the Group in order to originate loan facilities in aggregate not exceeding £6,250,000 to RFG. The commitment fee is an integral part of the effective interest rate of the associated loan facilities issued to RFG.

The Group is not considered to have a significant influence over RFG as it holds less than a 20% shareholding and is not considered to participate in the policy making decisions of the entity. The 10% shareholding has thus been classified as a financial instrument.

The Group continues to obtain information necessary to measure the fair value of the shares obtained. The fair value of the financial instrument received has been determined as £122,000 (2021: £68,000) based on the proportionate share of the net asset value of RFG. There has been no change to fair value at year-end.

As part of the transaction, the Group has been granted two warrants to acquire further shares. The first warrant is for 5% of the share capital and the second warrant is for a further 5% of the share capital.

The two warrants are exercisable dependent upon the Group's banking subsidiary, the Bank, contracting with RFG, for a larger facility. The fair value of the two warrants has been determined to be nil due to the significant uncertainty that exists at acquisition date and the period end in issuing a further debt facility.

34. Goodwill

Cash generating unit	Group 2022 £000	Group 2021 £000
PAL (see Note 32)	**4,456**	-
EAL	**1,649**	1,849
BLX	**1,908**	1,908
BBSL	**1,390**	1,390
NRFL	**678**	678
Manx Collections Limited ("MCL")	**454**	454
Three Spires Insurance Services Limited ("Three Spires")	**41**	41
	10,576	6,320

As at 31 December 2022, no indications of impairment have been assessed on the PAL goodwill following its recognition on the Group's Statement of Financial Position (see Note 32).

The goodwill is considered to have an indefinite life and is reviewed on an annual basis by comparing its estimated recoverable amount with its carrying value. The key assumptions used in the estimation of the recoverable amount are set out in this note. The recoverable amount of the CGUs discussed in this note were each based on value in use. The values assigned to key assumptions represents management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

The estimated recoverable amount in relation to the EAL CGU (including also goodwill generated on acquisition of EAL) is based on the forecasted 3 year cash flow projections, extrapolated to 10 years using a 2.0% annual increment, and then discounted using a 14.0% discount factor. The sensitivity of the analysis was tested using additional discount factors of 15.0% and 20.0% on stable profit levels. An impairment loss on EAL goodwill of £200,000 has been recognised during the year.

The estimated recoverable amount in relation to the goodwill generated on the purchase of BLX is based on forecasted 3 year interest income calculated at an average yield of 8%, with a terminal value calculated using a 3.0% growth rate of net income and then discounted using a 14.0% discount factor. The sensitivity of the analysis was tested using additional discount factors of up to 20.0% on varying interest income growth rates.

The estimated recoverable amount in relation to the goodwill generated on the purchase of BBSL is based on forecasted 3 year interest income calculated at an average yield of 8%, with a terminal value calculated using a 3.0% growth rate of net income and then discounted using a 14.0% discount factor. The sensitivity of the analysis was tested using additional discount factors of up to 20.0% on varying interest income growth rates.

The estimated recoverable amount in relation to the goodwill generated on the purchase of NRFL is based on a 4 year sales forecast, extrapolated to 14 years using a 1.5% annual increment, and then discounted using a 12% discount factor. The sensitivity of the
analysis was tested using additional discount factors of up to 20.0% on varying sales volumes. On the basis of the above reviews no impairment to goodwill has been made in the current year.

The estimated recoverable amount in relation to the goodwill generated on the purchase of MCL is based on forecasted 3-year sales interest income calculated at 5.0% margin. This is extrapolated to 10 years using a 2.0% annual increment, and then discounted using a 11.0% discount factor. The sensitivity of the analysis was tested using additional discount factors of 15.0% and 20.0% on varying sales volumes.

The goodwill generated on the purchase of Three Spires has been reviewed at the current year end and is considered adequate given its income streams referred to EAL. Based on the above no impairment to goodwill has been made in the current year.

35. Investment in Group undertakings

Amounts owed to Group undertakings

Amounts owed to and from Group undertakings are unsecured, interest-free and repayable on demand.

Subordinated loans

MFG has issued several subordinated loans as part of its equity funding into the Bank and EAL.

Creation	Maturity	Interest rate % p.a	**2022 £000**	2021 £000

Creation	Maturity	%p.a.	£000	£000
Conister Bank Limited				
11 February 2014	11 February 2024	7.0	**500**	500
27 May 2014	27 May 2024	7.0	**500**	500
9 July 2014	9 July 2024	7.0	**500**	500
17 September 2014	17 September 2026	7.0	**400**	400
22 July 2013	22 July 2033	7.0	**1,000**	1,000
25 October 2013	22 October 2033	7.0	**1,000**	1,000
23 September 2016	23 September 2036	7.0	**1,100**	1,100
14 June 2017	14 June 2037	7.0	**450**	450
12 June 2018	12 June 2038	7.0	**2,000**	2,000
Edgewater Associates Limited				
21 February 2017	21 February 2027	7.0	**150**	150
14 May 2017	14 May 2027	7.0	**128**	128
			7,728	7,728

36. Related party transactions

Cash deposits

During the year, the Bank held cash on deposit on behalf of Jim Mellon (Executive Chairman of MFG). At 31 December total deposits amounted to £94,475 (2021: £507,908), at normal commercial interest rates in accordance with the standard rates offered by the Bank.

Key management remuneration including Executive Directors

	2022 £000	2021 £000
Remuneration	**516**	440
Performance Related Pay	**68**	51
Pension	**41**	34
	625	525

Employment benefits include gross salaries, performance related pay, employer defined contributions and restricted stock units (Note 29D).

As at 31 December 2022, Douglas Grant had £376,163 (2021: £107,386) outstanding to repay in Loans and advances to Conister Bank Limited, paying an average interest of 7.0% (2021: 2.54%); and James Smeed, £15,463 (2021: £29,756), paying an average interest of 3.01% (2021: 2.65%). No impairment is held in respect of these amounts.

Intercompany recharges

Various intercompany recharges are made during the course of the year as a result of the Bank settling debts in other Group companies.

Loan advance to EAL

On 14 December 2016, a loan advance was made to EAL by the Bank in order to provide the finance required to acquire MBL. The advance was for £700,000 at an interest rate of 8% per annum repayable over 6 years. A negative pledge was given by EAL to not encumber any property or assets or enter into an arrangement to borrow any further monies. The balance as at 31 December 2022 was £nil (2021: £140,950).

Loan advance to PIML

On 24 May 2018, a £500,000 loan facility was made available to PIML by the Bank in order to provide the finance required to expand its operations. The facility is for 12 months. Interest is charged at commercial rates. At 31 December 2022, £1,241,000 (2021: £1,219,000) had been advanced to PIML. No impairment is held in respect of these amounts.

Subordinated loans

The Company has advanced £7,450,000 (2021: £7,450,000) of subordinated loans to the Bank and £278,000 (2021: £278,000) to EAL as at 31 December 2022. See note 34 for more details.

37. Leases

A. Leases as lessee

The Group leases the head office building in the Isle of Man. The lease's term is 10 years with an option to renew the lease after that date. Lease payments are renegotiated every 10 years to reflect market rentals.

The Group leases an office unit in the United Kingdom and IT equipment with contract terms of 2 to 3 years. These leases are short-term and / or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

i. Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment.

Group	Land and Buildings £000	Total £000
Cost		
As at 1 January 2022	**1,444**	**1,444**
Acquisition of subsidiary	**136**	**136**
Additions	**380**	**380**
As at 31 December 2022	**1,960**	**1,960**
Accumulated depreciation		
As at 1 January 2022	**205**	**205**
Charge for the year	**180**	**180**
Eliminated on disposals	**-**	**-**
As at 31 December 2022	**385**	**385**
Carrying value at 31 December 2022	**1,575**	**1,575**
Carrying value at 31 December 2021	1,239	1,239

ii. Amounts recognised in profit or loss

	2022 £000	2021 £000
Interest on lease liabilities	**78**	42
Depreciation expense	**180**	162
Expenses relating to short-term leases and low-value assets	**92**	64

iii. Amounts recognised in statement of cash flows

	2022 £000	2021 £000
Total cash outflow for leases	**280**	243

iv. Non-cancellable operating lease rentals are payable in respect of property as follows:

	2022 £000	2021 £000
Less than one year	**92**	64
Between one and five years	**184**	128
Over five years	**-**	-
Total operating lease rentals payable	**276**	192

38. Regulators

Certain Group subsidiaries are regulated by the FSA and the FCA as detailed below.

The Bank and EAL are regulated by the FSA under a Class 1(1) - Deposit Taking licence and Class 2 - Investment Business licence respectively. The Bank and CFL are regulated by the FCA to provide regulated products and services.

39. Contingent liabilities

The Bank is required to be a member of the Isle of Man Government Depositors' Compensation Scheme which was introduced by the Isle of Man Government under the Banking Business (Compensation of Depositors) Regulations 1991 and creates a liability on the Bank to participate in the compensation of depositors should it be activated.

40. Non-IFRS measures

Non-IFRS measures included in the financial statements include the following:

Measure	Description
Net trading income	Net trading income represents net interest income and contributions from non-interest income activities.
Operating income	Operating income represents net trading income other operating income and gains or

Operating income	Operating income represents net trading income other operating income and gains or losses on financial instruments

41. Subsequent events

There were no subsequent events occurring after 31 December 2022.

42. Financial risk management

A. Introduction and overview

The Group has exposure to the following risks from financial instruments:

- credit risk;
- liquidity risk;
- market risk; and
- operational risk.

Risk management framework

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the ARCC, which is responsible for approving and monitoring Group risk management policies. The ARCC is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the ARCC.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, though its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

B. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers and investment debt securities. Credit risk includes counterparty, concentration, underwriting and credit mitigation risks.

Management of credit risk

The Bank's Board of Directors created the Credit Committee which is responsible for managing credit risk, including the following:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessments, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements;
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated in line with credit policy;
- Reviewing and assessing credit risk: The Credit Committee assesses all credit exposures in excess of designated limits, before facilities are committed to customers. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposures to counterparties, geographies and industries, by issuer, credit rating band, market liquidity and country (for debt securities);
- Developing and maintaining risk gradings to categorise exposures according to the degree of risk of default. The current risk grading consists of 3 grades reflecting varying degrees of risk of default;
- Developing and maintaining the Group's process for measuring ECL: This includes processes for:
  - initial approval, regular validation and back-testing of the models used;
  - determining and monitoring significant increase in credit risk; and
  - the incorporation of forward-looking information; and
- Reviewing compliance with agreed exposure limits. Regular reports on the credit quality of portfolios are provided to the Credit Committee which may require corrective action to be taken.

C. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises from mismatches in the timing and amounts of cash flows, which is inherent to the Group's operations and investments.

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have enough liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The key elements of the Group's liquidity strategy are as follows:

- Funding base: offering six-months to five-year fixed term deposit structure with no early redemption option. This means the Bank is not subject to optionality risk where customers redeem fixed rate products where there may be a better rate available within the market;
- Funding profile: the Bank has a matched funding profile and does not engage in maturity transformation which means that on a cumulative mismatch position the Bank is forecast to be able to meet all liabilities as they fall due;
- Monitoring maturity mismatches, behavioural characteristics of the Group's financial assets and financial liabilities, and the extent to which the Group's assets are encumbered and so not available as potential collateral for obtaining funding;
- Liquidity buffer: the Bank maintains a liquidity buffer of 10.0% of its deposit liabilities, with strict short-term mismatch limits of 0.0% for sight to three months and -5.0% for sight to six months. This ensures that the Bank is able to withstand any short-term liquidity shock; and
- Interbank market: the Bank has no exposure to the interbank lending market. The Bank has no reliance on liquidity via the wholesale markets. In turn, if market conditions meant access to the wholesale funding was constrained as per the 2008 credit crisis, this would have no foreseeable effect on the Bank.

The Bank's liquidity position is monitored daily against internal and external limits agreed with the FSA and according to the Bank's Liquidity Policy. The Bank also has a Liquidity Contingency Policy and Liquidity Contingency Committee in the event of a liquidity crisis or potential liquidity disruption event occurring.

The Treasury department receives information from other business units regarding the liquidity profile of their financial assets and financial liabilities and details of other projected cash flows arising from projected future business. Treasury then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole.

Regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. The scenarios are developed considering both Group-specific events and market-related events (e.g. prolonged market illiquidity).

D. Market risk

Market risk is the risk that of changes in market prices; e.g. interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing), will affect the Group's income or value of its holdings of financial instruments. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Group's solvency while optimising the return on risk.

Management of market risks

Overall authority for market risk is vested in the Assets and Liabilities Committee ("ALCO") which sets up limits for each type of risk. Group finance is responsible for the development of risk management policies (subject to review and approval by the ALCO) and for the day-to-day review of their implementation.

Foreign exchange risk

The Bank is not subject to foreign exchange risks and its business is conducted in pounds sterling.

Equity risk

The Group has investment in associates which are carried at cost adjusted for the Group's share of net asset value. The Bank has access to these accounts. The Bank's exposure to market risk is not considered significant given the low carrying amount of the investment.

The Group's does not hold any investments in listed equities.

Interest rate risk

The principal potential interest rate risk that the Bank is exposed to is the risk that the fixed interest rate and term profile of its deposit base differs materially from the fixed interest rate and term profile of its asset base, or basis and term structure risk.

Additional interest rate risk may arise for banks where (a) customers are able to react to market sensitivity and redeem fixed rate products and (b) where a bank has taken out interest rate derivate hedges especially against longer-term interest rate risk, where the hedge moves against the bank. However, neither of these risks apply to the Bank.

Interest rate risk for the Bank is not deemed to be currently material due to the Bank's matched funding profile. Any interest rate risk assumed by the Bank will arise from a reduction in interest rates, in a rising environment due to the nature of the Bank's products and its matched funded profile. The Bank should be able to increase its lending rate to match any corresponding rise in its cost of funds, notwithstanding its inability to vary rates on its existing loan book. The Bank attempts to efficiently match its deposit taking to its funding requirements.

E. Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks - e.g. those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

Management of operational risk

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and innovation. In all cases, Group policy requires compliance with all applicable legal and regulatory requirements.

The Group has developed standards for the management of operational risk in the following areas:

- Business continuity planning;
- Requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Requirements for the reporting of operational losses and proposed remedial action;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards;
- Information technology and cyber risks; and
- Risk mitigation, including insurance where this is cost-effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are reported to the ARCC.

43. Basis of measurement

The financial statements are prepared on a historical cost basis, except for the following material items:

Items	Measurement basis
FVTPL - Trading asset	Fair value
FVOCI - Debt securities	Fair value
Land and buildings	Fair value
Deferred consideration	Fair value
Net defined benefit liability	Fair value of plan assets less the present value of the defined benefit obligation

44. Significant accounting policies

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2022:

- Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards-Subsidiary as a First-time Adopter (issued on 12 April 2022);
- Amendment to IFRS 9 Financial Instruments-Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (issued on 12 April 2022);
- Amendment to IAS 41 Agriculture - Taxation in Fair Value Measurements (issued on 12 April 2022);
- Amendments to IAS 37: Onerous Contracts - Cost of Fulfilling a Contract (issued on 12 April 2022);
- Amendments to IAS 16: Property and Equipment: Proceeds before Intended Use (issued on 12 April 2022); and
- Amendments to References to the Conceptual Framework in IFRS Standards (issued on 12 April 2022).

No significant changes followed the implementation of these standards and amendments.

New standards and amendments to standards, adopted but not yet effective with an initial application of 1 January 2023:

- Adoption of IFRS 17 Insurance Contracts (issued on 17 May 2022);
- Adoption of Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (issued on 2 December 2022);
- Adoption of Definition of Accounting Estimates (Amendments to IAS 8) (issued on 2 December 2022); and
- Adoption of Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) (issued on 2 December 2022)

No significant changes are anticipated followed the implementation of the standards and amendments effective on 1 January 2023.

The Group has consistently applied the following accounting policies to all periods presented in these financial statements.

Set out below is an index of the significant accounting policies:

A. Basis of consolidation of subsidiaries and separate financial statements of the Company

i. Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instruments is classified as equity, then it is not measured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

iii. Non-controlling interests ("NCI")

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iv. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

v. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

vi. Separate financial statements of the Company

In the separate financial statements of the Company, interests in subsidiaries, associates and joint ventures are accounted for at cost.

B. Interests in equity accounted investees

The Group's interests in equity accounted investees may comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

C. Interest

Interest income and expense are recognised in profit or loss using the effective interest rate method.

i. Effective interest rate

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts of the financial instrument to the gross carrying amount of the financial asset or amortised cost of the financial liability. When calculating the effective interest rate for financial assets, the Group estimates future cash flows considering all contractual terms of the financial instruments, including origination fees, loan incentives, broker fees payable, estimated early repayment charges, balloon payments and all other premiums and discounts. It also includes direct incremental transaction costs related to the acquisition or issue of the financial instrument. The calculation does not consider future credit losses.

ii. Amortised cost and gross carrying amount

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

iii. Calculation of interest income and expense

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

D. Fee and commission income

The Group generates fee and commission income through provision of independent financial advice, insurance brokerage agency, introducer of foreign exchange services and commissions from brokering business finance for small and medium sized enterprises.

Independent financial advice and insurance brokerage agency

Income represents commission arising on services and premiums relating to policies and other investment products committed during the year, as well as renewal commissions having arisen on services and premiums relating to policies and other investment products committed during the year and previous years and effective at the balance sheet date. Income is recognised on the date that policies are submitted to product providers with an appropriate discount being applied for policies not completed. As a way to estimate what is due at the year-end, a "not proceeded with" rate of 10.0% for pipeline life insurance products and 0.0% for non-life insurance pipeline is assumed. Renewal commissions are estimated by taking the historical amount written pro-rata to 3 months.

Other

Income other than that directly related to the loans is recognised over the period for which service has been provided or on completion of an act to which the fee relates.

E. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and as a result, accounts for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Finance leases and HP contracts

When assets are subject to a finance lease or HP contract, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. HP and lease income is recognised over the term of the contract or lease reflecting a constant periodic rate of return on the net investment in the contract or lease. Initial direct costs, which may include commissions and legal fees directly attributable to negotiating and arranging the contract or lease, are included in the measurement of the net investment of the contract or lease at inception.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

F. Income tax

Current and deferred taxation

Current taxation relates to the estimated corporation tax payable in the current financial year. Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill and temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred taxation is determined using tax rates, and laws that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax is realised. Deferred taxation assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

G. Financial assets and financial liabilities

i. Recognition and initial measurement

The Group initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments including regular-way purchases and sales of financial assets are recognised on the trade date, which is the date on which the Group becomes party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

ii. Classification

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI").

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information provided to management.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost.

iii. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

iv. Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs.

If the cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset. If such modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or losses recognised in profit or loss. Any costs and fee incurred are recognised as an adjustment of the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

v. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

vi. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at the date. The fair value of a liability reflects its non-performance risk.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments;
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data; and
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

vii. Impairment

A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.

If a SICR since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired.

- An SICR is always deemed to occur when the borrower is 30 days past due on its contractual payments. If the Group becomes aware ahead of this time of non-compliance or financial difficulties of the borrower, such as loss of employment, avoiding contact with the Group then an SICR has also deemed to occur; and
- A receivable is always deemed to be in default and credit-impaired when the borrower is 90 days past due on its contractual payments or earlier if the Group becomes aware of severe financial difficulties such as bankruptcy, individual voluntary arrangement, abscond or disappearance, fraudulent activity and other similar events.

If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Financial instruments in Stage 3 have their ECL measured based on expected credit losses on an undiscounted lifetime basis.

The Group measures loss allowances at an amount equal to lifetime ECL, except for debt investment securities that are determined to have low credit risk at the reporting date for which they are measured as a 12-month ECL. Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

Measurement of ECL

After a detailed review, the Group devised and implemented an impairment methodology in light of the IFRS 9 requirements outlined above noting the following:

- The ECL was derived by reviewing the Group's loss rate and loss given default over the past 9 years by product and geographical segment;
- The Group has assumed that the future economic conditions will broadly mirror the current environment and therefore the forecasted loss levels in the next 3 years will match the Group's experience in recent years;
- For portfolios where the Group has never had a default in its history or has robust credit enhancements such as credit insurance or default indemnities for the entire portfolio, then no IFRS 9 provision is made. At 2022 year-end, 28.8% had such credit enhancements (2021: 36.6%); and

- If the Group holds objective evidence through specifically assessing a credit-impaired receivable and believes it will go on to completely recover the debt due to the collateral held and cooperation with the borrower, then no IFRS 9 provision is made.

ECL are probability-weighted estimates of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows; and
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable date:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or another type of financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

In assessing of whether an investment in sovereign debt is credit impaired, the Group considers the following factors:

- The market's assessment of creditworthiness as reflected in the bond yields;
- The rating agencies' assessments of creditworthiness;
- The country's ability to access the capital markets for new debt issuance;
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness; and
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Loan commitments: generally, as a provision; and
- Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

H. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash and deposit balances with an original maturity date of three months or less.

I. Loans and advances

Loans and advances' captions in the statement of financial position include:

- Loans and advances measured at amortised cost (see note 44 (G)). They are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method; and
- Finance lease receivables (see note 44 (E)).

J. Property, plant and equipment

Items of property, plant and equipment are stated at historical cost less accumulated depreciation (see below). Historical cost includes expenditure that is directly attributable to the acquisition of the items. Buildings are carried at a revalued amount, being fair value at the date of revaluation less subsequent depreciation and impairment and are revalued annually.

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

The assets' residual values and useful economic lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

Depreciation and amortisation

Assets are depreciated or amortised on a straight-line basis, so as to write off the book value over their estimated useful lives. The estimated useful lives of property, plant and equipment and intangibles are as follows:

Property, plant and equipment	
Leasehold improvements	to expiration of the lease
IT equipment	4 - 5 years
Motor vehicles	2 - 5 years
Furniture and equipment	4 -10 years
Plant and machinery	5 - 20 years

K. Intangible assets and goodwill

i. Goodwill

Goodwill that arises on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

ii. Software

Software acquired by the Group is measured at cost less accumulated amortisation and any accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate:

that the product is technically feasible, its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and that it can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and any accumulated impairment losses.

Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

iii. Other

Intangible assets that are acquired by an entity and having finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets acquired as part of a business combination, with an indefinite useful live are measured at fair value. Intangible assets with indefinite useful lives are not amortised but instead are subject to impairment testing at least annually.

The useful lives of intangibles are as follows:

Customer contracts and lists	to expiration of the agreement
Business intellectual property rights	4 years - indefinite
Website development costs	indefinite
Software	5 years

L. Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or Cash Generating Units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

The Group's corporate assets do not generate separate cash inflows and are used by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGUs to which the corporate assets are located.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

M. Deposits, debt securities issued and subordinated liabilities

Deposits, debt securities issued and subordinated liabilities are the Group's sources of debt funding.

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

Deposits, debt securities issued and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

N. Employee benefits

i. Long-term employee benefits

Pension obligations

The Group has pension obligations arising from both defined benefit and defined contribution pension plans.

A defined contribution pension plan is one under which the Group pays fixed contributions into a separate fund and has no legal or constructive obligations to pay further contributions. Defined benefit pension plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and remuneration.

Under the defined benefit pension plan, in accordance with IAS 19 Employee benefits, the full-service cost for the period, adjusted for any changes to the plan, is charged to the income statement. A charge equal to the expected increase in the present value of the plan liabilities, as a result of the plan liabilities being one year closer to settlement, and a credit reflecting the long-term expected return on assets based on the market value of the scheme assets at the beginning of the period, is included in the income statement.

The statement of financial position records as an asset or liability as appropriate, the difference between the market value of the plan assets and the present value of the accrued plan liabilities. The difference between the expected return on assets and that achieved in the period, is recognised in the income statement in the year in which they arise. The defined benefit pension plan obligation is calculated by independent actuaries using the projected unit credit method and a discount rate based on the yield on high quality rated corporate bonds.

The Group's defined contribution pension obligations arise from contributions paid to a Group personal pension plan, an ex gratia pension plan, employee personal pension plans and employee co-operative insurance plans. For these pension plans, the amounts charged to the income statement represent the contributions payable during the year.

ii. Share-based compensation

The Group maintains a share option programme which allows certain Group employees to acquire shares of the Group. The change in the fair value of options granted is recognised as an employee expense with a corresponding change in equity. The fair value of the options is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options.

At each reporting date, the Group revises its estimate of the number of options that are expected to vest and recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The fair value is estimated using a proprietary binomial probability model. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the options are exercised.

O. Share capital and reserves

Share issue costs

Incremental costs that are directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

P. Earnings per share ("EPS")

The Group presents basic and diluted EPS data for its Ordinary Shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary Shareholders of MFG by the weighted-average number of Ordinary Shares outstanding during the period. Diluted EPS is determined by adjusting profit or loss that is attributable to Ordinary Shareholders and the weighted-average number of Ordinary Shares outstanding for the effects of all dilutive potential Ordinary Shares, which comprise share options granted to employees.

Q. Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segmental reporting is based on business segments.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with any of the Group's other components, whose operating results are regularly reviewed by the CEO who is the chief operating decision maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results reported to the CEO include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Appendix - Glossary of terms

ALCO	Assets and Liabilities Committee
ARCC	Audit, Risk and Compliance Committee
BBSL	Blue Star Business Solutions Limited
BL	Burnbrae Limited
BLX	The Business Lending Exchange Limited
Bank	Conister Bank Limited
Bank's Board	The Bank's Board of Directors
BOE	Bank of England
BSL	Beer Swaps Limited
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CFL	Conister Finance & Leasing Ltd
CGU	Cash Generating Unit
CODM	Chief Operating Decision Maker
Company	Manx Financial Group PLC
EAL	Edgewater Associates Limited
ECF	ECF Asset finance PLC
ECL	Expected Credit Loss
ESG	Environmental, Social and Governance
EPS	Earnings Per Share
FCA	UK Financial Conduct Authority
Fraud risks	Risk of Material Misstatement Due to Fraud
FSA	Isle of Man Financial Services Authority
FVOCI	Fair Value Through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
Group	Comprise the Company and its subsidiaries
HP	Hire Purchase
IAS	International Accounting Standard
ICAAP	Internal Capital Adequacy Assessment Process
ICG	Individual Capital Guidance
IFA	Independent Financial Advisors
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
Interim financial statements	Condensed consolidated interim financial statements
IOM	Isle of Man
ISA	International Standards of Auditing
JM	Jim Mellon
LSE	London Stock Exchange
MBL	MBL Financial Limited
MCL	Manx Collections Limited
MFG	Manx Financial Group PLC
MFX	Manx FX Limited
MFX.L	Manx Financial Group PLC ticker symbol on the LSE
MVL	Manx Ventures Limited (previously Bradburn Limited)
NEC	Notice of Error Correction
NOMCO	Nomination Committee
NRFL	Ninkasi Rentals & Finance Limited (previously Beer Swaps Limited)
OCI	Other Comprehensive Income
PAL	Payment Assist Limited
PIML	Payitmonthly Limited
QCA	Quoted Companies Alliance
REMCO	Remuneration Committee
RFG	Rivers Finance Group Plc
RMF	Risk Management Framework
SBA	Share Buyback Agreement
Scheme	The Conister Trust Pension and Life Assurance Scheme
SICR	Significant Increase in Credit Risk
SPPI	Solely Payments of Principal and Interest
SR	Southern Rock Insurance Company Limited
Subsidiaries	MFG's subsidiaries being Bank, BBSL, BLX, CFL, ECF, EAL, MFX, MVL, NRFL
TCF	Treating Customers Fairly
Three Spires	Three Spires Insurance Services Limited
UK	United Kingdom

UK	United Kingdom
UP	Unrelated parties

END

FR SELFUSEDSEFD