

Manx Financial Group PLC
(the "Group")

Report and accounts for the year ended 31 December 2024

Manx Financial Group PLC (LSE: MFX), the financial services group which includes Conister Bank Limited, Conister Finance & Leasing Ltd, Payment Assist Limited, Blue Star Business Solutions Limited, Edgewater Associates Limited and MFX Limited presents its audited final results for the year ended 31 December 2024.

Jim Mellon, Executive Chair, commented:

"I am pleased to report another record set of results for the Group. Profit before tax for the year increased by £2.9 million to £9.9 million - a gain of 41%."

The 2024 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 2025 Annual General Meeting will be announced in due course.

Douglas Grant, Group Chief Executive Officer, and James Smeed, Group Finance Director, will host a live presentation for retail investors relating to the FY24 Results via Investor Meet Company on 27 June 2025 at 11:30am UK time.

The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via your Investor Meet Company dashboard up until 09:00 on 26 June or at any time during the live presentation.

Investors can sign up to Investor Meet Company for free and register to meet Manx Financial Group PLC via: <https://www.investormeetcompany.com/manx-financial-group-plc/register-investor>.

Investors who already follow Manx Financial Group PLC on the Investor Meet Company platform will automatically be invited.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF THE MARKET ABUSE REGULATION (EU No. 596/2014) AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018. UPON THE PUBLICATION OF THIS ANNOUNCEMENT VIA A REGULATORY INFORMATION SERVICE, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN AND SUCH PERSONS SHALL THEREFORE CEASE TO BE IN POSSESSION OF INSIDE INFORMATION.

For further information, please contact:

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Nominated Adviser

Beaumont Cornish Limited ("Beaumont Cornish") is the Company's Nominated Adviser and is authorised and regulated by the FCA. Beaumont Cornish's responsibilities as the Company's Nominated Adviser, including a responsibility to advise and guide the Company on its responsibilities under the AIM Rules for Companies and AIM Rules for Nominated Advisers, are owed solely to the London Stock Exchange. Beaumont Cornish is not acting for and will not be responsible to any other persons for providing protections afforded to customers of Beaumont Cornish nor for advising them in relation to the proposed arrangements described in this announcement or any matter referred to in it.

Introduction

I am pleased to report another record set of results for the Group. Profit before tax for the year increased by £2.9 million to £9.9 million (2023: £7.0 million) - a gain of 41.0%. This delivered a 49.7% growth in basic earnings per share to 6.87 pence (2023: 4.59 pence) with profit attributable to shareholders of £8.1 million (2023: £5.3 million). Turning to the balance sheet, loans and advances to customers increased to £372.4 million (2023: £362.6 million) and total assets rose to £497.8 million (2023: £480.7 million). Return on equity increased by 3.2% to 23.8% (2023: 20.6%). Further detail on the financial performance of the Group's subsidiaries is contained in the Operating Subsidiary Review section below.

As a result, the Board will recommend returning 10.0% of the Group's profit available to shareholders in the form of cash and/or shares. This year the total dividend available for payment is £0.810 million (2023: £0.529 million). Thus, the amount recommended for shareholder approval will be 0.6768 pence per share (2023: 0.4553 pence per share), a 48.6% uplift, as we continue to reward our loyal shareholders.

The material increases in operating income, profit before tax, earnings per share and return on equity have been achieved against a background of subdued economic activity in the Isle of Man and UK and is a testament to the resilience of our growth strategy.

Our strategy is set and refined by making the best possible use of our sources of competitive advantage. Chief among these is the strong and stable liquidity base provided by our loyal depositor customers on the Isle of Man and now also in the UK. This

has allowed us to carefully grow our loan book to small and medium sized enterprises (SME) which gives us valuable visibility of the issues SME face in securing financing as well as gaps in the market for niche products overlooked by our much larger peers. Our knowledge of the SME sector has enabled us to build a portfolio of valuable subsidiaries - from start-ups to selective and accretive acquisitions - which are creating significant value for shareholders.

Our Isle of Man customer base is more diverse than that of the UK, with both SME and retail customers being served. During the year, we have continued to enhance and develop new products and entered the mortgage market for the first time in Conister Bank Limited's 90-year history. We continue to be a market leader in our home territory as we strategically grow both our lending and deposit balances.

This strong set of results demonstrates our ability to grow our portfolio and improve earnings through prudently increasing our lending activities supported by our access to significant deposit markets.

Operating Subsidiary Review

The Group's operating subsidiaries continued to make progress during the year by executing their growth strategy, including launching new products and accessing new markets, all underpinned by Conister Bank Limited's stable access to liquidity and each operating unit's drive to deliver excellent customer service. The figures below are as reported in each entities' statutory accounts and are before the adjustments and eliminations undertaken to complete the Group consolidated statutory accounts.

Payment Assist Limited

	2024 £'000	2023 £'000	Movement %
Gross profit	10,049.7	9,762.4	+2.9
Operating profit	4,718.3	2,662.9	+77.2
Operating expense	(327.0)	(300.0)	+9.0
Profit before tax	4,391.3	2,362.9	+85.8
Equity	3,370.9	1,785.7	+88.8

Payment Assist Limited nearly doubled its profitability to £4.4 million in the period due to improved customer acquisition (now with more than 100,000 active customers), together with improved yields and a significant one-off release of provisions following the full integration withing the Group and an enhancement to expected credit loss modelling and arrears management actions.

Operating costs which include impairments, were carefully managed to ensure there was no deterioration as the lending book continued to grow.

The remaining minority interest in this company was acquired in September 2024, and with the Group now wholly owning this subsidiary, the entire profit of the company from 2025 onwards will be attributable to our shareholders, further supporting the dividend growth we hope to continue to deliver.

Conister Bank Limited

	2024 £'000	2023 £'000	Movement %
Gross profit	12,578.3	12,766.0	-1.5
Operating profit	17,329.3	14,927.0	+16.1
Operating expense	(15,449.2)	(12,434.3)	+24.2
Profit before tax	1,880.1	2,492.7	-24.6
Equity	45,893.9	41,498.1	+10.6

Conister Bank Limited continues to provide the Group access to competitive and reliable liquidity from which other subsidiaries benefit. As a result, total assets increased to £474.1 million whilst profitability reduced to £1.9 million. The major contribution towards the increase in operating expenses was loan impairment provisioning by £1.6 million, caused in part by the direct funding of the Payment Assist portfolio and increase in administration expenses by £1.9 million, caused by the continued investment in setting up the UK Branch and setting aside a £0.2 million provision for discretionary commission schemes.

The Bank remains very liquid, increasing cash and cash equivalents and debt securities by £6.4 million to £91.1 million (2023: £84.7 million). Focus remains on shorter term lending, which allows a one-year deposit to be used multiple times and therefore driving improved liquidity efficiencies. Despite this focus on shorter term lending, loans and advances still increased by £6.0 million to £366.1 million (2023: £360.1 million) with deposits from both our UK and Isle of Man licenses increasing by £14.8 million to £405.2 million (2023: £390.4 million). Total assets for the Bank have reached a record high of £474.1 million (2023: £451.8 million).

MFX Limited

	2024 £'000	2023 £'000	Movement %
Gross profit	1,040.3	1,048.5	-0.8
Operating profit	n/a	n/a	n/a
Operating expense	(296.0)	(370.9)	-20.0
Profit before tax	743.7	677.6	+9.8
Equity	300.9	257.2	+17.0

Profitability increased by 9.8% to £0.7 million. The business operates at a 71.5% net profit margin due to its lean operational structure. All operating expenses are invested in our staff to ensure that the FX division provides high levels of care to our customers. The available equity in the company is regularly distributed to the Group, further enhancing returns to the wider Group.

Our FX broker continues to perform well in the current economic environment and requires very little overhead to support. The team will seek to expand their customer base with a complementary offering during 2025.

The Business Lending Exchange Limited

	2024 £'000	2023 £'000	Movement %
Gross profit	2,041.1	1,628.0	+25.4
Operating profit	1,592.1	1,321.0	+20.5
Operating expense	(954.2)	(639.8)	+49.1
Profit before tax	637.9	681.2	-6.4
Equity	1,087.3	1,023.6	+6.2

Profitability reduced slightly to £0.64m due to increased provisioning seen within this financial year, £0.4 million. This was offset by the growth in the loan book, with total assets increasing by 7.9% to £7.6 million, generating higher interest returns, 25.4% increase to £2.0 million and thereby nullifying the adverse impact from credit impairments.

Our lending businesses operate within separate credit markets which provides resilience to the Group through their diversity. The Business Lending Exchange Limited operates in the credit broker introduced sub-prime market in which our management team has extensive history. This business has the opportunity to grow substantially in this economic environment.

Edgewater Associates Limited

	2024 £'000	2023 £'000	Movement %
Gross profit	n/a	n/a	n/a
Operating profit	2,047.8	2,034.3	+0.7
Operating expense	(1,660.0)	(2,069.9)	-19.8
Profit before tax	387.8	(35.6)	+1,189.3
Equity	1,236.3	1,298.6	-4.8

This business was restructured in September 2023 and so the year under review was the first full year post its re-structure. Ultimately, this led to £0.4 million savings in operating expenses whilst delivering on the same level of turnover seen in the year before.

Thus, improvement has been achieved through operational efficiencies without any detriment to the high levels of service given to our clients. Further organic growth is anticipated in 2025, and further accretive acquisitions are being sought.

Manx Ventures Limited

	2024 £'000	2023 £'000	Movement %
Gross profit	1,507.4	916.2	+64.5
Operating profit	1,497.5	737.5	+103.1
Operating expense	(17.9)	(194.9)	-90.8
Profit before tax	1,515.4	932.4	+62.5
Equity	1,774.3	258.9	+585.3

Manx Ventures Limited continues to expand its investment holdings held within the Group and this led to £1.1 million of dividend receipts in the period. Currently, Manx Ventures Limited holds shares and options in six financial services companies, with another one added post year-end (CAM Wealth) and holds three more investments in other financial services companies with warrants to acquire a greater shareholding as these companies grow.

Manx Ventures Limited continues to seek acquisition opportunities that will continue to expand the Group's customer base, much like Payment Assist Limited, which has clearly benefitted the Group since take-on. It is the company's intention to continue to invest in financial services companies, generating dividends and investment income.

Key Objectives

The change in UK Government in May 2024 has led to an increase in public borrowing and business taxation which has resulted in interest rates remaining higher for longer and inflation remaining stubbornly higher than the Bank of England's 2.0% target. Despite this, I remain cautiously optimistic in the robustness of both the Isle of Man and the UK economy and believe we will move to a more normalised interest rate and inflation rate environment over the next 24 months. During this period, our key objective will continue to be to safely grow shareholder value. Thus, our strategic focus remains unchanged, namely to:

- Provide the highest quality of service throughout our operations to all customers, ensuring that their treatment is both fair and appropriate;
- Continue adopting a pro-active strategy to managing risk, including credit and climate 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 our 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.

To continue to grow shareholder value, we will deploy our regulatory capital in its most efficient manner by taking advantage of the opportunities this economic and regulatory environment brings. We will continue to focus on the SME sector with our Structured Finance offering, and on the consumer sector with market leading, technologically driven, shorter term lending products. This organic growth will be supported by our non-dilutive acquisition strategy. Further details of our strategic objectives will be found in the Corporate Governance Report, together with our observance on the QCA Code requirements.

Environmental, Social and Corporate Governance

The Board plays a key role in supporting and challenging the Group's long-term strategic planning. This includes the responsibility to provide effective governance and a rigorous assessment of all risks, including climate.

The addition of new subsidiary, Payment Assist Limited, within in the operational boundary has contributed to significant increases in absolute scope 1 (+77%) and scope 2 (+37%) emissions in 2024.

It now accounts for over 25% of the Group's total building-energy consumption and total scope 1 and 2 footprint and is also a key driver behind the increases in electricity and gas consumption.

The Group's carbon footprint for 2024 will be restated in 2025 (in line with the criteria included within the restated Green House Gas Protocol Corporate Standard), when a more complete set of scope 1 and 2 primary activity data has been obtained for Payment Assist Limited.

In relative terms, however, the Group's carbon intensity ratios show less impact, with scope 1 and 2 emissions per Full Time Employee at around 5% lower compared to 2023.

Outlook

The Group made significant progress in 2024 towards delivering its key objectives, while maintaining a prudent approach to growth. This was achieved despite the much-discussed challenging economic environments across the world. But this environment will drive opportunities, for example, in the short-term lending space for short-term loans, such as Buy Now Pay Later, premium finance and overdrafts. This short-term loan sector, normally with a term of between four and 12 months, is taking market share from the traditional credit card market due to its little to no interest charge and its longer repayment period. Your Group has subsidiaries, such as Payment Assist Limited (the leading UK Buy Now Pay Later lender to the automotive industry), Conister Bank Limited and The Business Lending Exchange Limited, who are well placed to serve these markets.

The Group will not be immune from the findings of the Supreme Court on discretionary commission payments whose

The Group will not be immune from the findings of the Supreme Court on discretionary commission payments whose judgement is due to be released in July 2025 after which the FCA will announce what remediation lenders will be required to undertake. However, the Board believe that our exposure is limited. At the year-end Conister Bank Limited and its auditors assessed the position as currently known and set aside £0.2 million to remedy the position. I will be able to provide a more detailed report on this topic in my 2025 Interim statement.

Also, the Group continues to develop its offering to acquire market share in underserved credit markets in both the UK and the Isle of Man, and in new jurisdictions. To this end, the Group has commenced a project to obtain a consumer credit licence in the Republic of Ireland which, longer term, will be helpful in passporting to other credit markets within the EU as the Group expands its reach.

Board Changes

Having loyally served the shareholders for 18 years, Alan Clarke has decided to retire from his positions as a non-executive director of both Manx Financial Group PLC and Conister Bank Limited, and the Chair of our Audit, Risk & Compliance Committee and the Chair of our Remuneration Committee. I wish to take this opportunity to thank Alan on behalf of the directors, shareholders and, in particular, myself for all his loyal support and advice over the years and to wish him well in whatever he decides to undertake in his next chapter of life. The next Chairs for the Remuneration Committee and the Audit, Risk & Compliance Committee will be communicated at the upcoming AGM.

Thank You

Our people are at the heart of our success. On behalf of the Board, I would like to thank all of our staff for their efforts to exceed customer expectations and continuing to deliver value for our loyal shareholders.

Jim Mellon

Executive Chair

24 June 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

		2024	2023
		£000	£000
For the year ended 31 December	Notes		
Interest revenue calculated using the effective interest method		55,930	46,891
Interest expense		(23,139)	(14,530)
Net interest income	9	32,791	32,361
Fee and commission income	10	3,923	3,997
Fee and commission expense	10	(7,181)	(7,327)
Net trading income		29,533	29,031
Other operating income		585	364
Gain on financial instruments	19	18	195
Realised gain on debt securities	18	4,266	1,893
Operating income		34,402	31,483
Personnel expenses	11	(12,495)	(12,170)
Other expenses	12	(9,053)	(6,627)
Provision for impairment on loans and advances to customers	13	(1,752)	(4,135)
Depreciation	22	(949)	(825)
Amortisation and impairment of intangibles	23	(340)	(683)
Share of profit of equity accounted investees, net of tax	30	119	-
Profit before tax payable	14	9,932	7,043
Income tax expense	15	(1,384)	(903)
Profit for the year		8,548	6,140
For the year ended 31 December	Notes	2024	2023
		£000	£000
Profit for the year		8,548	6,140
Other comprehensive income:			
Items that will be reclassified to profit or loss			
Unrealised (loss)/gain on debt securities	18	(395)	324
Related tax		40	(32)
Items that will never be reclassified to profit or loss			
Actuarial gain on defined benefit pension scheme taken to equity	28	67	29
Related tax		(7)	(3)
Other comprehensive (loss)/gain, net of tax		(295)	318
Total comprehensive income for the period attributable to owners		8,253	6,458
Profit attributable to:			
Owners of the Company		8,102	5,288
Non-controlling interests	32	446	852
		8,548	6,140
Total comprehensive income attributable to:			
Owners of the Company		7,807	5,606
Non-controlling interests	32	446	852
		8,253	6,458
Earnings per share - Profit for the year			
Basic earnings per share (pence)	16	6.87	4.59
Diluted earnings per share (pence)	16	5.39	3.51
Earnings per share - Total comprehensive income for the year			
Basic earnings per share (pence)	16	6.62	4.86
Diluted earnings per share (pence)	16	5.20	3.71

The Directors believe that all results derive from continuing activities.

Company Statement of Profit or Loss and Other Comprehensive Income

		2024	2023
		£000	£000
For the year ended 31 December	Notes		
Interest income calculated using the effective interest method		998	862
Interest expense		(89)	-
Dividend income		450	1,200
Other income		700	584
Operating income		2,059	2,646
Personnel expenses	11	(40)	(62)
Administration expenses		(74)	(61)
Depreciation expense	22	(128)	(63)
Amortisation expense	23	(2)	(57)
Profit before tax payable		1,815	2,403
Tax payable		-	-
Profit for the year		1,815	2,403
Total comprehensive income for the year		1,815	2,403

The Directors believe that all results derive from continuing activities.

Consolidated Statement of Financial Position

As at 31 December	Notes	2024 £000	2023 £000
Assets			
Cash and cash equivalents	17	16,199	12,107
Debt securities	18	79,140	76,129
Equity held at Fair Value Through Profit or Loss	33	154	138
Loans and advances to customers	20	372,358	362,653
Trade and other receivables	21	7,312	8,227
Property, plant and equipment	22	6,433	6,410
Intangible assets	23	5,301	4,268
Investment in associates	30	317	197
Goodwill	34	10,576	10,576
Total assets		497,790	480,705
Liabilities			
Deposits from customers	24	405,166	390,421
Creditors and accrued charges	25	9,679	14,409
Deferred consideration	26	-	20
Loan notes	27	45,292	39,317
Pension liability	28	46	162
Deferred tax liability	15	294	392
Total liabilities		460,477	444,721
Equity			
Called up share capital	29	19,626	19,384
Profit and loss account		17,632	15,544
Revaluation reserve	22	-	15
Non-controlling interest	32	55	1,041
Total equity		37,313	35,984
Total liabilities and equity		497,790	480,705

Company Statement of Financial Position

As at 31 December	Notes	2024 £000	2023 £000
Assets			
Cash and cash equivalents	17	718	373
Trade and other receivables	21	130	123
Amounts due from Group undertakings	35	14,421	10,694
Property, plant and equipment	22	87	139
Intangible assets	23	1,983	861
Investment in subsidiaries	31	31,097	28,097
Subordinated loans	35	14,228	14,228
Total assets		62,664	54,515
Liabilities			
Creditors and accrued charges	25	1,603	544
Amounts due to Group undertakings	35	-	608
Loan notes	27	45,292	39,317
Total liabilities		46,895	40,469
Equity			
Called up share capital	29	19,626	19,384
Profit and loss account		(3,857)	(5,338)
Total equity		15,769	14,046
Total liabilities and equity		62,664	54,515

Consolidated and Company Statements of Changes in Equity

Group	Attributable to owners of the Company					Total equity £000
	Share capital £000	Profit and loss account £000	Revaluation reserve £000	Total £000	Non-controlling interests £000	
Balance as at 1 January 2023	19,195	10,371	15	29,581	189	29,770
Profit for the year	-	5,288	-	5,288	852	6,140
Other comprehensive income	-	318	-	318	-	318
Transactions with owners						
Dividends declared (see note 29)	-	(342)	-	(342)	-	(433)
Scrip dividend shares (see note 29)	91	(91)	-	-	-	91
Share issue (see note 29)	98	-	-	98	-	98
Balance as at 31 December 2023	19,384	15,544	15	34,943	1,041	35,984
Profit for the year	-	8,102	-	8,102	446	8,548
Other comprehensive income	-	(295)	-	(295)	-	(295)
Transactions with owners						
Dividend declared (see note 29)	-	(337)	-	(337)	(1,817)	(2,154)
Scrip dividend shares (see note 29)	193	(193)	-	-	-	-
Share options exercised (see note 29)	49	-	-	49	-	49
Share-based payment expense (see notes 16 and 29)	-	196	-	196	-	196
Revaluation loss	-	-	(15)	(15)	-	(15)
Acquisition of NCI net without change of control	-	(5,385)	-	(5,385)	385	(5,000)
Balance as at 31 December 2024	19,626	17,632	-	37,258	55	37,313

Company	Share capital £000	Profit and loss account £000	Total equity £000
Balance as at 1 January 2023	19,195	(7,308)	11,887
Profit for the year	-	2,403	2,403
Transactions with owners			
Issue of share issue (see note 29)	98	-	98
Dividends declared (see note 29)	-	(342)	(342)
Scrip dividend shares (see note 29)	91	(91)	-
Balance as at 31 December 2023	19,384	(5,338)	14,046
Profit for the year	-	1,815	1,815
Transactions with owners			
Dividend declared (see note 29)	-	(337)	(337)
Scrip dividend shares (see note 29)	193	(193)	-
Share options exercised (see note 29)	49	-	49
Share-based payment expense (see notes 16 and 29)	-	196	196

Balance as at 31 December 2024

19,626 (3,857) 15,769

Consolidated Statement of Cash Flows

		2024	2023
For the year ended 31 December	Notes	£000	£000
Reconciliation of profit before taxation to operating cash flows			
Profit before tax		9,932	7,043
Adjustments for:			
Depreciation	22	949	825
Amortisation of intangibles	23	340	683
Impairment of loans and advances to customers	13	1,752	4,135
Net interest income		(35,614)	(34,726)
Realised gains on debt securities		(4,266)	(1,893)
Share of profit of Equity Accountant Investees		(119)	-
Lease interest		132	93
Contingent consideration interest expense	6(ii)	-	4
Pension charge included in personnel expenses	28	8	11
Gain on financial instruments	19	(18)	(195)
		(26,904)	(24,020)
Changes in:			
Trade and other receivables	21	915	(4,016)
Creditors and accrued charges	25	(5,432)	1,953
Net cash flow from trading activities		(31,421)	(26,083)
Changes in:			
Loans and advances to customers	20	(13,691)	(75,590)
Deposits from customers	24	16,818	88,116
Pension contribution	28	(57)	(57)
Cash used in operating activities		(28,351)	(13,614)

		2024	2023
For the year ended 31 December	Notes	£000	£000
CASH FLOW STATEMENT			
Cash from operating activities			
Cash used in operating activities		(28,351)	(13,614)
Interest received		58,164	47,168
Interest paid		(22,389)	(14,059)
Income taxes paid		(1,095)	(1,337)
Net cash from operating activities		6,329	18,158
Cash flows from investing activities			
Acquisition of property, plant and equipment, excluding right-of-use assets	22	(228)	(1,280)
Acquisition of intangible assets	23	(1,373)	(2,248)
Proceeds from sale of property, plant and equipment	22	-	759
Purchase of debt securities		(860)	(33,237)
Deferred consideration on acquisition of subsidiary	6(ii),26	(20)	(67)
Net cash used in investing activities		(2,481)	(36,073)
Cash flows from financing activities			
Receipt of loan notes	27	5,975	7,985
Acquisition of non-controlling interest	34	(5,000)	-
Payment of lease liabilities	37	(443)	(349)
Dividend paid	29	(337)	(342)
Proceeds from issue of share	29	49	98
Net cash from financing activities		244	7,392
Net increase / (decrease) in cash and cash equivalents		4,092	(10,523)
Cash and cash equivalents at 1 January		12,107	22,630
Cash and cash equivalents at 31 December		16,199	12,107

Company Statement of Cash Flows

		2024	2023
For the year ended 31 December	Notes	£000	£000
Reconciliation of profit before taxation to operating cash flows			
Profit before tax		1,815	2,403
Adjustments for:			
Depreciation	22	128	63
Amortisation	23	2	57
Interest income		(998)	(862)
RSU expense taken to reserves		196	-
Dividend income		(450)	(1,200)
		693	461
Changes in:			
Amounts due from group undertakings	35	(3,727)	(787)
Trade and other receivables	21	(7)	439
Creditors and accrued charges	25	1,206	312
Amounts due to Group undertakings		(608)	486
Cash (used in) / from operating activities		(2,443)	911
CASH FLOW STATEMENT			
Cash from operating activities			
Cash (used in) / from operating activities		(2,443)	911
Interest received		998	862
Dividends received		450	1,200
Net cash (used in) / from operating activities		(995)	2,973
Cash flows from investing activities			
Acquisition of property, plant and equipment	22	(76)	(1)
Acquisition of intangible assets	23	(1,123)	(893)
Issue of subordinated loans		-	(6,500)
Increase in investment in group undertakings		(3,000)	(4,500)
Net cash used in investing activities		(4,199)	(11,894)
Cash flows from financing activities			
Proceeds from issue of loan notes	27	5,975	7,985
Payment of finance lease liabilities	37	(148)	(117)
Proceeds from issue of shares	29	49	98
Dividend paid	29	(337)	(433)
Net cash from financing activities		5,539	7,533
Net increase / (decrease) in cash and cash equivalents		345	(1,388)
Cash and cash equivalents at 1 January		373	1,761
Cash and cash equivalents at 31 December		718	373

Notes to the Consolidated and Company Financial Statements

For the year ended 31 December 2024

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 2024 comprise the Company and its subsidiaries ("Group") including Conister Bank Limited (the "Bank"). The Group is primarily involved in the provision of financial services.

The Company's financial statements are the separate financial statements of the Company.

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 45(G)(vi) and Note 7(A) - key assumptions of Expected Credit Loss ("ECL") allowance for loans and advances to customers and assessment of impairment allowances where loans are in default or arrears.

5. Financial instruments - Classification

For description of how the Group classifies financial assets and liabilities, see note 45(G)(ii).

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

Group	Designated as at FVTPL £000	FVOCI - debt instruments £000	Amortised cost £000	Total carrying amount £000
31 December 2024				
Cash and cash equivalents	-	-	16,199	16,199
Debt securities	-	79,140	-	79,140
Equity held at Fair Value Through Profit or Loss	154	-	-	154
Loans and advances to customers	-	-	372,358	372,358
Trade and other receivables	-	-	7,312	7,312
Total financial assets	154	79,140	395,869	475,163
Deposits from customers	-	-	405,166	405,166
Creditor and accrued charges	-	-	9,679	9,679
Loan notes	-	-	45,292	45,292
Total financial liabilities	-	-	460,137	460,137

Group	Designated as at FVTPL £000	FVOCI - debt instruments £000	Amortised cost £000	Total carrying amount £000
31 December 2023				
Cash and cash equivalents	-	-	12,107	12,107
Debt securities	-	76,129	-	76,129
Equity held at Fair Value Through Profit or Loss	138	-	-	138
Loans and advances to customers	-	-	362,653	362,653
Trade and other receivables	-	-	8,227	8,227
Total financial assets	138	76,129	382,987	459,254
Deposits from customers	-	-	390,421	390,421
Creditor and accrued charges	-	-	14,409	14,409
Deferred consideration	20	-	-	20
Loan notes	-	-	39,317	39,317
Total financial liabilities	20	-	444,147	444,167

At 31 December 2024 and 31 December 2023, all financial instruments were carried at amortised cost in the separate financial statements.

6. Financial instruments - Fair values

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

The following table shows the carrying amounts and fair values of Group 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			
	Total £000	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
31 December 2024					
Financial assets measured at fair value					
Debt securities	79,140	-	79,140	-	79,140
Equity held at Fair Value Through Profit or Loss	154	-	-	154	154
	79,294	-	79,140	154	79,294

Carrying

Fair value

	amount				
	Total £000	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
31 December 2023					
Financial assets measured at fair value					
Debt securities	76,129	-	76,129	-	76,129
Equity held at Fair Value Through Profit or Loss	138	-	-	138	138
	76,267	-	76,129	138	76,267

All Company financial assets and liabilities carrying amounts are reasonable approximation of fair value.

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).

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.

	2024 £000	2023 £000
Balance at 1 January	20	262
Finance costs	0	4
Net change in fair value (unrealised)	-	(179)
	20	87
Payment (note 26)	(20)	(67)
Balance at 31 December	-	20

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.

	Profit or loss	
	Increase £000	Decrease £000
31 December 2024		
Expected cash flows (10.0% movement)	-	-
Risk-adjusted discount rate (1.0% movement)	-	-

	Profit or loss	
	Increase £000	Decrease £000
31 December 2023		
Expected cash flows (10.0% movement)	2	(2)
Risk-adjusted discount rate (1.0% movement)	-	-

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 and Company's financial risk management framework, see note 43.

A. Group Credit risk

For definition of credit risk and information on how credit risk is mitigated by the Group, see note 43.

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)(vi).

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

Group	2024				2023			
	Stage 1 £000	Stage 2 £000	Stage 3 £000	Total £000	Stage 1 £000	Stage 2 £000	Stage 3 £000	Total £000
Grade A	327,561	3,968	-	331,529	341,953	-	-	341,953
Grade B	-	19,836	5,932	25,768	-	7,822	3,700	11,522
Grade C	-	5	35,268	35,273	-	2	28,791	28,793
Gross value	327,561	23,809	41,200	392,570	341,953	7,824	32,491	382,268
Allowance for impairment	(688)	(36)	(19,488)	(20,212)	(184)	(6)	(19,425)	(19,615)
Carrying value	326,873	23,773	21,712	372,358	341,769	7,818	13,066	362,653

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	2024				2023			
	Stage 1 £000	Stage 2 £000	Stage 3 £000	Total £000	Stage 1 £000	Stage 2 £000	Stage 3 £000	Total £000
31 December								
Current	314,542	-	-	314,542	333,740	-	-	333,740
Overdue < 30 days	13,019	-	-	13,019	8,213	-	-	8,213
Overdue > 30 days	-	19,851	45,158	65,009	-	7,824	32,491	40,315
	327,561	19,851	45,158	392,570	341,953	7,824	32,491	382,268

For Stage 3 loans and advances, the Bank holds collateral with a value of £11,982,000 (2023: £13,410,000) representing security cover of 66.0% (2023: 66.0%).

Debt securities, cash and cash equivalents

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

Group	2024 £000	2023 £000
Government bonds and treasury bills		
Rated A to A+	79,140	76,129
Cash and cash equivalents		
Rated A to A+	16,199	12,107
Trade and other receivables		
Unrated	7,312	8,227
	102,651	96,463

The analysis has been based on Standard & Poor's ratings. The above debt securities, cash and cash equivalents are considered to be Stage 1 as there is no evidence of significant deterioration in credit quality and hence no material expected credit loss allowance is observed.

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, finance 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.

As at 31 December 2024, 28.7% of loans and advances had an element of capital indemnification (2023: 13.0%). 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.

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 (see note 20 for further details). Collateral is valued at the time of borrowing, and is not individually valued at each reporting date but fair value groups of similar collateral are considered as part of the impairment testing model.

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 2024 year-end, 31.0% had such credit enhancements (2023: 28.0%).

The following table sets out the principal types of collateral held against different types of financial assets.

Group	2024 %	2023 %	Principal type of collateral held
HP balances	100	100	Property and equipment
Finance lease balances	100	100	Property and equipment
Unsecured personal loans	-	-	None
Vehicle stocking plans	100	100	Motor vehicles
Wholesale funding arrangements	100	100	Floating charges over corporate assets
Block discounting	100	100	Floating charges over corporate assets
Secured commercial loans	100	100	Floating charges over corporate assets
Secured personal loans	100	100	Property
Government backed loans	70 - 100	70 - 100	Government guarantee
Property secured	100	100	Property

There have been no significant changes in the quality of collateral as a result of a deterioration or changes to the Group's collateral policies during the reporting period.

iii. Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

See accounting policy in note 45(G)(vi).

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward looking information.

- 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.

Credit risk grades

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk grade deteriorates. 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.

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves the use of the following data:

Corporate exposures	Retail exposures	All exposures
Information obtained during periodic review of customer files - e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants	Internally collected data on customer behaviour - e.g. repayment behaviour	Payment record - this includes overdue status - e.g. as well as a range of variables about payment ratios

Data from credit reference agencies	Affordability matrix	Requests for and granting of forbearance
	External data from credit reference agencies, including industry-standard credit scores	Existing forecast changes in business, financial and economic conditions

Definition of default

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);
- the borrower is more than 90 days past due on any material credit obligation to the Group; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the Group considers indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significant may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by the Group for regulatory capital purposes.

Incorporation of forward-looking information

The Group incorporates forward looking information into the measurement of ECL.

The Group has identified and documented key drivers of credit risk and credit losses within its financial instruments and using an analysis of historical data, has estimated the relationship between macroeconomic variables and credit risk and credit losses. The key drivers for credit risk for corporate, retail and wholesale portfolios include gross domestic product (GDP) growth, unemployment rates and consumer price index (CPI) inflation. The Group estimates each key driver for credit risk over the active forecast period of three years. The table below lists the UK macroeconomic assumption used in the base scenarios over the three-year forecast period:

31 December 2024	2025	2026	2027
GDP growth rate	2.0	1.0	1.3
CPI inflation	4.2	2.4	1.8
Unemployment rate	4.8	4.9	4.9

31 December 2023	2024	2025	2026
GDP growth rate	0.5	1.0	1.3
CPI inflation	4.2	2.4	1.8
Unemployment rate	4.8	4.9	4.9

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 8 years.

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 one introducer that accounted for more than 14% of the Bank's total lending portfolio at the end of 31 December 2024 (2023: 20.0%). Advances to a single counterparty is restricted to 25% of the Bank's Large Exposure Capital Buffer (LECB) in line with FSA direction.

B. Group Liquidity risk

For the definition of liquidity risk and information on how liquidity risk is managed by the Group, see note 43.

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. The Group aims to maintain the ratio at no less than 13.7% compared to FSA requirement of not less than 10%. 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:

	2024	2023
At 31 December	24.0%	23.0%
Average for the year	23.0%	19.0%
Maximum for the year	27.0%	23.0%
Minimum for the year	20.0%	15.0%

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 varies 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):

	Sight- 8 days	>8 days - 1 month	>1 month - 3 months	>3 months - 6 months	>6 months - 1 year	>1 year - 3 years	>3 years - 5 years	>5 years	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
31 December 2024									
Deposits	9,016	13,010	44,111	97,353	166,118	79,123	16,561	-	425,292
Other liabilities	71	204	8,073	4,246	13,657	24,402	9,719	340	60,712
Total liabilities	9,087	13,214	52,184	101,599	179,775	103,525	26,280	340	486,004

Sight- 8 days	>8 days - 1 month	>1 month - 3 months	>3 months - 6 months	>6 months - 1 year	>1 year - 3 years	>3 years - 5 years	>5 years	Total
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	0 days £000	> 1 month £000	> 3 months £000	> 6 months £000	> 1 year £000	> 3 years £000	> 5 years £000	> 5 years £000	Total £000
31 December 2023									
Deposits	17,261	13,767	29,718	77,801	122,719	125,205	24,076	-	410,547
Other liabilities	55	257	1,407	6,395	18,997	18,188	13,108	554	58,961
Total liabilities	17,316	14,024	31,125	84,196	141,716	143,393	37,184	554	469,508

The table below shows the carrying amount of the Group's assets and liabilities by their expected maturities.

Expected maturity of assets and liabilities at the reporting date:

	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
31 December 2024									
Assets									
Cash	16,199	-	-	-	-	-	-	-	16,199
Debt securities	4,997	16,461	47,624	-	4,993	-	5,065	-	79,140
Loans and advances	21,559	35,642	45,541	48,415	57,042	125,667	37,316	1,176	372,358
Other assets	154	-	-	-	9,063	-	4,682	16,194	30,093
Total assets	42,909	52,103	93,165	48,415	71,098	125,667	47,063	17,370	497,790
Liabilities									
Deposits	8,639	11,993	41,477	93,949	161,428	72,352	15,328	-	405,166
Other liabilities	-	-	7,600	3,597	12,427	22,002	9,345	340	55,311
Total liabilities	8,639	11,993	49,077	97,546	173,855	94,354	24,673	340	460,477

	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
31 December 2023									
Assets									
Cash	12,107	-	-	-	-	-	-	-	12,107
Debt securities	3,499	7,976	28,275	36,379	-	-	-	-	76,129
Loans and advances	17,720	23,854	41,805	42,293	54,800	131,666	49,445	1,070	362,653
Other assets	180	-	-	-	9,580	-	5,057	14,999	29,816
Total assets	33,506	31,830	70,080	78,672	64,380	131,666	54,502	16,069	480,705
Liabilities									
Deposits	16,884	12,750	27,084	74,397	118,029	118,434	22,843	-	390,421
Other liabilities	-	100	1,000	5,800	18,421	16,160	12,265	554	54,300
Total liabilities	16,884	12,850	28,084	80,197	136,450	134,594	35,108	554	444,721

Company

All the Company's assets (excluding Investment in subsidiaries, Property, plant and equipment, Intangible assets, Investment in subsidiaries and Subordinated loans) are due within one year. The Subordinated loans are due in more than five years.

All the Company's creditors (excluding Loan notes) are due within one year. The maturity profile £16 million of loan notes are due within one year, £27 million within 3 years and £2 million within five years.

iii. Liquidity reserves

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

	2024 Carrying amount £000	2024 Fair value £000	2023 Carrying amount £000	2023 Fair value £000
Balances with other banks	16,199	16,199	12,107	12,107
Unencumbered debt securities	79,140	79,140	76,129	76,129
Total liquidity reserves	95,339	95,339	88,236	88,236

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 43.

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

	Carrying amount £000	Market risk measure Trading portfolios £000	Non-trading portfolios £000
31 December 2024			
Assets subject to market risk			
Debt securities	79,140	-	79,140
Equity held at Fair Value Through Profit or Loss	154	-	154
Total	79,294		79,294

	Carrying amount £000	Market risk measure Trading portfolios £000	Non-trading portfolios £000
31 December 2023			
Assets subject to market risk			
Debt securities	76,129	-	76,129
Equity held at Fair Value Through Profit or Loss	138	-	138
Total	76,267		76,267

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.

	Sight- 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	Non- Interest Bearing £000	Total £000
31 December 2024									
Assets									
Cash & cash equivalents	16,199	-	-	-	-	-	-	-	16,199
Debt securities	21,458	47,624	-	4,993	-	5,065	-	-	79,140
Loans and advances to customers	57,201	45,541	48,415	57,042	125,667	37,316	1,176	-	372,358
Other assets	-	-	-	-	-	-	-	30,093	30,093
Total assets	94,858	93,165	48,415	62,035	125,667	42,381	1,176	30,093	497,790

Liabilities	2024	>1 month	>3 months	>6 months	>1 year	>3 years	>5 years	Non-Interest Bearing	Total
Deposits from customers	29,692	141,177	83,849	61,488	72,252	15,328	-	405,166	
Other liabilities	1,000	7,690	3,587	1,540	22,003	9,345	46	55,311	
Total liabilities	30,692	148,867	87,436	63,028	94,255	24,673	46	460,477	
Interest rate sensitivity gap	74,226	44,088	(49,131)	(103,933)	31,313	17,708	1,130	21,912	
Cumulative	74,226	118,314	69,183	(34,750)	(3,437)	14,271	15,401	37,313	

	Sight- 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	Non-Interest Bearing £000	Total £000
31 December 2023									
Assets									
Cash & cash equivalents	12,107	-	-	-	-	-	-	-	12,107
Debt securities	11,475	28,275	36,379	-	-	-	-	-	76,129
Loans and advances to customers	41,574	41,805	42,293	54,800	131,666	49,445	1,070	-	362,653
Other assets	-	-	-	-	-	-	-	29,816	29,816
Total assets	65,156	70,080	78,672	54,800	131,666	49,445	1,070	29,816	480,705
Liabilities									
Deposits from customers	29,634	27,084	74,397	118,029	118,434	22,843	-	-	390,421
Other liabilities	100	1,000	5,800	5,370	16,160	12,265	162	13,443	54,300
Total liabilities	29,734	28,084	80,197	123,399	134,594	35,108	162	13,443	444,721
Interest rate sensitivity gap	35,422	41,996	(1,525)	(68,599)	(2,928)	14,337	908	16,373	35,984
Cumulative	35,422	77,418	75,893	7,294	4,366	18,703	19,611	35,984	-

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% per annum (2023: 2.0%). The following tables set out the estimated total impact of such a change based on the mismatch at the reporting date:

	Sight- 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	Non-Interest Bearing £000	Total £000
31 December 2024									
Interest rate sensitivity gap	74,226	44,088	(49,131)	(103,933)	31,313	17,708	1,130	21,912	37,313
Weighting	-	0.003	0.007	0.014	0.027	0.054	0.115	-	-
	-	132	(344)	(1,455)	845	956	130	-	264

	Sight- 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	Non-Interest Bearing £000	Total £000
31 December 2023									
Interest rate sensitivity gap	35,422	41,996	(1,525)	(68,599)	(2,928)	14,337	908	16,373	35,984
Weighting	0.000	0.003	0.007	0.014	0.027	0.054	0.115	-	-
	-	126	(11)	(960)	(79)	774	104	-	(46)

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows;

	2024 £000	2023 £000
Fixed-rate instruments		
Financial assets	467,697	450,889
Financial liabilities	452,296	431,278
	15,401	19,611

The Group does not account for any fixed-rate financial assets or liabilities at FVTPL. A change of 1% in interest rates would have increased or decreased equity by £306,000 (2023: £280,000). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

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 collective impairment allowances up to the level set by the FSA, subordinated loan liabilities and gains on financial instruments carried at fair value.

The Bank's Tier 1 and Total Capital regulatory ratios stood at 12.50% (2023: 11.52%) and 17.00% (2023: 15.90%) respectively as at 31 December 2024. The Bank complied with all capital requirements externally imposed on it in the year with minimum Tier 1 and Overall Capital ratio of 8.73% (2023: 8.73%) and 15.29% (2023: 15.29%) 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.

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

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 Notes 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. The capital on subordinated loan notes is repayable to the Company in more than 5 years. £16.0m (2023:£12.3m) of loan notes are repayable within one year.

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 (2023: 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).

	Asset and Personal Finance £000	Edgewater Associates £000	MFX Limited £000	Investing Activities £000	Total £000
For the year ended 31 December 2024					
Interest revenue calculated using the effective interest method	55,930	-	-	-	55,930
Interest expense	(23,044)	-	-	(95)	(23,139)
Net interest income	32,886	-	-	(95)	32,791
Components of Net Trading Income	(6,341)	2,048	1,035	-	(3,258)
Net trading income	26,545	2,048	1,035	(95)	29,533
Components of Operating Income	4,818	11	5	35	4,869
Operating Income	31,363	2,059	1,040	(60)	34,402
Depreciation	(715)	(23)	(1)	(210)	(949)
Amortisation and impairment of intangibles	(256)	(78)	(4)	(2)	(340)
Share of profit of equity accounted investees, net of tax	119	-	-	-	119
All other expenses	(20,586)	(1,570)	(1,020)	(124)	(23,300)
Profit / (loss) before tax payable	9,925	388	15	(396)	9,932
Capital expenditure	401	1	-	1,199	1,601
Total assets	446,771	1,614	310	49,095	497,790
Total liabilities	428,540	377	9	31,551	460,477

	Asset and Personal Finance £000	Edgewater Associates £000	MFX Limited £000	Investing Activities £000	Total £000
For the year ended 31 December 2023					
Interest revenue calculated using the effective interest method	45,356	-	-	-	45,356
Other interest income	1,535	-	-	-	1,535
Interest expense	(14,538)	-	-	8	(14,530)
Net interest income	32,353	-	-	8	32,361
Components of Net Trading Income	(6,410)	2,032	1,048	-	(3,330)
Net trading income	25,943	2,032	1,048	8	29,031
Components of Operating Income	2,450	2	-	-	2,452
Operating Income	28,393	2,034	1,048	8	31,483
Depreciation	(739)	(22)	(1)	(63)	(825)
Amortisation and impairment of intangibles	(545)	(76)	(5)	(57)	(683)
Share of profit of equity accounted investees, net of tax	-	-	-	-	-
All other expenses	(20,294)	(1,972)	(364)	(302)	(22,932)
Profit / (loss) before tax payable	6,815	(36)	678	(414)	7,043
Capital expenditure	2,627	6	-	895	3,528
Total assets	438,916	1,578	267	39,944	480,705
Total liabilities	418,794	279	10	25,638	444,721

All revenues are earned from the entity's one geographic segment. All non-current assets are located in the entity's one geographic segment.

9. Net interest income

	2024 £000	2023 £000
Interest income		
Loans and advances to customers	55,930	45,356
Total interest income calculated using the effective interest method	55,930	45,356
Operating lease income	-	1,535
Total interest income	55,930	46,891
Interest expense		
Deposits from customers	(20,184)	(12,072)
Loan note interest	(2,823)	(2,361)
Lease liability	(132)	(93)
Contingent consideration: interest expense	-	(4)
Total interest expense	(23,139)	(14,530)
Net interest income	32,791	32,361

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 45D regarding revenue recognition.

	2024 £000	2023 £000
Major service lines		
Independent financial advice income	2,048	2,032
Foreign exchange trading income	1,035	1,049
Asset and personal finance: Brokerage services income	267	421
Debt collection	573	495
Fee and commission income	3,923	3,997
Fee and commission expense	(7,181)	(7,327)
Net fee and commission income	(3,258)	(3,330)

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

11. Personnel expenses

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Staff gross salaries	(9,309)	(9,060)	-	-
Executive Directors' remuneration	(615)	(569)	-	-
Non-executive Directors' fees	(244)	(259)	(40)	(62)
Executive Directors' pensions	(49)	(45)	-	-
Executive Directors' performance related pay	(131)	(99)	-	-
Staff pension costs	(545)	(537)	-	-
National insurance and payroll taxes	(1,050)	(1,134)	-	-
Staff training and recruitment costs	(300)	(354)	-	-
Equity Settled Restricted Stock Units - key management personnel	(206)	(67)	-	-
Equity Settled Restricted Stock Units - employees	(46)	(46)	-	-
	(12,495)	(12,170)	(40)	(62)

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

12. Other expenses

	2024 £000	2023 £000
Professional and legal fees	(2,478)	(1,586)
Marketing costs	(429)	(452)
IT costs	(1,987)	(1,534)
Establishment costs	(655)	(635)
Communication costs	(326)	(177)
Travel costs	(283)	(319)
Bank charges	(1,394)	(936)
Insurance	(321)	(338)
Irrecoverable VAT	(492)	(383)
Other costs	(688)	(267)
	(9,053)	(6,627)

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.

	2024 £000	2023 £000
Impairment allowances made	(4,076)	(6,998)
Release of allowances previously made	3,771	2,837
	(305)	(4,161)

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

	2024 £000	2023 £000
Collective impairment allowances made	(1,475)	(656)
Release of allowances previously made	28	682
Total charge for allowances for impairment on financial assets managed on a collective basis	(1,447)	26
Total charge for allowances for impairment	(1,752)	(4,135)

14. Profit before tax payable

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

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Fees payable to the Company's auditor for the audit of the Group's financial statements	(92)	(85)	59	(58)
Other fees payable to the Company's auditor:	-	(4)	-	-
Audit of the Company's subsidiary undertakings	(280)	(221)	-	-
Other assurance service fees	(7)	(10)	-	-
Other services - tax compliance	(4)	(4)	-	-
Pension cost defined benefit scheme	(8)	(11)	-	-
Expenses relating to short-term leases and low value assets	(92)	(81)	-	-

15. Income tax expense

	2024 £000	2023 £000
Group		
Current tax expense	(1,482)	
Current year		(899)
	(1,482)	(899)
Deferred tax expense		
Origination and reversal of temporary differences	98	(4)
Tax expense	(1,384)	(903)

		2024 £000		2023 £000
Group	%		%	
Reconciliation of effective tax rate				
Profit before tax		9.932		7.043

Tax using the Bank's domestic tax rate	(10.0)	(993)	(10.0)	(704)
Effect of tax rates in foreign jurisdictions	(7.1)	(702)	(5.9)	(416)
Origination and reversal of temporary differences in deferred tax	1.0	98	3.1	217
Tax exempt income	2.2	213	-	-
Nondeductible expenses	-	-	-	-
Tax expense	(13.9)	(1,384)	(12.8)	(903)

The main rate of corporation tax in the Isle of Man is 0.0% (2023: 0.0%). However, the profits of the Group's Isle of Man banking activities are taxed at 10.0% (2023: 10.0%). The profits of the Group's subsidiaries that are subject to UK corporation tax are taxed at a rate of 25% (2023: 25.0%). 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 £294,000 liability (2023: £392,000 liability). This resulted in a reversal of an expense of £98,000 (2023: £4,000 expense) to the Consolidated Income Statement.

16. Earnings per share

	2024	2023
Profit for the year attributable to owners of the Company	£8,101,700	£5,288,000
Weighted average number of Ordinary Shares in issue (basic)	117,923,558	115,330,589
Basic earnings per share (pence)	6.87	4.59
Diluted earnings per share (pence)	5.39	3.51
Total comprehensive income for the year attributable to owners of the Company	£7,807,000	£5,606,000
Weighted average number of Ordinary Shares in issue (basic)	117,923,558	115,330,589
Basic earnings per share (pence)	6.62	4.86
Diluted earnings per share (pence)	5.20	3.71

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:	2024	2023
Reconciliation of weighted average number of Ordinary Shares in issue between basic and diluted		
Weighted average number of Ordinary Shares (basic)	117,923,558	115,330,589
Number of shares issued if all convertible loan notes were exchanged for equity	35,138,889	37,916,667
Dilutive element of share options if exercised	399,352	2,460,929
Weighted average number of Ordinary Shares (diluted)	153,461,799	155,708,185
Reconciliation of profit for the year between basic and diluted		
Profit for the year (basic)	£8,101,700	£5,288,000
Interest expense saved if all convertible loan notes were exchanged for equity	£171,415	£171,415
Profit for the year (diluted)	£8,273,115	£5,459,415

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:	2024	2023
Reconciliation of total comprehensive income for the year between basic and diluted		
Total comprehensive income for the year (basic)	£7,807,000	£5,606,000
Interest expense saved if all convertible loan notes were exchanged for equity	£171,415	£171,415
Total comprehensive income for the year (diluted)	£7,978,415	£5,777,415

The weighted average number of ordinary shares and earnings per share have been adjusted retrospectively.

17. Cash and cash equivalents

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Cash at bank and in hand	16,199	12,107	718	373
Fixed deposit (less than 90 days)	-	-	-	-
	16,199	12,107	718	373

Cash at bank includes an amount of £nil (2023: £1,653,000) representing receipts which are in the course of transmission.

18. Debt securities

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Financial assets at fair value through other comprehensive income:				
UK Government treasury bills	79,140	76,129	-	-
	79,140	76,129	-	-

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 £4,266,000 (2023: £1,893,000) and unrealised loss of £395,000 (2023: £324,000 unrealised gain) during the year.

19. Financial assets

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Financial assets at FVOCI:				
Gain on deferred consideration (See note 6(ii))	-	179	-	-
Gain on equity instrument	18	16	-	-
	18	195	-	-

20. Loans and advances to customers

	2024			2023		
Group	Gross Amount £000	Impairment Allowance £000	Carrying Value £000	Gross Amount £000	Impairment Allowance £000	Carrying Value £000
HP balances	115,403	(4,503)	110,900	119,533	(4,143)	115,390
Finance lease balances	23,163	(3,033)	20,130	24,878	(3,050)	21,828
Unsecured personal loans	119,209	(10,936)	108,273	88,647	(10,833)	77,814
Vehicle stocking plans	1,714	-	1,714	1,973	-	1,973
Wholesale funding arrangements	23,851	-	23,851	21,503	-	21,503
Block discounting	40,845	-	40,845	47,520	-	47,520
Secured commercial loans	30,940	(575)	30,365	25,788	(516)	25,272
Secured personal loans	901	-	901	1,075	-	1,075
Government backed loans	25,760	(1,165)	24,595	41,283	(1,073)	40,210
Property secured	10,784	-	10,784	10,068	-	10,068

Property equipment	2024	2023	2024	2023	2024	2023
	392,570	(20,212)	372,358	382,268	(19,615)	362,653

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.

	2024	2023
Allowance for impairment	£000	£000
Balance at 1 January	19,426	15,962
Allowance for impairment made	4,076	6,998
Release of allowances previously made	(3,771)	(2,837)
Write-offs	(1,155)	(697)
Balance at 31 December	18,576	19,426

	2024	2023
Collective allowance for impairment	£000	£000
Balance at 1 January	189	215
Collective allowance for impairment made	1,475	656
Release of allowances previously made	(28)	(682)
Balance at 31 December	1,636	189
Total allowances for impairment	20,212	19,615

The following table provides an explanation of how significant changes in the gross carrying amount of financial instruments during the period contributed to changes in loss allowance:

	2024	2023
Loans and advances to customers	£000	£000
Unsecured personal loans originated during the period	5,138	5,551

The contractual amount outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity are £nil (2023: £nil). Advances on preferential terms are available to all Directors, management and staff. As at 31 December 2024 £2,211,000 (2023: £1,699,794) 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 12 loan exposures (2023: 8) exceeded 10.0% of the capital base of the Bank:

	Outstanding Balance 2024	Outstanding Balance 2023	Facility Limit 2024	Facility Limit 2023
Exposure	£000	£000	£000	£000
Block discounting facility	40,845	47,520	83,700	78,088
Wholesale funding agreement	23,851	21,503	26,330	26,005

HP and finance lease receivables

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

	2024	2023
	£000	£000
Less than one year	84,500	72,372
Between one and five years	67,875	72,039
Gross investment in HP and finance lease receivables	152,375	144,411

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

	2024	2023
	£000	£000
Less than one year	77,007	68,767
Between one and five years	61,559	68,451
Net investment in HP and finance lease receivables	138,566	137,218

21. Trade and other receivables

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Other debtors	6,649	7,730	1	-
Prepayments	663	497	129	123
	7,312	8,227	130	123

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

	Buildings and Leasehold Improvements	IT Equipment	Furniture and Equipment	Motor Vehicles ¹	Right-of-use assets	Total
Group	£000	£000	£000	£000	£000	£000
Cost						
As at 1 January 2024	838	730	5,893	217	1,960	9,638
Revaluation	(30)	-	-	-	-	(30)
Recognition of Right-of-use asset	-	-	-	-	836	836
Additions	-	8	181	39	-	228
Disposals	(393)	(679)	(1,158)	(58)	(136)	(2,424)
Reclassification	-	390	(390)	-	-	-
As at 31 December 2024	415	449	4,526	198	2,660	8,248
Accumulated depreciation						
As at 1 January 2024	483	553	1,489	96	607	3,228
Charge for year	38	466	60	9	376	949
Disposals	(393)	(679)	(1,158)	(58)	(74)	(2,362)
As at 31 December 2024	128	340	391	47	909	1,815
Carrying value at 31 December 2024	287	109	4,135	151	1,751	6,433
Carrying value at 31 December 2023	355	177	4,404	121	1,353	6,410

¹ Included in motor vehicles are operating leases with the Group as lessor. Depreciation on leasing assets was £nil (2023: £nil).

Buildings with an original cost of £144,000 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. During the year ended 31 December 2024, an offer to

buy the building at £140,000 was received hence a revaluation loss of £35,000 has been recorded of which £30,653 has been offset against existing reserves and £4,347 included in administration expenses.

Company	Leasehold Improvements £000	IT Equipment £000	Furniture and Equipment £000	Right-of-use assets £000	Total £000
Cost					
As at 1 January 2024	234	21	18	424	697
Additions	-	-	-	76	76
As at 31 December 2024	234	21	18	500	773
Accumulated depreciation					
As at 1 January 2024	234	7	13	304	558
Charge for year	-	-	1	127	128
As at 31 December 2024	234	7	14	431	686
Carrying value at 31 December 2024	-	14	4	69	87
Carrying value at 31 December 2023	-	14	5	120	139

23. Intangible assets

Group	Customer Contracts £000	Intellectual Property Rights £000	IT Software and Website Development £000	Total £000
Cost				
As at 1 January 2024	2,937	2,002	4,033	8,972
Additions	-	72	1,301	1,373
As at 31 December 2024	2,937	2,074	5,334	10,345
Accumulated amortisation				
As at 1 January 2024	1,375	741	2,588	4,704
Charge for year	95	132	113	340
As at 31 December 2024	1,470	873	2,701	5,044
Carrying value at 31 December 2024	1,467	1,201	2,635	5,301
Carrying value at 31 December 2023	1,562	1,261	1,445	4,268

Company	IT Software and Website Development £000	Total £000
Cost		
As at 1 January 2024	925	925
Additions	1,123	1,123
As at 31 December 2024	2,048	2,048
Accumulated amortisation		
As at 1 January 2024	63	63
Charge for year	2	2
As at 31 December 2024	65	65
Carrying value at 31 December 2024	1,983	1,983
Carrying value at 31 December 2023	862	862

24. Deposits from customers

	2024 £000	2023 £000
Retail customers: term deposits	386,526	377,899
Corporate customers: term deposits	18,640	12,522
	405,166	390,421

25. Creditors and accrued charges

	Group 2024 £000	2023 £000	Company 2024 £000	2023 £000
Other creditors and accruals	7,032	12,623	1,541	453
Commission creditors	333	174	-	-
Lease liability	1,792	1,358	62	91
Taxation creditors	522	254	-	-
	9,679	14,409	1,603	544

26. Deferred consideration

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

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 £20,000 (2023: £67,000) to the sellers during the period. The contingency period has ended and there are no additional payments due as at 31 December 2024.

	2024 £000	2023 £000
BLX	-	20
	-	20

27. Loan notes

	Notes	Group 2024 £000	2023 £000	Company 2024 £000	2023 £000
Related parties					
J Mellon	JM	1,750	1,750	1,750	1,750
Bumbræ Limited	BL	3,200	3,200	3,200	3,200
Culminant Reinsurance Ltd	CR	1,000	1,000	1,000	1,000
John Spellman	JS	400	-	400	-
Ian Morley	IM	250	-	250	-
Alan Clarke	AC	100	-	100	-
		6,700	5,950	6,700	5,950
Unrelated parties	UP	38,592	33,367	38,592	33,367
		45,292	39,317	45,292	39,317

JM - Two loans, one loan of £1,250,000 maturing on 26 February 2025 with interest payable of 5.4% per annum, convertible

to ordinary shares of the Company at a rate of 9.0 pence, one of £500,000 maturing on 31 July 2027, paying interest of 7.5% per annum and convertible to ordinary shares of the Company at a rate of 8.0 pence. The above loan with initial maturity of 26 February 2025 has been renewed with interest payable of 7.5% and a new maturity date of 26 February 2030.

BL - Three loans, one of £1,200,000 maturing on 31 July 2027, paying interest of 7.5% per annum, convertible to ordinary shares of the Company at a rate of 8.0 pence, one of £1,000,000 maturing 25 February 2025, paying interest of 5.4% per annum, and one of £1,000,000 maturing 28 September 2025 paying interest of 6.0% per annum. Jim Mellon is the beneficial owner of BL and Denham Eke is also a director. The above loan with initial maturity of 25 February 2025 has been renewed with interest payable of 7.5% and a new maturity date of 25 February 2030.

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.

JS - One loan consisting of £400,000 maturing on 3 May 2029, paying interest of 8.5% per annum.

IM - One loan consisting of £250,000 maturing on 3 June 2026, paying interest of 8.0% per annum.

AC - Two loans consisting of £100,000 maturing on 6 May 2025, paying interest of 7.75% per annum.

UP - Fifty-four loans (2023: Forty), the earliest maturity date was 3 February 2025, and the latest maturity is 23 August 2029. The average interest payable is 6.71% (2023: 5.87%)

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.

Exposure to risk

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 2024 (2023: 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 2024.

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

	2024	2023
	£000	£000
Total underfunding in funded plans recognised as a liability		
Fair value of plan assets	1,361	1,359
Present value of funded obligations	(1,407)	(1,521)
	(46)	(162)
	2024	2023
	£000	£000
Movement in the liability for defined benefit obligations		
Opening defined benefit obligations at 1 January	1,521	1,526
Benefits paid by the plan	(80)	(77)
Interest on obligations	71	74
Actuarial gain	(105)	(2)
Liability for defined benefit obligations at 31 December	1,407	1,521

	2024	2023
	£000	£000
Movement in plan assets		
Opening fair value of plan assets at 1 January	1,359	1,289
Interest on plan assets	63	63
Contribution by employer	57	57
Return on plan assets	(38)	27
Benefits paid	(80)	(77)
Closing fair value of plan assets at 31 December	1,361	1,359

	2024	2023
	£000	£000
Expense recognised in income statement		
Net interest cost recognised in the statement of profit and loss	8	11

	2024	2023
	£000	£000
Actuarial gain / (loss) recognised in other comprehensive income		
Return on plan assets	(38)	27
Actuarial gain on defined benefit obligations	105	2
	67	29

	2024	2023
	%	%
Plan assets consist of the following		
Equity securities	44	45
Corporate bonds	18	20
Government bonds	27	28
Cash	6	2
Other	5	5
	100	100

The actuarial assumptions used to calculate Scheme liabilities under IAS19 are as follows:

	2024	2023
	%	%
Rate of increase in pension in payment:		
Service from 6 April 1997 to 13 September 2005	3.1	3.1
Service from 14 September 2005	2.1	2.1
Rate of increase in deferred pensions	5.0	5.0
Discount rate applied to scheme liabilities	5.7	5.0
Inflation	5.0	3.2

	2024	2023
Life expectancy		
Current pensioner aged 65 (male)	21.2	21.3
Current pensioner aged 65 (female)	23.8	23.8
Future pensioner aged 65 in 10 years (male)	21.7	21.8
Future pensioner aged 65 in 10 years (female)	24.5	24.5

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.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2024		2023	
Effect in £'000	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(70)	77	(76)	84
Inflation rate (0.5% movement)	18	(17)	20	(18)
Life expectancy (1 year movement)	53	(53)	58	(58)

29. Called up share capital

Ordinary shares of no par value available for issue

	Number
At 31 December 2024	233,388,000
At 31 December 2023	200,200,000

Issued and fully paid: Ordinary shares of no par value

	Number	£000
At 31 December 2024	119,715,757	19,626
At 31 December 2023	116,191,936	19,384

A. Analysis of changes in financing during the year

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Balance at 1 January	60,059	52,141	58,792	50,735
Issue of loan notes	5,975	7,985	5,975	7,985
Issue of shares via scrip dividend	193	91	193	91
Issue of shares	49	98	49	98
Payment of lease liabilities	(433)	(256)	(148)	(117)
Balance at 31 December	65,843	60,059	64,861	58,792

The 2024 Group closing balance is represented by £19,626,000 share capital (2023: £19,384,000), £42,292,000 of loan notes (2023: £39,317,000) and £1,085,000 lease liability (2023: £1,358,000).

The 2024 Company closing balance is represented by £19,626,000 share capital (2023: £19,384,000), £42,292,000 of loan notes (2023: £39,317,000) and £62,000 lease liability (2023: £91,000).

B. Dividends

On 25 April 2024, MFG declared a dividend of £530,000 (2023: £433,000) which could either be taken up in cash or new ordinary shares. 1,013,821 new shares (2023: 418,993 new shares) were admitted to the Alternative Investment Market ("AIM") at 19 pence per share (2023: 21.8974 pence per share), at a total cost of £193,000 (2023: £91,000).

C. Convertible loans

There are three convertible loans totaling £2,950,000 (2023: £2,950,000) (refer to note 27).

D. Share options and Restricted Stock Units

On 5 July 2022, 27 October 2022 29 November 2023 and 16 December 2024 MFG granted Restricted Stock Units ("RSUs") under its 2022 RSU Plan. The Group has issued, in total, RSUs over 4,887,500 ordinary shares representing 4.08% of the issued share capital of the Group, including 2,400,000 to certain directors and 2,487,500 to certain employees. The RSUs

issued share capital of the Group, including 2,400,000 to certain directors and 2,487,500 to certain employees. The RSUs issued before 2024 have a 2-year term while those issued in 2024 will have a 3-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 or 3-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, was issued 1,925,000 RSUs. On 14 November 2024, he transferred 1,631,138 Ordinary Shares of no par value in the Company held in his own name to the Doonhamer Personal Pension Scheme at 15.0p per share. The Doonhamer Personal Pension Scheme is a Self-Invested Personal Pension of which Douglas Grant is the sole member and beneficiary. Following this transfer, the total number of Ordinary Shares held by Mr Grant remains at 2,347,904, representing 1.96% of the issued ordinary share capital of the Company;
- James Smeed, Group Finance Director, was issued 475,000 RSUs.

On 16 July 2024, Douglas Grant and James Smeed exercised their options and were issued with 925,000 and 175,000 New Ordinary Shares of no par value respectively at nil cost. 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
RSUs granted to directors at 29 November 2023	1,150,000	2 years
RSUs granted to key employees at 29 November 2023	1,102,500	2 years
RSUs granted to key employees at 16 December 2024	200,000	3 years
Total RSUs	4,887,500	
Lapsed RSUs	(425,000)	
Exercised	(2,160,000)	
Remaining RSUs	2,302,500	

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	Grant at 29 November 2023
Share price at grant date	8.5 pence	14.0 pence	17.5 pence
Exercise price	nil	nil	nil
Expected volatility *	55.14%	107.71%	638.12%
Expected life (weighted average)	2 years	2 years	2 years
Risk-free interest rate (based on government bonds) *	1.65%	3.15%	4.43%
Forfeiture rate	0.00%	0.00%	0.00%
Fair value at grant date	8.5 pence	14.0 pence	17.5 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 ordinary shares of maturity similar to those of the employee options.

The charge for the year for share options granted was £163,000 (2023: £113,000).

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:

On 26 April 2024, a Group employee exercised options over 350,000 ordinary shares of no par value in the Company at an exercise price of 14 pence for an aggregate consideration of £49,000.

Of the 1,750,000 share options issued, nil (31 December 2023: 350,000) remain outstanding.

	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 2024 £000	Group 2023 £000
Payitmonthly Ltd ("PIML")	260	155
Lesley Stephen & Co Limited ("LSC")	57	42
	317	197

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 £119,000 (2023: £nil).

As part of the Bank providing loan finance to LSC, on 29 June 2023 the Group acquired 10% of its issued share capital for nil consideration. The receipt of the issued share capital is considered to be linked to the loan facilities financed and therefore its term and interest rate implicit in the finance agreement have been used as the basis to discount the fair value of the gratis shares issued.

The Group possesses the capacity to engage in policy-making processes within LSC through its right to designate an individual to attend all board meetings as an observer. Via its representative, the Group also holds the ability to introduce topics for discussion on the agenda, although it does not have voting rights in this regard. Moreover, the Group has introduced constraints on LSC's board, effectively preventing specified significant actions from being taken without the Group's consent. The fair value of the financial instrument received has been determined as £42,000 at initial recognition based on the proportionate share of the net asset value of LSC. As part of the transaction, the Group has been granted two warrants to acquire further shares. The first warrant is for 10% of the share capital and the second warrant is for a further 10%

of the share capital. The two warrants are exercisable dependent upon the profit before tax achieved by LSC relative to target profit before tax for the relevant financial period. The fair value of the two warrants has been determined to be nil due to the significant uncertainty that exists at acquisition date of achieving such targets. For these reasons, the financial instrument is accounted for as an Associate in accordance with IAS 28. The Group's resulting share of the associate's total comprehensive income during the year was £nil (2023: £nil).

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 2024	Date of Incorporation	2024	2023
		% Holding		£000	£000
Conister Bank Limited	Asset and Personal Finance	100	05/12/1935	29,092	26,092
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	-	-
				31,097	28,097

All subsidiaries are incorporated in the Isle of Man.

Set out below is a list of indirect significant subsidiaries of the Group:

Carrying value of investments	Nature of business	Principal place of business	Country of incorporation	% Holding	Cost of investment	Cost of investment
					2024 £000	2023 £000
Conister Finance & Leasing Limited	Asset and Personal Finance	UK	IOM	100.0%	1	1
MFX Limited	Foreign exchange advisory	IOM	IOM	100.0%	1	1
Payment Assist Limited	Point of Sale Lender	UK	UK	100.0%	9,244	4,244
Blue Star Leasing Limited	SME Asset Finance	UK	UK	100.0%	2,275	2,275
Ninkasi Rentals & Finance Limited	SME Asset Finance	UK	UK	90.0%	1,275	1,275
The Business Lending Exchange Limited	ME Asset Lender	UK	UK	100.0%	2,186	2,186

32. Non-controlling interests in subsidiaries

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

31 December 2024 £'000		NRF	Total
NCI percentage		10%	
Cash and cash equivalents		309	
Loans and advances to customers		-	
Trade and other receivables		1,863	
Property, plant and equipment		3,725	
Intangible assets		12	
Loans and borrowings		(547)	
Creditors and accrued charges		(4,569)	
Deferred tax		(244)	
Net assets		549	
Carrying amount of NCI		55	55
Revenue		1,539	
Profit		20	
OCI		-	
Total comprehensive income		20	
Profit allocated to NCI		2	2
OCI allocated to NCI		-	-
Operating activities cashflows		40	
Investing activities cashflows		(151)	
Financing activities cashflows			
Net (decrease) in cashflows		(111)	

In September 2024, the Group acquired the remaining 49.9% interest in PAL, increasing its ownership to 100%. The movement in NCI in relation to the acquisition is explained below.

	2024 £000	2023 £000
NCI brought forward (49.9%)	987	-
Pre-acquisition profits in the year	445	-
Dividends paid	(1,817)	-
	(385)	-
Carrying amount of NCI acquired	(385)	-
Consideration paid to NCI	(5,000)	-
Decrease in equity attributable to owners of the Company	(5,385)	-

31 December 2023

£'000		PAL	NRF	Total
NCI percentage		49.9%	10%	
Cash and cash equivalents		1,249	369	
Loans and advances to customers		15,965	-	
Trade and other receivables		1,013	1,133	
Property, plant and equipment		-	4,275	
Intangible assets		380	23	
Loans and borrowings		(4,036)	(145)	
Creditors and accrued charges		(12,593)	(4,884)	
Deferred tax		-	(232)	
Net assets		1,978	539	
Carrying amount of NCI		987	54	1,041
Revenue		10,822	1,478	
Profit		1,700	42	
OCI		-	-	
Total comprehensive income		1,700	42	
Profit allocated to NCI		848	4	852
OCI allocated to NCI		-	-	-
Operating activities cashflows		973	339	
Investing activities cashflows		(185)	(151)	
Financing activities cashflows		(2,122)	-	

Financial services continuing	(1,166)	-
Net (decrease) / increase in cashflows	(1,334)	188

33. Financial Instruments

Rivers Finance Group PLC ("RFG")

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 £154,000 (2023: £138,000) based on the proportionate share of the net asset value of RFG.

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

	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
Cash generating unit				
PAL (see below)	4,456	4,456	4,456	4,456
EAL	1,649	1,649	1,649	1,649
BLX	1,908	1,908	1,908	1,908
BBSL	1,390	1,390	1,390	1,390
NRFL	678	678	678	678
Manx Collections Limited ("MCL")	454	454	454	454
Three Spires Insurance Services Limited ("Three Spires")	41	41	41	41
	10,576	10,576	10,576	10,576

Management has determined that a reasonably possible change in the key assumptions would not result in the carrying amount to exceed the recoverable amount of the following CGU's and accordingly no impairment of goodwill.

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. On 16 September 2024, Manx Ventures Limited ("MVL") brought forward the acquisition of the remaining 49.9% of Payment Assist Limited ("PAL") for a consideration of £5 million. MVL now owns 100% of PAL and its results have been fully consolidated in these financial statements. The carrying amount of PAL's net assets in the Group's consolidated financial statements on the date of acquisition was £1.6m.

General

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 goodwill generated on the purchase of PAL is based on 10-year forecast cash flow projections and then discounted using a 15.3% (2023: 14.0%) discount factor. The sensitivity of the analysis was tested using additional discount factors of up to 20.0% on single interest income growth rates.

The estimated recoverable amount in relation to the EAL CGU (including also goodwill generated on acquisition of EAL) is based on 10-year forecast cash flow projections using a 2.0% annual increment and then discounted using a 13% (2023: 13.9%) 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 was recognised in 2022.

The estimated recoverable amount in relation to the goodwill generated on the purchase of BLX is based on 10-year forecast cash flow projections using a 0% annual increment and then discounted using a 15.3% (2023: 14.2%) discount factor. The sensitivity of the analysis was tested using additional discount factors of up to 20.0% on single interest income growth rates.

The estimated recoverable amount in relation to the goodwill generated on the purchase of BBSL is based on 10-year forecast cash flow projections using a 2% annual increment, with a terminal value calculated using a 2.0% growth rate of net income and then discounted using a 15.3% (2023: 14.2%) discount factor. The sensitivity of the analysis was tested using additional discount factors of up to 20.0% on single interest income growth rates.

The estimated recoverable amount in relation to the goodwill generated on the purchase of NRFL is based on 10-year forecast cash flow projections using a 0% annual increment and then discounted using a 15.3% (2023: 14.2%) discount factor. The sensitivity of the analysis was tested using additional discount factors of up to 20.0%. 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 10-year forecast cash flow projection using a 2.0% annual increment and then discounted using a 15.3% (2023: 14.2%) discount factor. The sensitivity of the analysis was tested using additional discount factors up to 20.0%.

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. Loans and amounts due from Group undertakings

Amounts due from and to Group undertakings

Amounts due from and to Group undertakings relate to intra-group transactions and are unsecured, interest-free and repayable on demand. The amounts will be settled either through cash or net settlement.

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.	2024 £000	2023 £000
Three Spires Limited				

Conister Bank Limited				
11 February 2014	11 February 2034	7.0	500	500
27 May 2014	27 May 2034	7.0	500	500
9 July 2014	9 July 2034	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
23 March 2023	23 March 2043	7.0	6,500	6,500
Edgewater Associates Limited				
21 February 2017	21 February 2027	7.0	150	150
14 May 2017	14 May 2027	7.0	128	128
			14,228	14,228

36. Related party transactions

Cash deposits

During the year, the Bank held cash on deposit on behalf of Jim Mellon (Executive Chair of MFG) and Douglas Grant (Group CEO). Total deposits amounted to £36,280 (2023: £4,502) and £24,898 respectively, at normal commercial interest rates in accordance with the standard rates offered by the Bank.

Key management remuneration including Executive Directors

	2024	2023
	£000	£000
Remuneration - executive Directors	615	558
Remuneration - non-executive Directors	243	219
Performance Related Pay	131	99
Pension	49	45
Equity Settled Restricted Stock Units (see note 11)	113	67
	1,151	988

Employment benefits include gross salaries, performance related pay, employer defined contributions and restricted stock units (See note 29D). At 31 December 2024, Douglas Grant had three amortising loans outstanding to Conister Bank Limited with capital outstanding of £285,072 (2023: £315,524). The maximum original term of the three loans is 61 months and the average interest is 2.57% (2023: 2.57%). James Smeed had an amortising loan outstanding to Conister Bank with capital outstanding of £nil (2023: £10,847). The original term of the loan is 49 months, and the average interest is 3.01% (2023: 3.01%). 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 PIML

At 31 December 2024, £5,000,000 (2023: £2,677,000) had been advanced to PIML and interest is charged at commercial rates. No impairment is held in respect of these amounts. This loan facility is repayable in cash.

Loan advance to Lesley Stephen & Co Limited ("LSC")

A total £11 million loan facility is available to LSC to provide the finance required to expand its operations. Interest is charged at commercial rates. At 31 December 2024, £10,783,914 (2023: £10 million) had been advanced to LSC. As part of a finance arrangement between the Bank and LSC, Manx Ventures Limited ("MVL") (a related entity) acquired a 10% shareholding in LSC. This loan facility is repayable in cash.

Subordinated loans

The Company has advanced £13,950,000 (2023: £13,950,000) of subordinated loans to the Bank and £278,000 (2023: £278,000) to EAL as at 31 December 2024. See note 35 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 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 2024	1,960	1,960
Additions	836	836
Disposals	(136)	(136)
As at 31 December 2024	2,660	2,660
Accumulated depreciation		
As at 1 January 2024	607	607
Charge for the year	376	376
Disposals	(74)	(74)
As at 31 December 2024	909	909
Carrying value at 31 December 2024	1,751	1,751
Carrying value at 31 December 2023	1,353	1,353

ii. Amounts recognised in profit or loss

	Group 2024 £000	2023 £000	Company 2024 £000	2023 £000
Interest on lease liabilities	132	93	17	-
Depreciation expense	351	222	126	60
Expenses relating to short-term leases and low-value assets	81	81	-	-

iii. Amounts recognised in statement of cash flows

III. Amounts recognised in statement of cash flows

	Group 2024 £000	2023 £000	Company 2024 £000	2023 £000
Interest paid	132	93	17	-
Capital paid	311	256	131	117
Total cash outflow for leases	443	349	148	117

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 is also regulated by the UK's Prudential Regulatory Authority ("PRA") and the UK's Financial Conduct Authority ("FCA").

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.

The possibility of an outflow of resources embodying economic benefits for all other contingent liabilities of the Group are considered remote and thus do not require separate disclosure.

40. Provision for Discretionary Commission Arrangements

Following the Financial Conduct Authority's (FCA) Motor Market review in 2019 which resulted in a change in rules in January 2021, the Group has to date received a small number of complaints in respect of motor finance commissions and is actively engaging stakeholders in its assessment of these complaints. The Group believes that its historical practices were compliant with the law and regulations in place at the time and is willing to cooperate with FCA through its industry review. However, the Group recognises that costs could arise in the event the FCA concludes there has been industry wide misconduct and customer loss that requires redress. In response to this, the Group has recognised a provision of £202,920 as best estimate of the expenditure required at 31 December 2024. In establishing the provision estimate, the Group has made various considerations to address uncertainties around a number of key assumptions. The assumptions include commission models, potential levels of complaints, validity of the complaints and uphold rate of similar cases by the Financial Ombudsman Service. The ultimate financial impact could be materially different as a result of uncertainty surrounding the assumptions and will therefore be monitored and updated as new information becomes available.

41. 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 losses on financial instruments.

42. Subsequent events

There were no subsequent events occurring after 31 December 2024.

43. 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 GARCC, which is responsible for approving and monitoring Group risk management policies. The GARCC 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 GARCC.

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, through 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 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 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 derivative hedges especially against longer-term interest rate risk, where the hedge moves against the bank. However, neither of these risks apply to the Bank.

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 GARCC.

44. 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

45. Material accounting policies

A. New currently effective requirements

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 2024:

- Lease Liability in a Sale and Leaseback - Amendments to IFRS 16 Leases
- Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants - Amendments to IAS 1 Presentation of Financial Statements
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements

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

B. Forthcoming requirements

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. New standards and amendments to standards, not yet effective:

- Amendments to IAS 1 - Lack of Exchangeability.
- Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFS 7
- Annual improvements to IFRS Accounting Standards - Volume 11
- IFRS 18 Presentation and Disclosure in Financial Statements

The Group has assessed and is still assessing the impact of these amendments on the Group Financial Statements.

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 material accounting policies, :

Ref. Note description

A.	Basis of consolidation of subsidiaries and separate financial statements of the Company
B.	Interest in equity accounted investees
C.	Interest
D.	Fee and commission income
E.	Leases
F.	Income tax
G.	Financial assets and financial liabilities
H.	Cash and cash equivalents
I.	Loans and advances
J.	Property, plant and equipment
K.	Intangibles assets and goodwill
L.	Impairment of non-financial assets
M.	Employee benefits
N.	Share capital and reserves
O.	Earnings per share ("EPS")
P.	Segmental reporting

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.

Any contingent consideration is measured at fair value at the date of acquisition. 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. 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.

v. 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 less impairment.

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 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 net carrying amount 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 reporting 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, 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 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. 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.

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. 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.

v. 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

varying degree of judgement depending on liquidity, solvency, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

vi. 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 a lifetime basis.

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 Group has identified and documented key drivers of credit risk and credit losses its financial instruments and using an analysis of historical data has estimated the relationship between macroeconomic variables and credit risk and credit losses;
- The ECL is derived by reviewing the Group's loss rate and loss given default over the past 8 years by product and geographical segment; 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.

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 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.

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 with indefinite useful lives that are acquired or built are carried at cost less accumulated impairment losses. 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
Intellectual property rights	4 years - indefinite
Website development costs	indefinite
IT Software and website development costs	5 years

Included in intellectual property rights is capitalised costs for acquiring a UK Banking licence. The banking licence is assumed to have an indefinite life as there is no foreseeable limit to the period over which the asset is expected to generate benefits for the business. Costs related to obtaining this asset are held at cost and are not being amortised.

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 and indefinite useful life intangible assets are 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. 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.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

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 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.

N. 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.

O. 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.

P. 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

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.

Shareholder Notes

Appendix:

Glossary of terms

ALCO	Assets and Liabilities Committee
BBSL	Blue Star Business Solutions Limited
BL	Bumbrae Limited
BLX	The Business Lending Exchange Limited
Bank	Conister Bank Limited
Bank's Board	The Bank's Board of Directors
BOE	Bank of England
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
GARCC	Group Audit, Risk and Compliance Committee
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
MCL	Manx Collections Limited
MFG	Manx Financial Group PLC
MTX	Manx FX Limited
MTX.L	Manx Financial Group PLC ticker symbol on the LSE
MVL	Manx Ventures Limited (previously Bradburn Limited)
NOMCO	Group 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	Group Remuneration Committee
RFG	Rivers Finance Group Plc
RMF	Risk Management Framework
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, MTX, MVL, NRFL, PAL
TCF	Trading Customer Facility

ICF	treating Customers Fairly
Three Spires	Three Spires Insurance Services Limited
UK	United Kingdom
UP	Unrelated parties

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