

**Manx
Financial Group**

Annual Financial Statements
2025

**Putting
people first**

Integrity through independence and service

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2025: The year at a glance

Remaining focused on investing in resilient profitable sectors with high potential for growth MFG PLC reported a record performance in 2025, while making significant strides on its strategic journey, including expansion into the EU via credit licence without compromising financial discipline.


Financial highlights

Profit before tax **+3.6%**

2025 (normalised) £8.6m 

2024 (normalised) £8.3m

Basic EPS (pence) **+10.0%**

2025 (normalised) 6.28p 


2024 (normalised) 5.70p

Return on Equity **Stable**

2025 (normalised) 18.6% 


2024 (normalised) 18.6%

Cost Income Ratio **+3.6%**

2025 (normalised) 68.2% 

2024 (normalised) 65.8%

Balance Sheet Growth **+12.8%**

2025 (reported) 561.3m 

2024 (reported) 497.8m

Advances **+9.5%**

2025 (reported) 407.9m 

2024 (reported) 372.4m

Non-financial highlights

1. Plug-in Overdraft Capability

Development of a modular, "plug-in" overdraft capability to enable flexible current-account lending, supporting future product innovation and distribution opportunities without core platform redesign.

2. Republic of Ireland BNPL

Progression of preparatory work to support potential entry into the Republic of Ireland buy-now-pay-later market, including regulatory assessment and operational readiness.

3. Technology Enablement

Targeted technology enhancements across Group businesses focused on automation, efficiency and consistency, rather than wholesale system change.

Who we are

An independent banking and financial services group founded in 1935, domiciled in the Isle of Man



Manx Financial Group PLC (“Company” or “MFG”) is an AIM-listed company (LSE: MFX.L) which has subsidiaries (together referred to as “Group”) offering a suite of financial services to retail and commercial customers, both in the Isle of Man and the UK. MFG’s strategy is to combine organic growth with strategic acquisition to further augment the range of services it offers and to gain greater market share in its preferred markets.

The Group’s main subsidiaries are:

- Conister Bank Limited
- Conister Finance & Leasing Ltd
- MFX Limited
- Manx Ventures Limited
- Payment Assist Ltd
- Blue Star Business Solutions Limited
- Edgewater Associates Limited
- Ninkasi Rentals & Finance Limited
- The Business Lending Exchange Limited
- CAM Wealth Group Limited
- Finova Limited

Our Main Operating Subsidiaries



Conister Bank Limited (“Bank”) is a licenced independent bank, regulated by the Isle of Man Financial Services Authority (“FSA”) and the UK’s Prudential Regulatory Authority (“PRA”) and the UK’s Financial Conduct Authority (“FCA”).

The Bank provides a variety of financial products and services, including savings accounts, asset financing, personal loans, loans to small and medium sized enterprises, block discounting and other specialist secured credit facilities to the Isle of Man and the UK consumer and business sectors.



Conister Finance & Leasing Ltd (“CFL”) is a subsidiary of the Bank. It is a credit broker providing hire purchase (“HP”) and leasing finance facilities in the UK.

CFL is regulated by the FCA in the UK and registered as a designated business by the FSA in the Isle of Man.

Who we are continued



MFX Limited ("MFX") provides access to competitive foreign exchange and international payment processing facilities.

MFX's target customers are corporates and private clients who have a foreign exchange and international payment requirement via their foreign exchange providers.



Payment Assist Ltd ("PAL") since 2013 has been the UK's leading automotive repair point-of-sale finance provider and offers diversified lending including insured products and retail.

PAL is regulated by the FCA.



The Business Lending Exchange Limited ("BLX") was acquired as part of the Group's strategy to increase its access to underserved UK credit markets.

BLX is regulated by the FCA in the UK and primarily lends to start-up companies and small businesses which require asset backed finance.



Blue Star Business Solutions Limited ("BBSL") since 2007, BBSL has supported thousands of UK small and medium sized businesses by acting as a finance broker providing asset finance and commercial loans.



Ninkasi Rentals & Finance Limited ("NRFL") provides equipment finance and rental products to UK based craft and micro-breweries and is now the Country's largest lessor of fermentation tanks to this sector.



Edgewater Associates Limited ("EAL") is one of the largest firm of Independent Financial Advisors ("IFA") in the Isle of Man and is regulated by the FSA.

EAL provides a bespoke and personal service including pension and investment advice and general insurance broking to Isle of Man residents and to the Group's business and personal customers and advises on assets in excess of £334 million.



CAM Wealth Group Limited was founded in February 2023 to deliver bespoke financial solutions to diverse clientele. Established with a vision to provide unbiased, transparent and client-centric advisory services. In January 2025 CAM Wealth Group Ltd became a wholly owned subsidiary of Manx Financial Group PLC. This acquisition gives us the opportunity to enhance service offerings to our existing client base, achieve sustainable growth in the financial advisory market and maximise opportunities within the broader group. This exciting development also means that CAM Wealth Group will initiate and utilise our General Insurance permissions.



Finova Limited

Finova Limited is a wholly owned subsidiary of Manx Financial Group PLC. Finova provides financial solutions via Corpay for corporates and financial institutions. Services offered by Finova include foreign exchange, payments automation, treasury integration, and risk management, supporting operational efficiency and strategic growth in global financial operations.

Chair's Statement



“Net interest income increased by 14.3% to £37.5 million (2024: £32.8 million), reflecting both balance sheet growth and an improved funding mix”

Jim Mellon
Executive Chair

Introduction

2025 was yet another year of steady strategic and operational progress for the Group, notwithstanding a still challenging external environment. Whilst our reported results in the current and prior year reflect the effect of certain non-recurring and accounting items, the Board remains encouraged by the Group's underlying performance and prospects. Our principal subsidiaries continued to perform well, our robust balance sheet strengthened still further, and we maintained positive momentum in the development of the business.

The Isle of Man and UK economies have remained more resilient than many anticipated, despite continued inflationary pressures and wider geopolitical and macroeconomic uncertainty. Against this backdrop, demand for short-term funding solutions from both consumers and SMEs, our core markets, has remained robust. We also continue to see evidence that these segments are underserved following the retreat of a number of UK banks from short-term lending, creating a meaningful opportunity for the Group which we are well placed to address.

Results

Reported profit before tax for 2025 decreased to £7.3 million (2024: £9.9 million). This primarily reflected a weaker contribution from The Business Lending Exchange Limited (“BLX”), together with two non-recurring items: a £1.3 million provision in connection with the Financial Conduct Authority's Discretionary Commission Arrangement review concerning the sale of legacy UK car loans (bringing the total provision to £1.5 million), and a £1.8 million provision release in 2024 relating to Payment Assist Limited following an enhancement to expected credit loss modelling and arrears management actions, which benefited the prior year comparator. Excluding these two latter items, but including the weaker BLX performance, normalised profit before tax increased to £8.6 million (2024: £8.3 million), representing like-for-like growth of approximately 3.6% and demonstrating the Group's underlying resilience.

Total assets at the year-end increased by 12.8% to £561.3 million (2024: £497.8 million), while the Group's well-diversified, largely secured net loan book grew by 9.5% to £407.9 million (2024: £372.4 million). Net assets increased by 16.7% to £43.6 million (2024: £37.3 million). These increases reflect the continuing strength of the Group's financial position. Further detail on financial performance is set out in the CEO's Review below.

Dividend

The Group's dividend policy is to pay an annual dividend equivalent to 10% of profit attributable to the shareholders of the Company and, in respect of 2025 (payable in 2026), the Board has maintained that policy. Accordingly, the Board is proposing a basic dividend for 2025 of £639,000 (2024: £810,000), representing 0.5197 pence per share. This reflects the Board's confidence in the Group's cash generation, capital position and long-term earnings outlook. Shareholders will again have the option to receive their entitlement in cash or in scrip. In addition, following consultation with shareholders, we are proposing an additional bonus distribution of 5% on the same qualifying basis, payable in shares only. Taken together, this represents a total dividend of 15% of profit attributable to shareholders at 0.7796 pence per share. The dividend will be payable on 20 August 2026 to shareholders on the register at the close of business on 10 July 2026.

Chair's Statement

continued

Strategic objectives

The Group's strategic objectives remain unchanged. In an environment shaped by continuing inflationary pressures, a more prolonged higher interest-rate backdrop and broader economic uncertainty, the Board remains focused on disciplined execution. We will continue to:

- provide the highest quality of service throughout our operations to all customers, ensuring that their treatment is both fair and appropriate;
- adopt a pro-active strategy to managing risk, 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.

The Board believes that delivery against these objectives will support further growth in shareholder value, strengthen cash generation for reinvestment in new products and services and underpin returns to shareholders. Further details are set out in the Corporate Governance Report on page 21, together with our approach to the Quoted Companies Alliance ("QCA") Corporate Governance Code.

Environmental, Social and Governance

The Board believes that ESG considerations are integral to the delivery of sustainable long-term value, effective risk management and the resilience of the Group. Our approach is proportionate to our scale as an AIM-listed financial services business and is focused on clear governance, responsible business practices and positive outcomes for customers, colleagues and the communities in which we operate.

The Board retains ultimate responsibility for ESG and climate-related matters, supported by the Group Audit, Risk and Compliance Committee within the Group's established risk management framework.

This approach is aligned with the QCA Corporate Governance Code and applies across the Group's lending, wealth management and leasing operations. Further details are provided in the Environmental, Social and Governance Report on page 12.

Board changes

In March this year, I was pleased to welcome Jennifer Quirke to the Group Board as a non-executive director. Jennifer is currently Chair of the Audit Committee of Vernon Building Society, a role from which she will retire later this year and also serves as Chair and non-executive director of the Mersey Gateway Crossings Board. She is a Fellow of the Chartered Institute of Management Accountants ("CIMA") and will chair the Group Audit, Risk and Compliance Committee. Jennifer succeeds Alan Clarke, who retired last year after 18 years of service. I am also pleased to welcome Tanya Beckett and Bill Shimmins to the board of Conister Bank Limited.

Outlook

The economic backdrop in the Isle of Man and the UK remains uncertain, with inflationary pressures and the prospect of interest rates remaining higher for longer continuing to affect household and business budgets. At the same time, these conditions are creating opportunities for the Group to support customers through both our existing and new short-term financing products. The wider business environment will also continue to be influenced by government policy and the pace at which announced measures are implemented.

Against this backdrop, the Group remains well placed to capture attractive opportunities while continuing to manage the business prudently and efficiently. My executive colleagues and I look forward to continued engagement with existing and prospective shareholders as we further raise the profile of the Group.

In closing, I would like to thank my colleagues on the Board and all our staff in the Isle of Man and the UK for their continued hard work and commitment. Their contribution has been central to the Group's progress during the year.

Jim Mellon

Executive Chair
15 May 2026

Chief Executive Officer's review

As noted in the Chair's statement, cost of living pressures remained evident throughout 2025 and continued to influence demand across both retail and corporate markets. At the same time, the availability of short-term finance from traditional banking providers remained constrained. More recently, geopolitical developments in the Middle East have contributed to renewed inflationary pressure and increased the prospect of interest rates remaining elevated for longer. Despite this, our operating income continued to grow.

Against this backdrop, the Group continued to operate in a relatively challenging environment while benefiting from sustained demand for short-term credit solutions from individuals and small and medium-sized enterprises ("SMEs").

Financial review

Key metrics

| Metric | 2025 Actual £'m | 2024 Actual £'m |
|---|--------------------|--------------------|
| Net interest income | £37.5 | £32.8 |
| Profit before tax payable | £7.3 | £9.9 |
| Total comprehensive income attributable to owners | £6.6 | £7.8 |
| Basic earnings per share | 5.33 pence | 6.87 pence |
| Tangible net assets per share | 22.2 pence | 17.9 pence |
| Return on equity | 15.8% | 22.4% |
| Normalised return on tangible equity | 30.9% | 32.4% |
| Net loan book | £407.9 | £372.4 |
| Total capital ratio | 15.8% | 17.0% |
| Liquidity ratio | 27.0% | 24.0% |
| Dividend per share | 0.7796 pence | 0.6768 pence |

On a reported basis, the Group delivered the largest balance sheet in its history, record net interest income, an improved funding cost profile and a strong liquidity position. As noted in the Chair's statement, the Board has proposed an increased dividend. The reduction in reported profit before tax principally reflected two non-recurring items. Excluding these items, underlying performance remained in line with the Group's strategic priorities.

In addition to reported results, management reviews performance on a normalised trading basis. For 2025, this includes adjusting for the £1.3 million (2024: £0.2 million) exceptional provision relating to certain UK vehicle commissions paid between 2007 and 2024, which is discussed further later in this report. In 2024, the Group benefited from a £1.8 million release of Payment Assist Limited provisions following an enhancement to expected credit loss modelling and arrears management actions. At present, we do not expect further UK Discretionary Commission Arrangement motor related provisioning.

The Group operates a diversified portfolio of subsidiaries across banking, asset finance, point-of-sale lending, wealth management, foreign exchange and leasing. This breadth of activity reduces concentration risk and provides multiple drivers of income and medium-term growth.

The following sections review the Group's performance in 2025, and the contribution made by its principal businesses in supporting SMEs and individual customers through the provision of finance for everyday purchases, insurance premiums and broader cash flow requirements.

Operating income increased by £2.9 million to £37.3 million (2024: £34.4 million). Profit before tax, excluding the impact of non-recurring provisions in 2024 and 2025, was £8.6 million (2024: £8.3 million). On the same basis, earnings per share increased by 10% to 6.28 pence and return on equity remained at 18.6%. The return on tangible equity on this basis was 30.9%. The Group's total capital ratio and liquidity ratio remained within management's risk appetite at 15.8% and 27.0% respectively.

Total assets increased by 12.8% to £561.3 million (2024: £497.8 million), reflecting disciplined growth across the Group's core lending categories. The net loan book increased by 9.5% to £407.9 million (2024: £372.4 million), driven principally by growth in unsecured personal lending and block discounting, while remaining well diversified and predominantly secured. Customer deposits increased by 11.7% to £452.5 million (2024: £405.2 million), reflecting the continued strength of the Group's retail funding franchise in both the Isle of Man and the UK.

Chief Executive Officer's review

continued

Net interest income increased by 14.3% to £37.5 million (2024: £32.8 million), reflecting both balance sheet growth and an improved funding mix. Despite an increase of £47.3 million in customer deposits, total interest expense decreased by £1.7 million, from £23.1 million to £21.4 million, as the average cost of retail deposits reduced from 5.0% in 2024 to 4.1% in 2025. Asset yields were maintained and net interest margin increased to 9.6% (2024: 8.9%).

The cumulative UK Discretionary Commission Arrangements provision at the year-end was £1.5 million. Based on management's assessment, and having regard to the FCA's announced redress scheme, the provision is considered appropriate. The incremental charge recognised in 2025 was £1.3 million (2024: £0.2 million) and management currently expects 2025 to represent the peak year of provisioning.

Conister Bank Limited

Gross loans, net of deferred income and before the provisions referred to above, increased by 11.7% to £420.3 million (2024: £376.4 million). Customer deposits increased by 11.7% to £452.5 million (2024: £405.2 million). These movements further strengthened liquidity and the loan-to-deposit ratio remained broadly stable at 90.1%.

As announced in February 2026, following the FCA's overdraft reforms introduced in 2020, an estimated 16.5 million individuals have lost access to unarranged overdrafts, with a further 6 to 8 million losing arranged facilities since 2022. These reforms, which introduced a single interest rate and prohibited fixed fees, have reduced overdraft availability across a number of banks for both consumers and SMEs. The Group continues to respond to this market need through a range of products, including the Conister Overdraft being developed in partnership with Fiinu plc.

The Conister Overdraft is intended to allow customers to access the facility without switching banks. Following regulatory approval in December 2025, the product remains in user acceptance testing ahead of an anticipated launch later in 2026. The initial launch is expected to target Payment Assist Limited's customer base of more than 1.3 million customers.

At 31 December 2025, the Bank's total capital ratio was 15.8% (2024: 17.0%), very safely above its regulatory minimum. The reduction reflected growth in risk-weighted assets arising from planned loan book expansion. The Tier 1 capital ratio was 11.7% against a minimum requirement of 8.5%. The Bank's liquidity ratio decreased to 21.1% (2024: 22.5%) and remained comfortably above the regulatory minimum of 10%. Total liquidity reserves were £95.5 million (2024: £91.1 million).

Payment Assist Limited

Payment Assist Limited ("PAL"), the Group's buy-now-pay-later subsidiary, delivered growth in 2025, with annual advances increasing by £49.2 million to £219.7 million (2024: £170.5 million). As previously announced in February 2026, PAL invested in new collections software, which became fully operational in April 2026. The Group continues to support PAL in arranging additional liquidity facilities and implementing further automation to improve efficiency, support profitability and enable future scale.

PAL notes the planned introduction of FCA regulation for the buy-now-pay-later ("BNPL") sector, which is expected to commence in July 2026. The business has continued its readiness programme in anticipation of the enhanced regulatory framework.

The Group has submitted an Irish consumer credit licence application, initially focused on the automotive sector. A decision from the Central Bank of Ireland ("CBI") is anticipated by late summer 2026. Subject to the outcome of the application and any further regulatory approvals that may be required, this may provide the Group with a route into additional EU markets without significant upfront balance sheet deployment.

Edgewater Associates Limited

The Group's Isle of Man-based wealth management business performed resiliently during the year, with assets under advisement increasing by 3% to £334 million (2024: £325 million). The business remains an important component of the Group's diversification strategy, complementing its deposit, lending, foreign exchange and general insurance activities on the Island.

The business remains sustainably profitable and continues to generate introductions across the wider Group.

Manx Ventures Limited

The Group's other lending subsidiaries continued to deliver organic growth within their respective niche markets, with the exception of The Business Lending Exchange Limited, which reported a loss of £0.3 million compared with a profit of £0.6 million in 2024. This business operates in the non-standard SME credit market and, in response to performance, the Group has tightened credit criteria and strengthened collections processes.

Chief Executive Officer's review

continued

The Group's foreign exchange businesses delivered results in line with expectations in 2025. Management notes that volatility in the current economic environment has supported performance in the first quarter of 2026. CAM Wealth became a wholly owned subsidiary in January 2025, strengthening the Group's wealth management proposition and enhancing cross-referral opportunities. During the year, CAM Wealth also extended its FCA permissions to offer general insurance products in the UK and has commenced offering these products to customers across the wider Group.

In addition to PAL, the Group holds a 30% shareholding in another Buy Now Pay Later business, PayitMonthly Limited. PayitMonthly provides a flexible finance platform to businesses ranging from independent operators to national brands, enabling them to offer customers the option to pay by instalments. The business has signed approximately 10,000 UK businesses to its platform.

The Board continues to evaluate strategic options in respect of the subsidiaries and investments held within Manx Ventures Limited, with the objective of realising value over time and enhancing shareholder returns. These options may include partial or full disposals, joint ventures and, for more mature businesses, potential initial public offerings, subject to market conditions. The Group will provide further updates as appropriate.

Investor relations

During the year, the Group continued to develop its investor relations activity and engaged with shareholders through a number of investor events. In April 2026, the Group attended a ShareSoc event in Leeds and also made its annual appearance at the Master Investor Show.

The Group is hosting an Investor Meet Company presentation in connection with the publication of these results. It intends to continue broadening engagement with existing and prospective shareholders, together with relevant wealth management and small-cap institutional investor audiences.

Outlook

The macroeconomic environment remains a little fragile with inflationary pressures and interest rates expected to remain elevated for longer than previously anticipated as geopolitical developments continue to affect financial markets. Nonetheless, the Manx and UK economies seem pretty robust in the face of adverse international backdrops. Against this backdrop, the Group remains focused on providing flexible, short-term funding solutions in underserved markets across the UK and Isle of Man and on delivering those products efficiently in order to support margin progression.

The Group intends to broaden its portfolio of financing products through organic development and selective acquisitions. Management believes that current market conditions may present opportunities for value-accretive transactions. The Group also looks forward to entering the Irish consumer credit market subject to the outcome of its licence application.

MFG remains well positioned to deliver continued organic growth and to pursue further opportunities as they arise. I look forward to updating shareholders further on the Group's progress during 2026.

Douglas Grant, Group CEO

15 May 2026

Business Model and Strategy

MFG has subsidiaries engaged in a suite of financial services based in the Isle of Man and the UK.

These companies offer financial services to both retail and commercial customers. MFG's strategy is to grow organically and through strategic acquisition to further augment the range of services it offers and gain market share in sectors in which it has proven experience. A summary of the strategic objectives for each principal subsidiary is set out below.

Conister Bank Limited ("Bank")

The Bank's Board of Directors has set strategic objectives, aligned to its strategic plan. These objectives provide the framework for setting risk appetite statements and tolerances for all material risks. The strategic objectives set are:

- Maintain capital adequacy;
- Deliver stable earnings growth;
- Secure stable and efficient access to funding and liquidity;
- Treat customers fairly with the highest service standard possible
- Maintain stakeholder confidence; and
- Progress its Environmental Social and Governance ("ESG") strategy.

These strategic objectives provide the link between the Bank's strategic planning and its risk management framework, using risk appetite statements, measures and tolerances, to control risk on a day-to-day basis and are reviewed at-least annually and approved by the Bank's Board. Key in considering the Bank's judgement of appetites is its assessment of its regulatory environment both in the Isle of Man ("IOM") and the UK; the IOM and UK deposit markets; access to regulatory capital; the IOM and UK credit markets; the suitability of its product range; concentrations of advances and historic arrears. The aim is to deliver controlled growth, by providing adequate returns with strong credit profiles.

Having considered the above in light of the difficult economic conditions in the UK, and less so in the IOM plus the wars in Europe and the Middle East, drawing on both internal and external resources, the Bank continues to believe the credit markets in which it operates will deliver growth with liquidity sourced from its Balance Sheet; its IOM deposit base and the UK retail deposit market. This growth will be achieved through the organic

expansion of existing products through acquisition. This strategy can be analysed by the geographical area the Bank operates within, namely the IOM and the UK.

The Bank is proud of its heritage and remains heavily IOM centric but recognises that, as its UK loan book grows, it will need to create a more substantial UK presence to manage and grow this aspect of its business. Contributing to this UK growth was the application for, and approval to take retail deposits in the UK.

Sourcing reliable funding underpins the Bank's growth objectives. The Bank's strategy in this area is to secure a diversified, low-cost suite of liquidity alternatives to draw upon in order to support its lending strategy. The IOM deposit market remains a key source of liquidity which the Bank accesses through its fixed-term deposit and notice account products. The Bank's UK deposit taking licence also plays a significant part in the Bank's growth strategy.

The Bank recognises that it has an opportunity to increase its market share because of the reduction in competition experienced in this market and / or by increasing interest rates. As such, the Bank believes that it has sufficient reliable alternatives to be confident that it can raise the necessary deposits when required.

The Bank's acquisition strategy is to increase market share in sectors within which it already operates or to gain access to a desirable market through an existing reputable, profitable operator.

Regarding the former, the Bank continues to enjoy a positive lending experience within the structured finance and UK credit broker market and currently has circa £290 million (2024: £366 million) of net loans outstanding.

The Bank's decision in 2022 to include Environmental, Social, and Corporate Governance ("ESG") within its strategic objectives has seen great progress made. The Bank's Sustainability Report setting out its material ESG issues and objectives, work completed and ESG performance can be found on the Bank's website, www.conisterbank.co.im. The Group now has a plan to expand its ESG reporting to cover all of its operating subsidiaries.

Business Model and Strategy

continued

MFX Limited (“MFX”)

The strategic objectives of MFX are:

- To be the first choice for international payments and foreign exchange of corporations in the IOM;
- To maintain, develop and strengthen existing relationships;
- To increase the number of referrals to their foreign exchange business partners with a view of onboarding new accounts.

MFX target customers are corporates and private clients who have a foreign exchange and international payment requirement.

The IOM offers a diversified range of industries and sectors. For the next 12 months MFX will continue to concentrate its efforts in developing new business opportunities both in the IOM and in other jurisdictions.

MFX can negotiate upfront agreed foreign exchange margins and ensure price transparency, underpinning the professional relationship it provides. The international payment fees offer competitive value compared with local high street banks.

Payment Assist Ltd (“PAL”)

PAL provides the option for customers to spread the cost of ad-hoc expenses over monthly instalments through a range of fee free, interest-free or interest-bearing products. The Group acquired an initial 50.1% of PAL in May 2022 and the acquisition of the remaining 49.9% was announced on 16 September 2024.

The strategy is to build and develop the business by continuing to be the largest finance provider in the UK automotive after-market, whilst diversifying into related markets, offering both short term and longer-term finance. This expansion will be executed on a selective basis with business partners who share our values for the highest level of customer service.

Blue Star Business Solutions Limited (“BBSL”)

The strategic objectives of BBSL are to continue to grow its direct model to niche suppliers whilst growing its traditional pipeline to allow it to migrate to its ordinary course of business as these schemes conclude.

BBSL will expand its panel of alternative funders, apart from the Bank, to place loans to further maximise its sources of revenue.

Finally, BBSL will continue to develop its sales force to allow greater market penetration.

Edgewater Associates Limited (“EAL”)

EAL is regulated by the Isle of Man Financial Services Authority (“FSA”). Its strategic objectives are to:

- Provide superior service to its client base;
- Increase assets under advice; and
- Grow and develop its staff skill set.

EAL is a full-service IFA practice with a diverse mix of clients requiring a broad range of products and solutions covering:

- Newly qualified professionals – protection, savings, school fees;
- Established clients – wealth management, retirement planning; and
- General insurance clients – home, travel, commercial and specialist.

Whilst EAL continues to grow and develop its standard business model, it is always open to new opportunities. It remains nimble and ready to move in line with economic and regulatory changes as they arise. Its team remains current with industry standards and trends. It retains an appetite for growth, either through additional acquisition opportunities that may arise, or via organic growth from existing clients and business partners with whom it has built strong relationships.

Diversification opportunities are encouraged and pursued, including the successful programme to develop bespoke Employee Benefit Group Schemes. These incorporate staff pensions (including pension freedom), protection, private medical, and death in service cover.

EAL trains talented people to progress into rounded, professionally qualified advisers who can fit within succession planning opportunities. To supplement this, it also recruits quality experienced advisers and para-planners who can further enhance its team.

Ninkasi Rentals & Finance Limited (“Ninkasi”)

This business remains well positioned to gain additional market share through its unique equipment leasing options for the brewing industry.

In addition, Ninkasi is considering expanding its coverage to include Europe, either by a direct distribution strategy, or in partnership with a complementary business.

Further, Ninkasi will manage its utilisation demand through the acquisition of additional fermentation tanks as well as expanding into Europe with its traditional well-proven products. Ninkasi is extending its product range to include Carbon capture machines and to utilize existing fermentation tanks for other industries.

Business Model and Strategy

continued

The Business Lending Exchange Limited (“BLX”)

BLX will continue to grow their loan book prudently in existing markets through the UK credit broker network, utilising existing market to offer attractive asset-backed products in a customer focused way, to ensure the best possible customer outcome.

CAM Wealth Group Limited (“CAM”)

CAM Wealth Group Limited is a UK based, FCA authorised wealth management business and a wholly owned subsidiary of Manx Financial Group plc. The business provides bespoke, client centric financial planning and investment advice to retail and small-to-medium enterprise clients, with a focus on delivering transparent, holistic wealth management solutions tailored to individual client objectives.

CAM Wealth’s business model is centred on long term advisory relationships, combining financial planning, investment management and tax aware structuring to support clients across the accumulation, preservation and distribution of wealth. The firm places emphasis on unbiased advice, trust and integrity, seeking to understand clients’ wider financial circumstances and deliver joined up solutions rather than product led outcomes.

Following its acquisition by Manx Financial Group in January 2025, CAM Wealth has expanded its strategic remit to incorporate general insurance distribution through CAM Insurance Solutions, complementing its existing wealth and investment services. This broadened offering enables the delivery of a more integrated suite of advisory and protection solutions, while creating opportunities for cross referral and collaboration across the Group’s wider customer base.

Strategically, CAM Wealth aims to achieve sustainable growth by deepening client relationships, broadening its advisory capabilities, and leveraging Manx Financial Group’s scale, distribution and complementary businesses. The business is positioned as a key platform for the Group’s expansion in the UK wealth management and insurance markets, supporting diversification of earnings and enhanced lifetime customer value.

Finova Limited (“Finova”)

Finova Limited is a foreign exchange risk management and international payments specialist and a member of Manx Financial Group plc. The business provides corporate clients with access to foreign exchange, hedging, and cross border payment solutions, supporting customers engaged in international trade and treasury activities. Finova’s model is centred on delivering competitive FX pricing, transparent execution, and reliable settlement through a streamlined, service led proposition.

Finova operates through a partnership led structure, working with Corpay Cross Border Solutions, a global non bank provider of FX and international payments. This enables Finova to offer payments in a wide range of currencies and jurisdictions while benefiting from established infrastructure, market access and risk management capabilities, without the need to replicate capital intensive platforms in house.

Strategically, Finova focuses on building long term client relationships by combining specialist market insight with tailored FX risk management strategies. The business aims to support clients’ international growth by helping them manage currency volatility, improve cost certainty, and integrate international payments seamlessly into their treasury operations. Growth is driven through deepening client engagement, expanding product utilisation across existing customers, and leveraging Manx Financial Group’s broader financial services relationships.

ESG in Action

Environmental, Social and Governance at Manx Financial Group

Manx Financial Group recognises that environmental, social and governance (ESG) considerations are integral to delivering sustainable value for our stakeholders, managing risks and supporting long-term business resilience as an AIM-listed financial services group. Our ESG approach is proportionate to our scale, focusing on clear carbon reduction targets, robust governance and positive outcomes for customers and communities on the Isle of Man and beyond.

ESG Governance and Oversight

The Board holds ultimate responsibility for ESG and climate-related matters, supported by the Audit and Risk Committee within the Group's existing risk management framework. This approach aligns with the Quoted Companies Alliance (QCA) Corporate Governance Code, ensuring environmental and social considerations are embedded into strategy, risk oversight and stakeholder engagement. The Board receives regular ESG insights as part of its scheduled meetings, covering material developments, principal metrics and emerging regulatory expectations. ESG considerations now apply Group-wide across our lending, wealth management and leasing operations.

Our ESG Priorities

Each year, management undertakes a proportionate ESG materiality review, with Board and Audit & Risk Committee oversight, drawing on regulatory developments, peer disclosures and internal stakeholder input to confirm the Group's ESG priorities.

- **Climate and carbon management:** Tracking and reducing operational Scope 1, 2 and 3 emissions, with development of financed emissions methodology.
- **Responsible lending and customer outcomes:** Embedding fair outcomes across products and services.
- **People and culture:** Supporting employee development, wellbeing and diversity.
- **Governance and compliance:** Maintaining high standards of conduct and regulatory adherence.
- **Isle of Man community:** Contributing to local economic and social wellbeing.

These priorities guide our approach and are reflected in the principal risks and strategic objectives outlined elsewhere in this report.

ESG in Action: Examples from Across the Group

Managing our carbon footprint as we grow

We track operational Scope 1, 2 and 3 emissions using recognised methodologies, supported by specialist advisers, and disclose performance annually.

In 2025, Scope 1 emissions rose 42% due to fuel used in NRFL's delivery lorry, while Scope 2 (location-based) emissions fell 36% driven by lower electricity use following CFL's integration into Conister Bank and a ~15% reduction in the UK grid emission factor. Scope 3 emissions increased, largely due to improved waste data capture (more complete categorisation) and higher business travel (flights and accommodation), contributing to an overall 16% increase in Scope 1–3 emissions intensity versus 2024.

The Group has set a target to reduce absolute emissions by more than 40% by 2030 using an SBTi-aligned methodology.

| Metric | Unit | 2022 (Baseline) | 2023 | 2024 | 2025 |
|-----------------------------|-----------------------------------|--------------------|---------------|---------------|---------------|
| Scope 1 | tCO ₂ e | 12.50 | 14.20 | 42.13 | 60.01 |
| Scope 2 (location-based) | tCO ₂ e | 34.80 | 40.00 | 64.01 | 41.23 |
| Scope 3 (reported) | tCO ₂ e | 73.10 | 87.10 | 76.77 | 128.13 |
| Total Scopes 1–3 | tCO₂e | 120.40 | 141.30 | 182.91 | 229.37 |
| Emissions intensity | tCO ₂ e/£1m revenue | 1.80 | 2.65 | 2.95 | 3.43 |

Emissions are calculated in line with the Greenhouse Gas Protocol using recognised emission factors and specialist adviser support; the full technical methodology for 2025 is available on our website at www.mfg.im/responsibility.

Better customer outcomes in short-term lending

In our short-term lending portfolios, staff feedback and customer insight have driven enhanced affordability checks and more flexible repayment options, designed to reduce financial harm while supporting better-informed choices. In wealth management, funds prioritise liquidity and capital preservation, with ESG considered where it impacts risk and return, aligning with FCA anti-greenwashing expectations.

ESG in Action

continued

Investing in our people and community

Around 95% of staff complete annual training covering compliance and ESG awareness, with wellbeing initiatives including flexible working and health support. Women represent approximately 42% of colleagues across the Group and 35% of senior leadership roles. In the year, we donated £25,000 to Isle of Man charities and supported local financial education. Key community activities included:

- Tree planting with the Isle of Man Woodland Trust, reaching 18,000 trees toward a 25,000 target by end-2025
- Headline sponsorship of the Royal Manx Agricultural Show and support for Young Farmers initiatives
- Multi-year support for The Children's Centre, Sight Matters, Isle Listen and Manx Mencap
- Sponsorship of environmental initiatives including Port Erin Beach Festival, Manx Wildlife Trust and the 25th Inter-Island Environment Meeting (IEM25)
- Support for Island Games athletes and local heritage events

- Business sustainability leadership through the Isle of Man Chamber of Commerce ESG breakfast series

These activities reinforce our role as a responsible local employer and financial services provider, while aligning with our focus on culture, risk and long-term franchise value.

Looking Ahead

This ESG framework positions MFG to meet current investor expectations while maintaining flexibility to evolve with regulatory developments such as the UK Sustainability Disclosure Standards. In 2026, management will refresh the ESG strategy to tie into Group growth, customer outcomes and proportionate carbon goals. This proportionate climate-related reporting is informed by the recommendations of the Task Force on Climate-related Financial Disclosures and will evolve in line with emerging UK Sustainability Disclosure Standards and investor expectations.

Further details are available at www.mfg.im/responsibility

Risk Management

Risk management overview

Effective risk management is crucial to MFG's sustainability. The MFG Board of Directors ("Board") is ultimately accountable for the effective governance of risk management. The Board maintains its oversight and responsibilities in terms of the three lines risk governance model as set out below.

Determining the Group's risk tolerance and appetite through enterprise risk management is a key element of MFG's corporate governance framework. It is primarily designed to assist the Group in enhancing its corporate governance and intended to reinforce the key elements of Quoted Companies Alliance ("QCA Code") corporate governance principles, adopted by the Group.

A fundamental principle contained in the Code, is for effective risk management: MFG requires each of its lending subsidiaries to have in place an appropriate Risk Management Framework ("RMF") to support the implementation of some of the principles of MFG's governance framework. The RMFs support the Board and senior management in fulfilling their respective duties in relation to the sustainable operation of the business. This includes the integration of ESG in the business – see page 12. The RMFs are supported by policies, processes and activities relating to the taking, management and reporting of risk.

Management and accountability

The Group Audit, Risk and Compliance Committee ("GARCC") is operated at a Group level. GARCC membership comprises of three experienced Independent Non-executive Directors, two of which are qualified accountants. Only members of the GARCC have the right to attend GARCC meetings to ensure its independence.

However, other individuals representing Executive Management, Risk, Compliance and Internal/External Audit are invited by the Chair of the GARCC to attend all or part of any meeting as and when appropriate.

The main objectives of the GARCC are to review operations and ensure that they are conducted to the highest possible standards. This is accomplished by providing an independent objective assurance function specifically for, but not limited to: Internal Controls and Risk Management Systems; Whistleblowing and Fraud; Risk, Compliance; Internal /External Audit.

GARCC provides oversight of compliance with all legislation, regulation, and applicable codes of practice in the jurisdictions that MFG conducts business; and reviews policies, procedures and processes to effectively identify, quantify and manage all material risks and to advise on best practice.

RMF

The following overview of the key governance components that make up the MFG system of governance illustrates the crucial role of a RMF:

RMF - Culture

The risk culture, which forms part of MFG's overall culture, encompasses the tone at the top of the organisation and a set of shared attitudes, values, behaviours, and practices that characterise how individuals at MFG consider risk in their day-to-day business activities. Analysis of previous incidents and ongoing assessment ensure continuous improvement in the management of risk.

All individuals are trained to understand the importance of effective risk management and ensure that risks associated with their role are appropriately understood, managed and reported. Individuals at all levels communicate risk related insights in a timely, transparent, and honest manner.

This culture is driven from the top by the Board and Executive Management through how they communicate, make decisions, and motivate the business. Managers and leaders ensure that in all their actions and behaviours they continually reinforce the culture that the effective management of risk is critical to MFG's success and that every individual plays a role in the management of risk.

RMF - Appetite

Risk appetites are set at subsidiary level and determine the maximum amount of risk that it is prepared to accept in the pursuit of delivering business objectives. The risk appetite considers all the risks detailed under "Principal risks" – on page 16 and is reviewed annually, and, as the operating environment changes, it is constantly measured against stated appetite to take appropriate action.

RMF - Risk identification, measurement, and control

Having a robust understanding of the risks to which the business is exposed is crucial to ensure that all material risks are appropriately monitored, managed, and reported on. An understanding of risk is developed through the identification, assessment and, where appropriate, measurement of risks to which the business is exposed.

These processes are performed as part of strategy setting, strategy execution and day-to-day operations and are referred to as risk and control assessments. The subsidiaries' respective Risk teams provide tools to aid managers and individuals in developing an understanding of risk within their respective business responsibilities.

Risk Management

continued

The risk and control assessment process of understanding risk and reviewing the adequacy and effectiveness of related controls and risk mitigation approaches is performed on a regular basis, as a minimum annually, and is reported to and governed by:

- A high-level assessment to identify the principal risks enabling work to progress in a focused manner in completing risk and control assessments, to build a key control monitoring program;
- Management committees, including a review of roles and responsibilities, ensure that all material risks are captured and formally considered prior to presentation to the GARCC and the respective subsidiary Board;
- Procedures within the framework ensure that the relevant management committee is accountable for the policies that support their risk, and to reduce the workload for the GARCC and the Board(s), enabling them to focus on overseeing and challenging the RMF; and
- Boards approve risk appetite statements, and the design of an underlying risk appetite measures framework, to be owned and monitored by the relevant management committee.

RMF - Three Lines model and key assurance functions

As part of its overall governance framework, MFG has adopted best practice monitoring and control mechanisms by implementing the three lines governance and combined assurance model in its primary subsidiaries. Thus, responsibility for governance and oversight is allocated throughout the organisation according to the three lines principles.

This model is regarded as international best practice for ensuring good governance (including governance within risk and capital management) across an organisation. The emphasis is placed on ownership, responsibility, independence, assurance, communication, oversight, and transparency in governance.

The term 'key assurance function' refers to a properly authorised function, whether in the form of a person, unit, or department, serving as a control or 'checks and balances' function from a governance perspective, and which carries out such activities. These functions typically are second and third line functions.

First line

The first line e.g., business management, is primarily accountable for the day-to-day risk origination and management in accordance with risk policies and strategy. This includes identifying, assessing risks, and implementing responses.

Second line

The second line is responsible for the development and maintenance of the frameworks and over-arching policies. The second line provides oversight of, and challenge to, the first line and drives the implementation of the frameworks and policies.

Third line

The third line is the independent assurance function providing overall assurance to the Board on governance, risk management, and internal controls. The third line comprises of internal audit, external audit, and other independent assurance providers. The third line is completely independent from the management of the day-to-day business activities and reports to the GARCC. The external audit firm confirms its independence to GARCC on a six-monthly basis.

RMF - MFG assurance functions

MFG has effective systems of risk management and internal control. The tasks, processes and obligations of the key assurance functions are transparent and clearly defined, with regular exchange of information between the functions. Each of the functions is structured to ensure that it has the necessary authority, independence, resources, expertise and access to the Board or respective subsidiary Boards, and all relevant employees and information to exercise its authority. The assurance departments within MFG include:

- Risk management function;
- Compliance function; and
- Internal Audit function.

The departmental head of each of these key functions possesses the necessary skills, experience and knowledge required for the specific positions they exercise and meet all suitability and 'fit and proper' requirements. Written guidelines for these functions are in place, and compliance with them is assured on a regular basis. All of the key independent functions have a direct reporting line to the GARCC and/or the Board.

RMF - Internal Capital Adequacy Assessment Process ("ICAAP")

Overview

ICAAP is a key strategic and risk management tool for the Bank. It is a key component of the Bank's planning process during the short and medium-term. The Bank's lead regulator, the FSA, requires the Bank to establish and maintain an ongoing internal adequacy assessment process which is appropriate to the nature and scale of its business; it reviews that process annually and evidences that review.

Risk Management

continued

Methodology

The Bank's ICAAP process is as follows:

Formulation of the Bank's strategy and budget

Strategic plans are prepared annually for the forthcoming year, which consider the Bank's risk appetite, key market sectors to target, products to leverage / introduce, headcount, operational and capital investment required.

Risk assessment

The Bank's Executive Team will liaise with the Risk and Compliance departments to determine the material risks in the Bank based on incidents and breaches. Internal Audit reports, Risk report findings and Compliance report findings and issues are raised at the GARCC, Bank Board and relevant management committee meetings.

Stress testing and reverse stress testing

The Finance department uses Bank of England market assumptions for stress testing and stress five-year forecasts to identify any capital deficiencies. Reverse stress testing is also used based on the assumption that the Bank ceases to trade, coupled with a run-off scenario to determine the capital distribution.

Reverse stress testing is used to explore the vulnerabilities to extreme adverse events in the Bank's strategy and plans that might cause the business to fail, in order to facilitate contingency planning. Stress testing includes an assessment of double leverage between MFG and the Bank.

Calculation of capital requirement and buffers

Following the setting of strategy, risk assessment and stress tests, the Bank will then calculate its capital requirements by considering the following areas:

- Pillar I – The calculation is based on the minimum regulatory requirement under Pillar I of 10.0% of risk weighted assets for material risks;
- Pillar II – Assessment of any additional business risks not covered by the minimum Pillar I requirement, plus an assessment of Pillar II risks based upon the current material risk assessment and stress tests, to determine whether any additional capital buffers are deemed appropriate;
- Pillar III – Pillar III establishes measures to make better use of market discipline. Pillar III applies only at the top consolidated level of a banking group and is therefore generally not considered to be applicable to IOM incorporated banks as per FSA ICAAP guidance; and

- Buffers – The Bank assesses its position against industry standards for regulatory buffers and calculates its position based on its overall exposures to different jurisdictions.

Review, challenge and adoption of the ICAAP

The ICAAP is prepared by the Finance department and reviewed by the Risk and Compliance departments, the Bank's Executive Team, Risk Management Committee (RMCO), GARCC, Internal Audit and the External Auditor. It is used to measure and benchmark the Bank's risk appetite and to forecast capital usage under both stressed and normal conditions. The ICAAP is challenged at all stages of the review process and presented to the Bank's Board by GARCC for approval prior to being submitted to the FSA. The elements within the ICAAP model are regularly reviewed and updated throughout the year by Finance and referred to the GARCC and the Bank's Board if required.

ICAAP Results

The Bank has completed its ICAAP testing for 2024 in compliance with regulatory requirements. Despite the severity of the risk scenarios modelled, the Bank satisfied the capital and leverage requirements for the purpose of the stress test.

Principal risks

As a result of the RMF, the Group has exposure to the following key risks:

- Strategic;
- Credit risk including counterparty credit;
- Operational;
- Conduct;
- Liquidity;
- Interest rate;
- Regulatory; and
- Reputation.

The Group has considered the above key risks that it faces and the mitigating controls against those risks:

Strategic risk

Strategic risk is the risk to the Group's revenue and operational costs as set within the budget and the medium-term plans arising through sub-optimal implementation of the strategic plan due to either internal or external factors faced by its subsidiaries.

Risk Management

continued

Controls and mitigation

The Group controls and mitigates this risk via a number of measures:

- Subsidiaries generally commence their formal planning process in September for the forthcoming year, to inform the budget submitted to the boards throughout the Group for approval. In reality, the planning process is continuous and responsive to change in the internal and external environment;
- Barriers to delivering the strategic plan, and changes to planned activity are captured in the various subsidiary 'Managing Directors' Reports' which are submitted to their respective boards and then ultimately reported to the Group Board at each Board meeting. The reports take account of input from the Group Executive Directors and current financial performance versus budget and seek to highlight strategic responses for the relevant subsidiary;
- Key strategic projects are managed under formal project governance with progress of key projects tracked, and communicated and discussed at regular project meetings; and
- The impact of limited capital, liquidity, operational capacity, and regulator restriction on the achievement of strategy is captured by the planning process, with exceptional items dealt with under the relevant risk category, where the impact on risk appetite and mitigating actions will be formally recorded.

Credit risk including counterparty credit risk

Credit risk is defined as the risk that counterparties fail to fulfil their contractual obligations. A material decline in credit quality, or the failure of a counterparty, could result in higher levels of arrears and ultimately in increased provisions and write-offs, which impacts upon profitability, potentially eroding the capital position for the Group's subsidiaries.

Controls and mitigations applied

- Delegated authorities: The Group operates to a schedule of delegated lending authority limits linked to an individual underwriter's knowledge and experience. Above an individual's limit, credit committees made up of experienced senior staff make collective sanctioning decisions.
- Distribution strategy: The Group actively monitors and controls the credit risk of all business introduced by third parties to ensure that it is treating customers fairly and as a safeguard against the failure of any such business relationship. Mitigation of counterparty credit risk in outsourced models

is supported through the maintenance, where appropriate, of cash reserves and loss pools to fund any buy-back indemnity. Comprehensive due diligence processes and regular reviews are also performed;

- Monitoring of credit quality exposure: The Group reports on its credit risk exposures via an internal grading methodology that assigns exposures to one of three grades based upon the probability of default at product and distribution channel level. This allows for better monitoring of credit quality and impairment of its current book as well as forecasting and stress testing on a more accurate basis;
- Concentration risk: To protect against the unintentional build-up of exposures where deterioration could materially impact the Group's sustainability and profitability. The Group seeks to maintain a diverse portfolio of products across a variety of geographical regions, customers, distribution channel, sectors, and asset classes. This diversity protects the Group against any deterioration in a particular geographical region, the economic environment, commercial sector etc.;

Operational risk

Operational risk is the risk of loss resulting from human error, inadequate or failed internal processes or controls, system failure, improper conduct, fraud, or external events. It is closely linked to Regulatory risk – see below.

The principal operational risks for the Group arise from the following areas:

- Resilience of the IT environment: The IT environment is under constant review to ensure operational continuity. The Group's IT Steering Committee ("ITSCO") identifies and implements efficiencies to enable enhanced customer service through the provision of additional facilities and products, and to automate manual tasks wherever possible to minimise the potential for human error. ITSCO also reviews and monitors current service standards, highlighting any deficiencies and mitigates accordingly. There are a number of exception reports and scheduled tasks on a daily basis to ensure that any controls within the IT systems are being reported on adequately; and
- Third Party administration services: The key operational controls ensure that partners are fulfilling their legal and regulatory obligations in accordance with their service-level agreement with the Group. The Group has an outsourcing policy to ensure obligations are monitored and met. Internal reviews and audits are conducted on counterparties to ensure terms agreed are being adhered to.

Risk Management

continued

Data risk: Good data is crucial to underpinning management and monitoring of all risks in the Group and each subsidiary has a clear strategic focus on ensuring effective data management.

Controls and mitigation

- Adherence to internal limits and approval processes through:
 - Delegated authorities: The Group operates to a schedule of delegated authority limits and payment approval limits, linked to an individual's knowledge and experience;
 - Segregation of duties: There is appropriate segregation between those authorising transactions and those executing them, with four eyes principles in place where required;
 - Exception reporting: Daily reporting ensures that any regulatory and internal limits are reviewed regularly by the appropriate Management team. Such reporting allows the Group to identify weaknesses in processes and controls which in turn allows for adequate training and the bolstering of systems and processes;
- Onboarding: A comprehensive on-boarding process is in place for new outsourced partners in the IOM and UK;
- Due diligence checks: The operational risk from the Group's third-party administrators is mitigated by a comprehensive due diligence process which includes a comprehensive take-on appraisal and a full review of the partner's policies, procedures and financial stability;
- Key Operational Controls: Key controls are monitored through a combination of management oversight, Risk and/or Compliance monitoring and Internal Audit reviews; and
- New Business Policy and Process: New business and material business change controls are outlined in a formal policy, which requires that a sequence of assessment and approval is followed. This ensures that all relevant input is included, and material risks considered.

Conduct risk

The Group is exposed to conduct risk through its operations and interactions with consumers, either directly or through third parties.

Controls and mitigation

The Group has policies to ensure adherence to conduct related regulatory standards and to promote continual focus on good customer outcomes.

Appropriate policies also govern where good conduct is contracted to third parties, either directly or through distribution chains.

In all cases, compliance with standards is appropriately monitored through the collection and assessment of relevant data, partner attestation, and onsite audits where appropriate.

General conduct principles including the Consumer Duty, and Treating Customers Fairly (TCF) principles, are embedded across the Group's activities.

Liquidity risk

Financial institutions are subject to liquidity risk as an inherent part of their business. Liquidity risk is the risk that the Group may not hold sufficient liquid funds meaning it would be unable to meet its contractual liabilities as they fall due.

Liquidity risk arises where the Group, through its subsidiaries, has contractual credit obligations that can be placed under stress during times of illiquidity. Should this ever occur, the Group could access the capital markets. In addition, it has built a core portfolio of liquid assets or buffers as additional sources of liquidity that can be utilised during such times.

Controls and mitigation

Overall, the Group's liquidity profile is resistant to stress as the Group:

- Has a positively matched funding profile and does not engage in maturity transformation. This means that on a cumulative mismatch position, the Group is forecast to be able to meet all liabilities as they fall due;
- Maintains an adequate liquidity buffer; and
- Has no exposure to the interbank lending market.

The Group's liquidity position is monitored daily against internal and external agreed limits. The Group also has a Liquidity Contingency Plan which lays out the controls in place around potential liquidity disruption events and pre-emptive actions to be taken.

Interest rate risk

Interest rate risk refers to the current or prospective risk to the Bank's capital and earnings arising from adverse movements in interest rates that affect the Bank's banking book positions.

The principal potential interest rate risk that the Group is exposed to is the risk that the Bank's fixed interest rate and term profile of its deposit base differs from the fixed interest rate and term profile of its asset base. Interest rate risk is monitored closely.

Risk Management

continued

Controls and mitigation

- Funding profile: Interest rate risk for the Group is not deemed to be material currently due to the Bank's positively matched funding profile. In a rising interest rate environment, due to the nature of the Group's products and its matched funded profile, it should be able to change the Bank's lending rate to match any corresponding change in its cost of funds;
- The Bank matches its deposit taking to its funding requirements to the greatest extent possible;
- The maturity profile of the Bank's loan book through staged repayments means interest risk is difficult to hedge effectively so the Bank does not currently hedge against this risk, and is not exposed to any additional market interest rate risk in this respect; and
- Funding cost: The Group would be exposed to potential risk if the Bank's cost of funds, which is linked to the cost of retail deposits, and ultimately the UK banks' base rate, was to increase and it was unable, due to a competitive lending environment, to raise its lending rate correspondingly. The Group's three-year plan allows for an increase in its cost of funds, but the Group accepts that these assumptions may not reflect the timing of any interest rate rise or the quantum of any increase.

Regulatory risk

Regulatory risk is the risk of material breach of regulation.

The risk of regulatory breach arises through a failure to identify, assess, and apply applicable regulation; or a failure to adhere to the applicable regulation as applied.

The Group holds, via the Bank, a Class 1 (1) Banking Licence in the IOM and is accordingly regulated by the Financial Services Authority ("FSA") and (since October 2023) a UK deposit taking licence with the Prudential Regulatory Authority ("PRA"). The Bank also holds permissions with the UK's Financial Conduct Authority ("FCA") pertaining to regulated credit activities, and other specified regulated products and services in the UK while CAM Wealth holds FCA license to provide wealth management and financial planning services.

The Group also holds, via EWA, an IOM Class 2 licence to conduct investment business and is licenced as a general insurance intermediary, both regulated by the FSA.

Other regulated entities in the Group are PAL, BLX and MCL principally for Consumer Credit and Debt Collection.

The risk of regulatory breach arises through a failure to identify, assess, and apply applicable regulation; or a failure to adhere to the applicable regulation as applied.

Monitoring and complying with the requirements of existing regulation across numerous regulatory bodies, along with the rapid pace and volume of regulatory change is a key risk. The risk is compounded due to the size of the Group.

Controls and mitigation

The Group remains well placed to meet the regulatory challenges that bring change to the macro environment.

Regulatory risks are managed in each subsidiary and continue to be mitigated by themed and ad-hoc compliance monitoring reviews which are driven using a risk-based approach to ensure resource is directed to areas of potential material risk. The monitoring plans are approved annually by the GARCC. Monitoring reviews are supplemented by ongoing staff training and guidance.

Wherever possible, legislative, and regulatory requirements are built into relevant administration systems, with appropriate monitoring and exception reporting processes in place to monitor compliance.

The Group maintains a watching brief on the regulatory environment and, as active members of a number of IOM and UK trade bodies, it receives additional regulatory updates and guidance on proposed legislative and regulatory issues. Upstream regulatory changes are tracked and assessed for impact by the Bank's Compliance Department and material items reported to the GARCC.

Reputation risk

Reputation risk is the risk of loss resulting from damage to the Group's reputation, in lost revenue or increased costs, or destruction of Shareholder value.

Controls and mitigation

The Group mitigates this risk by ensuring that its key risks are identified and managed, with an impact assessment of any potential or actual issues considering the impact to the Group's reputation. The Group actively seeks to minimise the occurrence of events or issues which could give rise to loss or negative feedback, and actively manages the impact should issues occur.

Corporate Governance

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Corporate Governance Report

Corporate governance report

The Board is committed to best practice in corporate governance. Directors have agreed to comply with the provisions of the QCA Governance Code ("QCA Code") to the extent which is appropriate to its nature and scale of operations and aims to be fully compliant in 2026.

QCA Principle 1: Establish a purpose, strategy and business model which promotes long-term value for shareholders

The immediate strategy and business operations of the Group are set out in the Strategic Report.

The Group's strategy and business model and amendments thereto, are developed by the Chief Executive Officer ("CEO") with his senior management team and approved by the Board. The management team, led by the CEO, is responsible for implementing the strategy and managing the business at an operational level.

The Group's overall strategic objective is to grow organically and through strategic acquisitions to further augment the range of services it offers and gain its presence in markets in which it has proven experience.

The Group has a balanced portfolio of regulated and unregulated operations, all of which are managed on a risk-based and prudential approach. The principal activities include: deposit taking; lending to consumer and commercial markets in the IOM and the UK; the provision of dedicated financial advice, especially in the areas of pensions and general insurance; and foreign currency and payment services.

The Group has adopted a portfolio approach to its strategic assets and is not dependent on one particular platform technology. The Directors believe that this approach helps to mitigate any concentration risk.

The Group operates in some heavily regulated sectors, and this is reflected in the emphasis on compliance and the provision of excellent customer service.

In executing the Group's strategy and operational plans, management will typically confront a range of day-to-day challenges associated with risks and uncertainties and will seek to deploy the identified mitigation steps to manage these risks as they manifest themselves.

QCA Principle 2: Promote a corporate culture that is based on ethical values and behaviours

The Board seeks to maintain the highest standards of integrity and probity in the conduct of the Group's operations. These expectations are set by the Board, and the CEO leads and reinforces these cultural expectations, ensuring they are embedded in day-to-day activities. These values are enshrined in the written policies and working practices adopted by all employees in the Group.

An open culture is encouraged, with staff feedback sought on a regular basis and this includes surveys and workshops. The senior management team reviews the results and provides updates to staff regarding progress to address any concerns, escalating any key deviations in culture to Board level as necessary.

The CEO reports to the Board on cultural indicators, together with an action plan to address any identified issues, enabling the Board to provide effective oversight and ensure culture remains aligned with its values and expectations.

The Group is committed to providing a safe environment for its staff and all other parties for whom it has a legal or moral responsibility, as reflected in the respective health and safety policies in place across its subsidiaries.

QCA Principle 3: Seek to understand and meet shareholder needs and expectations

The Group, via the Chair, Vice-Chair, CEO and CFO, seeks to maintain a regular dialogue with both existing and potential new shareholders to communicate the Group's strategy, financial performance and governance strategies and to understand the needs and expectations of shareholders.

Beyond the Annual General Meeting ("AGM"), the Chair, Vice-Chair, CEO and CFO, meet with investors and analysts to provide them with updates on the Group's business and to obtain feedback regarding the market's expectations of the Group.

The Group's investor relations activities encompass dialogue with both institutional and private investors. From time-to-time, MFG attends private investor events, providing an opportunity for those investors to meet with representatives from the Group in a more informal setting. On publication of the full year and half year results, the Group hosts a presentation by senior management which is open to all existing and potential investors.

Corporate Governance Report continued

The Group also provides reporting on the Company's environmental and social matters to meet with investor needs, as set out under Principle 4.

QCA Principle 4: Take into account wider stakeholder interests, including social and environmental responsibilities and their implications for long-term success

The Group is aware of its social and environmental responsibilities and the need to maintain effective working relationships across a range of stakeholder groups. These include not only the Group's employees, partners, suppliers, regulatory authorities, but also customers, be they depositors, borrowers or those seeking financial advice. The Group's operations and working methodologies take account of the requirement to balance the needs of all stakeholder groups while maintaining focus on the Board's primary responsibility to promote the success of the Group for the benefit of its members as a whole.

- Customers – are at the heart of the business, and the Group operates with a shared vision and set of values. These values instil a sense of how all staff form a part of the customer journey. Feedback is encouraged at all points of contact; it is proactively enacted upon by the Executive and Management of the operational subsidiaries that form the Group as it aids the identification of process system and product enhancements;
- Shareholders – where appropriate shareholder feedback is discussed at the Board, with any actions agreed being tracked to completion by the Company Secretary. Shareholders have an opportunity to raise questions to the Board, in person, at the AGM. Beyond the AGM, the CEO and Vice Chair addresses and communicates with shareholders to discuss their concerns where appropriate. Additionally, together with the Group Finance Director, the CEO delivers an online presentation of the financial statements and interim results where questions can be raised, and this presentation is also accessible on the Group's website;
- Employees – the Group collates employee feedback on an annual basis, engages employees via workshops and information sharing, with all outputs analysed and visibly addressed by the Executives of the operational subsidiaries that form the Group; with the aim being to build an engaged, committed and enthusiastic workforce. The Group is also committed to conducting its business with honesty and integrity and fosters a culture of openness. Culture is recognised within the recruitment process and strengthened via training, performance management, reward, and ongoing engagement with employees.

As part of the Group's commitment to its culture of openness it has an established whistleblowing policy and framework in situ, which is supported by training to highlight that any genuine concerns may be raised without reprisal;

- Partners and suppliers – the Executive and Management regularly meet with and seek input from our partners and suppliers to ensure the needs of all parties are understood to achieve continued excellent working relations;
- Regulators – the Group adheres to AIM regulations with guidance from its Nominated Adviser ("NOMAD"), ensuring transparency and integrity. The Board actively engages with its NOMAD to ensure it is meeting its regulatory obligations and maintain investor confidence; and;
- Community and the environment – The Board recognises its critical role in overseeing the Group's approach to ESG and the impact this has on the communities in which it operates, and on the environment, including climate related matters. To this end, the Group remains committed to integrating these considerations into its strategy, risk management framework and business model. The Group is guided by the QCA Code recommendations on the integration of ESG, and by doing so, aims to ensure that the Group not only meets its regulatory obligations but also positively contributes toward the broader community and environment. The ESG report (Environmental Social and Governance Report), which can be found on page 12, and was produced in conjunction with external advisers (EQCarbon), identifies materiality, performance KRIs and future targets to help build a strengthened framework across the Group to support a resilient and sustainable future for all stakeholders. This forms a key component of our evolving reporting framework.

As our ESG strategy matures, we will introduce more structured channels for stakeholder feedback to ensure it continues to reflect expectations and best practice. To support this, a quarterly ESG insights report covering regulatory monitoring, investor expectations, customer needs, staff engagement and community partnerships is provided to the Board to review progress and provide strategic direction. In addition, the Group will undertake an annual materiality review supported by EQCarbon, to benchmark our performance against peers and ensure our ESG approach continues to reflect stakeholder expectations and evolving best practice.

Corporate Governance Report continued

QCA Principle 5: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board is responsible for the systems of risk management and internal control and for reviewing their effectiveness by a series of committees, overseen by the GARCC, and such controls are reviewed by Internal Audit. The internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss.

Through the activities of the GARCC, which meets at least six times per year, the effectiveness of these internal controls is formally reviewed four times per year. GARCC also annually considers External Auditor independence, and their reappointment is elected at the AGM. Further information is detailed within the Risk Management Report.

A comprehensive budgeting process is completed once a year and is reviewed and approved by the Board. The Group's results, and comparison to budget, are reported to the Board monthly.

The Group maintains appropriate insurance cover in respect of actions taken against the Directors because of their roles, as well as against material loss or claims against the Group. The insured values and type of cover are comprehensively reviewed on at least an annual basis.

The senior executives meet regularly to consider new risks and opportunities for presentation to the Group, making recommendations to the GARCC and or the Board as appropriate.

The Directors consider they are provided with all necessary information to assess the Company's position, performance, business model and strategy.

Further information can be found in the Directors Report, Strategic Report, Risk Management Report, Environmental Social and Governance Report and individual committee reports.

QCA Principle 6: Establish and maintain the board as a well-functioning, balanced team led by the chair

Role of the Board

The Board is collectively responsible and legally obligated for the long-term success of the organisation. Its principal function is to determine the strategy and policies of the Group within an effective control framework which enables risk to be assessed and managed. The Governance Framework is reviewed to

ensure it remains fit for purpose on an annual basis and is approved by the Board.

The Board ensures that the necessary financial and human resources are in place for the Group to meet its objectives and that business and management performances are reviewed. Furthermore, the Board ensures that the Group operates within its constitution, relevant legislation and regulation and that proper accounting records and effective systems of business control are established, maintained, documented, and audited.

There are at least four formal Board meetings each year. All Board members have the benefit, at the Group's expense, of liability insurance in respect of their responsibilities as Directors and have access to independent legal or other professional advice if required. The Board has a formal schedule of matters which are reserved for its consideration, and it has established three committees to consider specific issues in greater detail, being the GARCC, the Remuneration Committee and the Nomination Committee. The Terms of Reference for each of these Committees are published on the Group's website www.mfg.im.

Role of the Chair

The Chair is responsible for leading the Board, ensuring its effectiveness in all aspects of its role, promoting a culture of openness of debate, and communicating with the Group's members on behalf of the Board. The Chair sets the direction of the Board by facilitating the effective contribution of Non-executive Directors and ensuring constructive relations between Executive and Non-executive Directors.

The Chair ensures that Directors receive accurate, timely and clear information. The Chair ensures that no individual or group dominates its decision making, and that each Director is able to commit time to fulfil their role, with ultimate responsibility for the quality and effectiveness of the Board resting with the Chair. This fosters a positive corporate governance culture throughout the Group.

There is a clear separation of the roles of CEO and Executive Chair.

Role of the CEO

The CEO is responsible for managing the Group's business and operations within the parameters set by the Board.

Corporate Governance Report continued

Role of the Non-executive Directors

The Non-executive Directors bring independent judgement to the discussions drawing on their breadth of experience, and understanding of the business. Their key responsibilities are to constructively challenge and contribute to strategic proposals, and to monitor performance, resources, and standards of conduct, compliance, and control, whilst providing support to executive management in developing the Group.

The Board considers that all the Non-executive Directors are of sufficient competence and calibre to add strength and objectivity to their activities, and bring considerable experience in regulatory, financial, and operational development within the financial services sector in both the IOM and the UK.

Board Composition, Independence and Succession

The Directors' biographies are set out on pages 28 to 29. The Board currently comprises four Non-executive Directors and four Executive Directors. NOMCO and the Board regularly review the composition of the Board to ensure that it has the necessary breadth and depth of skills to support the ongoing development of the Group. In doing so, it also considers how individual perspectives from directors add value to discussions and ensures there is sufficiently wide-ranging and business-relevant input to deliver the best decision-making process in the context of the Company's business model, geographic footprint, and forward-looking strategy. The Board recognises that it is healthy for its membership to be periodically refreshed and that no Director should be regarded as indispensable. This principle supports the Board's approach to succession planning and is complemented by the Board's annual evaluation process, which reviews collective performance and identifies areas for improvement.

Shareholders will be given the opportunity to vote annually on the election or re-election of each individual Director, ensuring ongoing accountability, transparency and alignment with best practice governance standards as set out by the QCA.

The Board considers itself to be sufficiently independent. The QCA Code recommends that boards include a minimum of two independent Non-executive directors. The Board considers three Non-executive Directors namely Jenny Quirke (Chair of the GARCC) Gregory Jones and John Spellman, are independent under the QCA Code's guidance. In assessment of independence, the Board considers factors that may create real or perceived impediments, including length of service, that they are free from any business or other relationship with the Company or Directors that could materially

interfere with their ability to act in the best interests of the Company. This includes having no recent employment with the Group within the last five years, no material business relationships, and no close family ties with any of the Company's advisers, directors, or senior employees.

The Group has chosen not to appoint a Senior Independent Director ("SID") as it already has an effective leadership structure including a Chair, Vice Chair, a CEO and a Board with a great degree of expertise. Additionally, as a smaller company it is also believed to be unnecessary and could complicate the existing board dynamics.

The Board is responsible to the shareholders for the proper management of the Group and meets at least four times a year to set the overall direction and strategy of the Group, to review operational and financial performance, and to advise on management appointments. All key operational and investment decisions are subject to Board approval.

Time Commitment and Expectations

Before their appointment, Non-executive Directors must confirm their ability to dedicate sufficient time to their responsibilities. They are expected to attend regular quarterly board meetings, as well as unscheduled ad-hoc meetings. Preparation for these meetings requires review of extensive board packs, which demands a level of commitment that is stipulated in their service agreement.

Each Director also commits to seeking approval from the Chair prior to assuming additional external roles when there is a perceived or actual conflict of interest.

Directors' service contracts or appointment letters make provision for a Director to seek personal advice in furtherance of his or her duties and responsibilities, normally via the Company Secretary.

Remuneration of Non-Executive Directors

Non-executive Directors receive their fees solely in the form of a basic cash emolument. They do not participate in performance related remuneration schemes, nor do they hold Restricted Stock Units ("RSUs") or options over the Group's shares. The current remuneration structure for the Board's Non-executive Directors is deemed to be proportionate.

The CEO and the Group Finance Director are the only Directors who held RSUs or options during the year, with the number and terms disclosed on page 84. These are not deemed to be significant, either for the individual Executive Director or in aggregate.

Corporate Governance Report continued

Board Diversity

Our current Board composition does not fully align with the QCA Code 2023 diversity principles. Whilst the Board acknowledges that gender diversity remains an area for improvement, it includes members from different nationalities, educational, and professional backgrounds. The Board appointed Jenny Quirke as a Non-executive Director, effective 05 March 2026. This appointment has the additional consequence of strengthening gender diversity and reinforces our commitment to inclusive, balanced and independent decision-making. The new Director brings extensive experience as a Board-level leader with expertise in governance, compliance, and risk, and is an experienced Audit & Risk Committee Chair skilled in strategic oversight, stakeholder engagement, and financial reporting. Her sound judgment and ability to drive change will further enhance the Board's effectiveness.

Board appointments continue to be made on merit, with due regard to the benefits of diversity. Within this context, the paramount objective remains the selection of the best candidate irrespective of background. The Board does not consider quotas or targets appropriate at this time; however, diversity remains a key factor in its selection process.

Board and committee attendance

The number of formal scheduled Board and Committee meetings held and attended by Directors during the year was as follows:

| | Board | GARCC | REMCO | NOMCO |
|----------------|-------|-------|-------|-------|
| Jim Mellon | 2/9 | N/A | N/A | 1/2 |
| Denham Eke* | 6/9 | 4/4 | N/A | 2/2 |
| Douglas Grant | 8/9 | N/A | N/A | 2/2 |
| James Smeed | 9/9 | N/A | N/A | 2/2 |
| Gregory Bailey | 5/9 | N/A | N/A | 2/2 |
| Alan Clarke* | 2/3 | 8/10 | 5/5 | N/A |
| Gregory Jones | 9/9 | 14/15 | 11/11 | 2/2 |
| John Spellman | 9/9 | 15/15 | 6/6 | 2/2 |

| | Unable to attend due to tax reasons | | | |
|----------------|-------------------------------------|---|-----|-----|
| Jim Mellon | 3/9 | – | N/A | 1/2 |
| Gregory Bailey | 1/9 | – | N/A | – |
| Douglas Grant | 1/9 | – | N/A | – |
| Alan Clarke* | 1/9 | – | – | – |

| | Unable to attend due to conflicts | | | |
|----------------|-----------------------------------|---|-----|-----|
| Jim Mellon | 3/9 | – | N/A | N/A |
| Gregory Bailey | 3/9 | – | N/A | N/A |
| Denham Eke* | 3/9 | – | N/A | N/A |

* Note: Alan Clarke retired on 16 September 2025

+ Note: Denham Eke appointed GARCC member 25 September 2025

QCA Principle 7: Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities

The Board has an established GARCC, Remuneration Committee and Nomination Committee with formally delegated duties and responsibilities and these are set out in the relevant Terms of Reference, which are reviewed on an annual basis.

Group Audit, Risk and Compliance Committee ("GARCC")

The GARCC meets at least six times each year and presently comprises three Independent Non-executive Directors, currently Jenny Quirke (Chair), Gregory Jones and John Spellman together with Denham Eke (Non-executive Director). For an interim period during 2025, following the retirement of Alan Clarke, the GARCC comprised John Spellman and Gregory Jones (both Independent Non-executive Directors) together with Denham Eke (Non-executive Director). Representatives from Compliance and Risk, the Internal and External Auditor and executive management attend by invitation. Its role is to be responsible for reviewing the integrity of the financial statements and the balance of information disclosed in the accompanying Directors' Report, to review the effectiveness of internal controls and risk management systems, to monitor and review the effectiveness of the Internal Audit function and to consider and recommend to the Board (for approval by the members) the appointment or re-appointment of the External Auditor. The GARCC reviews and monitors the External Auditor's objectivity, competence, effectiveness, and independence, ensuring that if it or its associates are invited to undertake non-audit work it will not compromise auditor objectivity and independence.

Group Remuneration Committee ("REMCO")

The REMCO meets at least three times a year. The Committee comprises Gregory Jones (Chair) and John Spellman, both independent Non-executive Directors, with the Executive Directors and external advisers attending by invitation where appropriate. It is

Corporate Governance Report continued

responsible, amongst other matters, for determining the remuneration of the Executive Directors, the Company Secretary, and other members of management. Committee members do not take part in discussions concerning their own remuneration. The Chair and CEO determine Non-executive Director fees.

Group Nomination Committee (“NOMCO”)

The NOMCO is comprised of the whole Board. It is chaired by the Chair of the Board and is responsible for making recommendations to the Board on matters relating to the composition of the Board, including Executive and Non-executive Director succession planning, the appointment of new Directors and re-election of existing Directors.

Additionally, the following management committee is also well established:

Group IT Steering Committee (“ITSCO”)

The ITSCO is a Group management committee composed of experienced Executives and Senior Management, who are responsible for directing, reviewing, and approving IT strategic plans and overseeing major IT initiatives.

Its key responsibilities include aligning IT strategy with business goals, appraising major technology projects, recommending technology strategies to the Board, monitoring IT security systems, cooperating with the GARCC on internal controls, providing guidance on emerging technology trends, and reviewing key IT policies annually. The committee ensures IT priorities support the Group’s overall strategy and operational resilience.

The Board considers that due to its size and business complexity no further sub-committees are required at present.

Appointments to the Board

The principal purpose of the NOMCO is to undertake an assessment of the balance of skills, experience, independence and knowledge on the Board and subsidiary boards against the requirements of the business, with a view to determining whether any shortages exist. Having completed the assessment, the Committee makes recommendations to the Board accordingly.

All Group Director appointments must be approved by the Company’s NOMAD, as required under the AIM Rules, before they are appointed to the Group Board.

During the year, the appointment of Jenny Quirke was reviewed and recommended by the NOMCO, approved by the MFG Board and, in accordance with the AIM

Rules, approved by the Company’s NOMAD prior to appointment.

The Corporate Governance Manual also contains a schedule of matters specifically reserved for Board decision or approval and sets out the Company’s share dealing code and its public interest disclosure (“whistleblowing”) policy and procedures.

Directors keep their skillset up to date by attending professional development courses tailored to their needs as well as by participating in regular workshops and industry conferences. These activities enable them to stay informed about industry changes, new regulations and to engage within professional networks.

As part of the annual board evaluation, directors are asked to identify their individual skills development requirements and to identify where there are any gaps in knowledge at Board level, helping to confirm that the Board collectively has the capabilities required for the next stage of the Company’s development. The results are then reviewed by the Chair and discussed by both the NOMCO and the Board and any agreed action taken.

The Chair, in conjunction with the Company Secretary, ensures that the Directors’ knowledge is kept up to date on key issues and developments pertaining to the Group, its operational environment and to the Directors’ responsibilities as members of the Board. During the year, Directors receive updates from the Company Secretary and various internal and external advisers on a number of regulatory and corporate governance matters including sustainability.

QCA Principle 8: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement.

The Board has an internal process for evaluating its own performance, that of its committees and of individual Directors, including the Chair. This assessment is conducted annually and identifies opportunities for improvement. As part of the process Directors are asked to identify areas where they wish to seek training and development, which includes any mentoring needs.

In October 2025, the Board revised its evaluation process to align with the QCA Board Performance Review Guide, ensuring that the process continues to evolve to support effective operation of the Board. The most recent review resulted in no substantive recommendations. The Board has engaged h2g Remuneration Advisory LLP, to provide an independent assessment on the Board Evaluation process and to further support the Board by supplementing the internal process periodically through an external independent third-party evaluation.

Corporate Governance Report continued

The Board utilises the results of the evaluation process when considering the adequacy of the composition of the Board and for succession planning.

Annually, the NOMCO reviews the skills, experience, capabilities, and background required for directors and senior management to support the Company's development, provided to them via the succession planning report, to make reasoned recommendations to the Board. This review also includes contingency planning for unforeseen absences and changes to key roles.

In addition, all new appointments (from internal and external candidates) are determined by the Board after an evaluation to ensure the appointee will add value based on recommendation from the NOMCO. Upon appointment, new appointees follow a structured induction programme to help them integrate into their roles.

QCA Principle 9: Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy, and culture.

The Group has a remuneration policy that guides the REMCO in decision-making, considering the Group's risk appetite, alignment with long-term strategic objectives, and industry best practices.

Furthermore, the policy aims to provide sustained and long-term value creation for shareholders. It also strives to be fair and provide equal opportunities to all Executive Directors, employees, temporary staff, and non-executive Directors, while focusing on sound and effective risk management. The REMCO consults with other board committees as necessary to determine incentive targets and appraise performance.

Our remuneration structure is designed to align with and support the company's purpose, business model, strategy, and culture. The Group offers a balanced remuneration package that reflects the staff's position within the Group and professional activity, as well as market practices. This approach considers any conflicts of interest and the impact on the underlying customer, which the Group believes is crucial due to the direct link with shareholder interests.

QCA Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders.

The Group places a high priority on maintaining regular communications with its various stakeholder groups and strives to ensure that all communications

concerning the Group's activities are clear, fair, and accurate. MFG's website is regularly updated, to provide the latest information and stakeholders can register to receive alerts when new announcements, presentations and events details are posted online. Details of the Board's investor relations strategy are set out in the Chair's report.

Notices of General Meetings of the Company can be found at: <https://mfg.im/aim-rule-26/>

The results of voting on all resolutions in future general meetings will continue to be posted to the Group's website, including any actions to be taken because of resolutions for which votes against have been received from at least 20 per cent of independent shareholders.

Shareholders have an open line of communication with the Group, so they can express their views and gain a better understanding of the company's operations, governance, and strategic direction. Board members take a proactive approach in their duties, actively engaging with all stakeholders. The board can effectively address concerns, share insights, and align the company's strategic goals with the expectations and needs of its stakeholders. These communication structures foster a stronger relationship with stakeholders and reinforce the Group's commitment to transparency and accountability. This approach not only enhances trust and collaboration but also supports the long-term success and sustainability of the company.

During the year, the Board encountered a number of challenges and opportunities which are discussed in detail within the Strategic Report. The Risk Management section outlines how the Board addresses challenges.

The Group's Audit Risk and Compliance Committee Report and Remuneration Committee Report, which provides more details on how the Company ensures transparency and effective governance oversight. Where any principles are not applicable, the reasons are explained where relevant.

Approval

This report was approved by the Board on 15 May 2026 and signed on its behalf by:

Jim Mellon
Executive Chair
15 May 2026

Directors, Officers and Advisers

Executive Directors



Jim Mellon (69)‡
Executive Chair

Jim Mellon is a prominent and successful entrepreneur, author, and economic commentator with a background in fund management. His investment portfolio spans biopharma, clean food, robotics, property, mining, and information technology. He serves as a director of several public and private companies, including Executive Chair of Agronomics Limited, Chair of SEED Innovations Limited, and Chair of Juvenescence Limited. Jim, through Burnbrae Group Limited - of which he is the beneficial owner - holds an 18.18% shareholding in Manx Financial Group PLC. He is also the founder, principal shareholder, and Chair of Regent Pacific Group Limited, listed on the Hong Kong Stock Exchange.

Appointment

Appointed to the Board on 2 November 2007 and Executive Chair on 12 February 2009.



Denham Eke (74)‡*
Executive Vice Chair

Denham Eke is the Managing Director of Burnbrae Group Limited, a private international asset management company. He began his career in stockbroking with Sheppards & Chase before moving into corporate planning for Hogg Robinson plc, a major multinational insurance broker. He is a director of many years standing of both public and private companies involved in the financial services, property, mining, clean food and manufacturing sectors.

Appointment

Appointed to the Board on 2 November 2007 and Executive Vice Chair on 3 November 2021.



Douglas Grant (61)‡
Chief Executive Officer

Douglas Grant has over 40 years' experience working in finance, initially with Scottish Power, before moving to the industrial sector to work with ICI and then Allenwest. Prior to joining Manx Financial Group PLC, he was the finance director of various UK and Isle of Man private sector companies and has extensive capital markets experience. He is a professionally qualified banker with an executive MBA.

Appointment

Appointed to the Board on 14 January 2010 and Chief Executive Officer on 3 November 2021.



James Smeed (41)‡
Group Finance Director

James Smeed has over 20 years' financial services experience, having started his career with KPMG in audit and assisting in transaction services. He joined the Group in August 2012 as Group Head of Finance and was appointed to the Bank's Board as Finance Director in 2017. He is a Chartered Accountant, a Chartered Tax Adviser, and Treasurer of the Isle of Man Bankers Association.

Appointment

Appointed to the Board as Group Finance Director on 3 November 2021.

Legend

* Member of the Audit, Risk and Compliance Committee

† Member of the Remuneration Committee

‡ Member of the Nominations Committee

Directors, Officers and Advisers continued

Non-executive Directors



Jenny is a Fellow of the Chartered Institute of Management Accountants (CIMA) and has extensive Board level experience within the financial services sector. Jenny brings significant expertise in organisational change and financial risk management, having held senior leadership roles in both a major building society and a high-street bank.

Jenny is Chair of the Audit Committee for The Vernon Building Society and holds the role of Chair and Non-executive Director of The Mersey Gateway Crossings Board. Jenny is a Council Member and Chair of the Audit and Risk Committee for the Council for Licenced Conveyancers and also holds a voluntary Non-Executive Director position with British Showjumping. Jenny also previously served on the CIMA Disciplinary Committee and operates a small consultancy business.

Appointment

Appointed to the Board on 5 March 2026. She is Chair of the Audit, Risk and Compliance Committee.



Gregory Bailey founded Palantir Group Inc., which made successful investments in bio-tech start-ups and financings. He is co-founder and currently Executive Chair of Juvenescence Ltd. In addition, he serves as a Non-executive Director of Serina Therapeutics Inc. and Biohaven Ltd, both listed on the NYSE. Furthermore, he is founder and Chair of Chelsea Avondale, a property and casualty insurance company, and founder and Chair of Culminant Reinsurance. With comprehensive experience in finance and healthcare, he has served on numerous public company boards and brings to the Group extensive expertise in corporate governance.

Appointment

Appointed to the Board on 7 February 2018.



John Spellman is both a qualified accountant and banker. He spent his early years in banking, fund management and accountancy, specialising in various parts of the offshore industry before being appointed Managing Director of Clerical Medical Offshore. He transferred to the UK as Chief Operating Officer within Clerical Medical Financial Services before being appointed Managing Director of HBOs Financial Services. He has worked with and created a number of successful businesses and has wide experience liaising with government regulators. He has held approved status with the Isle of Man FSA in various roles and has acted as Strategic Advisor to the Isle of Man Government, specialising in finance and foreign direct investment for over 11 years before moving into technology businesses.

Appointment

Appointed to the Board on 4 May 2020. He is Chair of Conister Bank Limited.



Gregory Jones was called to the Bar of England and Wales in 1982 and subsequently joined KPMG Isle of Man, where he spent 29 years before retiring in October 2019 as Head of Tax. He currently provides tax advice for a leading Isle of Man - based firm of advocates. He is a member of the Chartered Institute of Taxation.

Appointment

Appointed to the Board 3 November 2021. He is Chair of the Remuneration Committee.

Directors, Officers and Advisers continued

Company Secretary



Lesley Crossley (58)
Company Secretary

Lesley Crossley is a Fellow of The Chartered Governance Institute (UK & Ireland) and an Associate of the Chartered Insurance Institute. Lesley has 40 years of wide-ranging experience in the financial services industry both in the UK and the Isle of Man and has held the position of Company Secretary for a number of Isle of Man, UK and international companies.

Appointment

Re-appointed as the Company Secretary on 2 September 2019 after re-joining the Group. She also held the position from September 2008 to June 2018.

Advisers

| | |
|---|--|
| Registered Office | Clarendon House Victoria Street, Douglas, Isle of Man IM1 2LN |
| Registered Agent | CW Corporate Services Limited Bank Chambers, 15-19 Athol Street Douglas, Isle of Man IM1 1LB |
| Legal Advisers | As to Isle of Man law Long & Co Limited Eyreton, Quarterbridge Road Douglas, IM2 3RF As to English law Hill Dickinson LLP The Broadgate Tower, 20 Primrose Street London EC21 2EW |
| Independent Auditor | KPMG Audit LLC Heritage Court, 41 Athol Street Douglas, Isle of Man IM1 1LA |
| Principal Banker | National Westminster Bank plc 250 Bishopsgate London EC2M 4AA |
| Consulting Actuaries | PricewaterhouseCoopers LLC Sixty Circular Road Isle of Man Douglas Isle of Man IM1 1SA |
| Pension Administrators | Boal & Co Ltd Marquis House Isle of Man Business Park Douglas Isle of Man IM2 2QZ |
| Nominated Advisor | Beaumont Cornish 5-10 Bolton Street London W1J 8BA |
| Company's Broker | Shore Capital Cassini House 57 St James's Street London SW1A 1LD |
| Investor Relations | Tavistock Communications Cannongate House 62-64 Cannon Street London EC4N 6AE |
| Registrar | Computershare Investor Services (Jersey) Limited 13 Castle Street, St Helier, Jersey JE1 1ES |
| Presentation of Annual Report and Accounts | Presented here are the Annual Report and Accounts of Manx Financial Group PLC. |
| Company Information | The Annual and Interim Reports, along with other supplementary information of interest to Shareholders, are included on its website. The address of the website is www.mfg.im which includes investor relations information and contact details. |

Group Audit, Risk and Compliance Committee

Dear Shareholders

I am pleased to set out below an account of the GARCC's role and activities during 2025 and up to the date of publication of this Annual Report.

Membership

Members of the GARCC are appointed by the Board, on the recommendation of the Nomination Committee, in consultation with the Chair of the Committee. The Committee shall be made up of at least 2 members. All members of the Committee shall be Non-executive Directors and at least one of whom shall have recent and relevant financial experience with a professional qualification from one of the professional accountancy bodies. The Chair of the Board shall not be a member of the Committee.

Appointments to the Committee shall be for a period of up to 3-years, which may be extended by the Board for a further 3-year period (or, in exceptional circumstances, two further 3-year periods), provided the Director remains independent. The Board may approve annual extensions to any Director who has served 3 consecutive terms.

The Board shall appoint the Chair of the Committee who shall be a Non-executive Director. In the absence of the Chair of the Committee and / or an appointed deputy, the remaining members present shall elect one of them to chair the meeting.

The Committee shall meet at least six times a year. Of these, two will be held to review the annual and interim financial statements. Outside of the formal meeting programme, the Chair of the Committee will maintain a dialogue with key individuals involved in the Company's governance.

| Members | Appointed |
|------------------|-------------------|
| Alan Clarke* | 2 February 2008 |
| Denham Eke** | 25 September 2025 |
| Gregory Jones | 3 November 2021 |
| John Spellman*** | 4 May 2020 |
| Jenny Quirke**** | 5 March 2026 |

* Alan Clarke resigned as a director of the Company on 16 September 2025

** Denham Eke was appointed to the GARCC on 25 September 2025

*** John Spellman was appointed as Chair from 30 September 2025 to 5 March 2026

**** Jenny Quirke was appointed as Chair from 5 March 2026

Only members of the Committee have the right to attend Committee meetings. However other individuals may be invited by the Chair of the Committee to attend all or part of any meeting as and when appropriate.

The GARCC holds separate meetings with the Group Internal Audit, our External Auditor, KPMG Audit LLC and Risk and/or Compliance representatives from principal subsidiaries.

The Chair of the Board, the Executive Directors and management may be invited to meetings of the GARCC but are excluded from the separate meetings held between the GARCC and the External Auditor.

Execution of functions

The GARCC has executed its duties and responsibilities during the year in accordance with its terms of reference as it relates to auditor independence, assisting the Board in its evaluation of its control environment and internal controls including information systems and accounting practices.

During the year under review, the Committee considered among other matters, the following:

Financial reporting and annual financial statements:

- Considered the annual financial statements with the External Auditor, Executive Directors and management and reviewed the appropriateness of significant judgements, estimates and accounting policies;
- Reviewed and recommended to the Board for adoption:
 - Unaudited condensed interim results for the period-ended 30 June 2025;
 - The Bank's ICAAP for 2024;
 - Audited MFG PLC Group and subsidiary annual financial statements for the year-ended 31 December 2024; and
- Discussed any significant and unusual accounting matters including key audit matters identified by the External Auditor.

External audit:

- Monitored and assessed the independence of the External Auditor based on reports received and inquiries made into work performed;
- Determined the nature and extent of non-audit services performed by the External Auditor;
- Reviewed and assessed the significance of non-audit fees compared to audit fees;
- Reviewed and agreed the external audit plan in advance for the year-end audit which set out the scope of audit, significant risks, areas of audit focus and audit timetable;

Group Audit, Risk and Compliance Committee continued

- Received a presentation from the External Auditor on the findings from their execution of the audit plan; and
- Satisfied itself as to the experience and independence of the engagement partner.

Internal audit:

- Reviewed and approved the Internal Audit plan;
- Reviewed Internal Audit's findings including the design and operating effectiveness of the internal control environment and control activities; and
- Reviewed Internal Audit's findings on the adequacy and reliability of management information.

Risk and Compliance:

- Assessed the effectiveness of the Risk and Compliance functions in the key subsidiaries;
- Reviewed the Risk and Compliance departments findings on the effectiveness of the regulatory controls;
- Recommended revisions of the Risk and Compliance policies for Board approval; and
- Recommended revisions of the Internal Capital Adequacy Assessment Process for Board approval.

The Committee has reviewed, and is satisfied with, the independence and audit quality of KPMG as the External Auditor. There are no contractual obligations that restrict the Committee's choice of auditor and the recommendation is free from third-party influence.

The Committee has considered the appropriate timing of the next competitive audit tender, having regard to auditor tenure, audit quality and independence, regulatory expectations, and the need for continuity and stability during a period of significant corporate and regulatory activity.

Based on this assessment, the Committee currently intends that the next competitive audit tender will be conducted within the period required by applicable regulatory requirements and best practice. The Committee considers this approach to be appropriate to balance audit quality and effectiveness with the orderly management of the external audit. The Committee keeps the timing of the audit tender under regular review and will reassess its plans should there be any material change in circumstances, including audit quality considerations, independence matters, or changes to regulatory requirements.

External Auditor's independence

KPMG Audit LLC has been the Group's external auditor since 2007. During 2025, the GARCC approved the continuation of Edward Houghton as Audit Partner of the Group for a period of up to 2 further years in accordance with the Financial Reporting Council Ethical Standard.

Consideration was given to the non-audit work performed by the External Auditor. The ratio of non-audit fees to audit fees for the year was 0.1 to 1 (2024: 0.1 to 1). Non-audit services related to tax advisory services. Services were performed by a separate team to the audit team to safeguard against the self-review threat to independence.

The GARCC obtained assurance from the External Auditor that internal governance processes within KPMG Audit LLC support and demonstrate its claim of independence. This assurance was provided through the receipt of an ISA (UK) 260 letter.

The GARCC is satisfied with the independence of KPMG Audit LLC.

External Auditor's reappointment

The GARCC is responsible for recommending to the Board the reappointment of the Group's External Auditor which, in turn, will make a recommendation to its Shareholders.

Group Audit, Risk and Compliance Committee continued

Key accounting matters

The GARCC considered key accounting matters in relation to the Group's financial statements and disclosures. The primary areas in relation to 2025 and how they were addressed are detailed below:

| Key accounting matter | GARCC response |
|---|---|
| Impairment allowance in respect of loans and advances to customers – wholesale funding and individual finance agreements | |
| <p>The entity is required by the financial reporting framework to calculate impairment using the expected credit loss model. Impairment is measured on an instrument-by-instrument basis except where instruments are grouped, for impairment to be measured on a collective basis under the expected credit loss model.</p> <p>Loan impairment provisions reflect estimates of the amount and timing of future recoveries which require an assessment of matters such as future economic conditions and the value of collateral. Estimates, by their nature, give rise to a higher risk of material misstatement due to error or fraud.</p> <p>The effect of these matters is that, as part of the External Auditor's risk assessment, they determined that the impairment provision has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than their materiality for the financial statements as a whole, and possibly many times that amount.</p> | <p>The GARCC satisfied itself that the internal control environment and control activities are appropriately designed and implemented. This was supported by review of Internal and External Audit reports and findings.</p> <p>The GARCC reviewed reports from management on the application of IFRS 9 requirements and key changes to internal processes and controls. The GARCC reviewed the key assumptions used by management such as Loss Given Default, Loss Rates, Probability of Default on a quarterly basis.</p> |
| Recoverability of Parent Company's subordinated loans to and investment in subsidiaries | |
| <p>The carrying value of the Parent Company's investment in subsidiaries and loans and amounts due from Group undertakings represents 85% (2024: 96.0%) of the Parent Company's total assets.</p> <p>The assessment of carrying value is not at a high risk of significant misstatement or subject to significant judgement as the carrying value is supported by the audited net asset value of the subsidiaries.</p> <p>However, due to its materiality in the context of the MFG financial statements, the External Auditor considered this to be the area that had the greatest effect on their audit of the Company.</p> | <p>The GARCC is satisfied that the going concern assessment over the Group provides sufficient assurance over the recoverability of the Company's subordinated loans and investment in subsidiaries.</p> |

The GARCC has complied with and discharged its responsibilities as set out in its Terms of Reference.

John Spellman
Chair
15 May 2026

Remuneration Committee Report

Dear Shareholders

On behalf of the Board, I am pleased to present the Remuneration Committee Report for the year ended 31 December 2025.

Membership

Members of the Remuneration Committee (“REMCO” or the “Committee”) are appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chair of the Committee. The Committee shall be made up of at least 2 members. All members of the Committee shall be Non-executive Directors. The Chair of the Board shall not be a member of the Committee.

Appointments to the Committee shall be for a period of up to 3 years, which may be extended by the Board for a further 3-year period (or, in exceptional circumstances, two further 3-year periods), provided the Director remains independent. The Board may approve annual extensions to any Director who has served 3 consecutive terms.

The Board shall appoint the Chair of the Committee who shall be a Non-executive Director. In the absence of the Chair of the Committee and / or an appointed deputy, the remaining members present shall elect one of them to chair the meeting.

The Committee shall meet at least twice a year and at such other times as the Chair of the Committee shall require.

At the start of the year, Alan Clarke was Chair of the Committee and I was the other Committee member. I became Chair of the Committee in September 2025 when Alan stepped down from his role as Non-executive Director and John Spellman joined the Committee.

| Membership | Appointed |
|---------------|-------------------|
| Gregory Jones | 8 November 2021 |
| John Spellman | 16 September 2025 |

Only members of REMCO have to attend Committee meetings. However, other individuals may be invited by the Chair of the Committee to attend all or part of any meeting as and when appropriate.

Areas of focus for 2025

During the year, the Committee:

- reviewed the overall pay of Executive Directors;
- reviewed the non-contractual discretionary annual performance related pay scheme for Group staff;

- reviewed and approved the provision of RSUs to Group staff;
- reviewed and approved all new Group staff appointments where gross basic salary exceeded £75,000; and
- reviewed and approved all changes to terms and conditions of staff where gross basic salary exceeded £75,000.

Remuneration policy

The Group’s Remuneration Policy reflects the Group’s business strategy and objectives as well as sustained and long-term value creation for Shareholders. In addition, the policy aims to be fair and provide equality of opportunity, ensuring that:

- the Group is able to attract, develop and retain high-performing and motivated employees in the competitive local IOM and wider UK markets;
- employees are offered a competitive remuneration package to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contribution to the success of the Group;
- it reflects the Group’s culture and values; and
- there is full transparency of the Group’s Remuneration Policy.

In line with the Board’s approach, which reflects that adopted within other comparable organisations, the Group’s Remuneration Policy provides for the reward of Executive Directors through salaries and other benefits.

Executive Directors’ Emoluments

The remuneration for Executive Directors reflects their responsibilities. It comprises basic salary, performance related bonus when this is considered appropriate, and various benefits detailed below.

As with staff generally, whose salaries are subject to annual reviews, basic salaries payable to Executive Directors are reviewed each year with reference to jobs carrying similar responsibilities in comparable financial organisations, market conditions generally and local employment competition in view of the Group’s geographical position.

The Group operates a non-contractual discretionary annual performance related pay bonus scheme (annual bonus scheme) based on the trading performance of the Group and the individual employee’s performance assessed for the period under review in a manner which promotes sound risk management and does

Remuneration Committee Report continued

not promote excessive risk taking. Executive Directors participate in this scheme alongside certain senior managers. Under the scheme, a portion of profit attributable to owners is allocated to a bonus pool (split equally between Executive Directors and staff).

The annual bonus scheme may pay out in one year but that does not confer any entitlement in future years.

Performance assessments are conducted annually to determine the performance rating of each employee's achievements against a mix of targets set and agreed at the beginning of each year between the employee and their manager. No incentives are paid to employees or executives where the performance rating reflects below an agreed expected level for the role employed.

The annual bonus scheme may be disbursed as a cash payment through payroll, share based instruments including RSUs and / or options. An element of deferment to align the interests of the employee to the longer-term performance of the Group may also be included.

Executive Directors' contractual terms

In keeping with current recommended practice, the standard term for Executive Director appointments, which have a contractual notice period, is 6 months.

Non-executive Directors' remuneration

Non-executive Directors do not receive any benefits other than their fees and travelling expenses for which they are reimbursed. The level of fees payable to Non-executive Directors is assessed using benchmarks from a group of comparable financial organisations.

The procedure for determining Director remuneration

REMCO is responsible for setting the remuneration of the Executive Directors. Committee members do not take part in discussions concerning their own remuneration. The basic Non-executive Director fee is set by the Group Chair and CEO. The Chair of the Committee reports at the Board meeting following a committee meeting.

Implementation report

It is the view of the Committee that Directors' remuneration awarded across the Group for the year has been in accordance with the Group's stated Remuneration Policy and, on behalf of the Committee I recommend that you endorse this Group report. An analysis of Directors' emoluments is as follows:

Directors' emoluments

| | Remuneration/ Fees £ | Performance Related Pay £ | Pension £ | 2025 Total £ | 2024 Total £ |
|-----------------------------|----------------------------|---------------------------------|---------------|--------------------|--------------------|
| Executives | | | | | |
| Jim Mellon | 57,025 | – | – | 57,025 | 55,300 |
| Denham Eke ¹ | 55,800 | – | – | 55,800 | 55,300 |
| Douglas Grant | 325,850 | 135,000 | 32,585 | 493,435 | 431,235 |
| James Smeed | 208,750 | 60,000 | 20,875 | 289,625 | 242,541 |
| | 647,425 | 195,000 | 53,460 | 895,885 | 784,376 |
| Non-executives | | | | | |
| Gregory Bailey | 28,200 | – | – | 28,200 | 28,200 |
| Alan Clarke ² | 58,829 | – | – | 58,829 | 60,817 |
| Gregory Jones | 51,100 | – | – | 51,100 | 50,367 |
| John Spellman | 97,100 | – | – | 97,100 | 94,125 |
| | 235,229 | – | – | 235,229 | 233,509 |
| Aggregate emoluments | 882,654 | 195,000 | 53,460 | 1,131,114 | 1,017,885 |

¹ Denham Eke's remuneration is paid to Burnbrae Limited

² Alan Clarke retired on 16 September 2025.

Remuneration Committee Report

continued

Salary

At start of the year, the salaries of the Chief Executive Officer and the Group Finance Director were £303,850 and £189,583 respectively. Effective 1 July 2025, the salaries increased to £325,000 and £208,750, respectively.

Long Term Incentives

No Long-Term incentive awards were made to Executive Directors during the year.

In November 2023, the Company granted 850,000 and 300,000 Restricted Stock Units (RSUs) to Douglas Grant and James Smeed, respectively. The RSUs had a two-year vesting period and were subject to profit and individual performance conditions. These performance conditions were met in full and these awards vested and shares were issued in December 2025.

As at 31 December 2025, no Executive Directors hold options or RSU awards.

Directors' share interests

| | Number 17/04/26 | Number 31/12/25 | Number 31/12/24 |
|-----------------------------|--------------------|--------------------|--------------------|
| Jim Mellon ¹ | 22,354,357 | 22,354,357 | 22,139,374 |
| Gregory Bailey ² | 18,524,983 | 18,524,983 | 18,346,827 |
| Douglas Grant | 3,258,212 | 3,258,212 | 2,347,904 |
| James Smeed | 500,000 | 500,000 | 175,000 |

1 Burnbrae Limited holds 20,026,375 Ordinary Shares. Burnbrae Limited is 100% beneficially owned by Jim Mellon. Denham Eke, Executive Vice Chair of MFG is also a director of Burnbrae Limited. Vidacos Nominees Limited also holds 2,327,982 Ordinary Shares in trust for Jim Mellon.

2 Vidacos Nominees Limited holds 18,524,983 Ordinary Shares in trust for Gregory Bailey.

Remuneration in 2026

The Company intends to operate remuneration for Executive Directors in line with the policy outlined earlier in this report.

Salaries for Executive Directors will be reviewed in June 2026.

RSU Awards

The Company is considering when it will make further RSU awards to Executive Directors and certain other senior managers. In preparation for this, the company is proposing to make certain amendments to its 2022 Restricted Stock Unit Plan, the key change being to amend its dilution limit to the UK standard limit of 10% over a rolling 10-year period. Further explanation of this and other proposed changes will be set out in the notice of AGM.

2026 AGM

In line with the Company's commitment to shareholder engagement and good governance, the Directors' Remuneration Report will be put to shareholders for an advisory vote at the forthcoming AGM.

Approval

This report was approved by the Board of Directors on 15 May 2026 and signed on its behalf by:

Gregory Jones

Chair of the Remuneration Committee

15 May 2026

Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2025.

Principal regulated activities

The principal activities of the Group are the provision of asset and personal finance, investing activities, foreign exchange, brokerage services and wealth management.

The Bank, a wholly owned subsidiary of the Company, holds an IOM Class 1(1) deposit taking licence and UK deposit taking licence. Deposits made with the Bank are covered by the Isle of Man Depositors' Compensation Scheme contained in the Banking Business (Compensation of Depositors) Regulations 1991 and the UK Financial Services Compensation Scheme (FSCS).

The Bank is authorised by the FCA to conduct brokerage services.

EAL is authorised by the FSA under section 7 of the Financial Services Act 2008 to conduct investment business as a Class 2, sub-classes (3), (6) and (7) licence holder.

Results and dividends

The Group profit before tax for the year was £7,336,000 (2024: £9,932,000).

On 25 June 2025, MFG declared a dividend of £810,000 (2024: £530,000) which could either be taken up in cash or new ordinary shares. 1,162,469 new shares (2024: 1,013,821 new shares) were admitted to the Alternative Investment Market ("AIM") at 26.349 pence per share (2024: 19 pence per share), at a total cost of £306,000.

Jim Mellon and Dr. Gregory Bailey both Directors and significant shareholders of the Company were issued with 214,983 and 178,156 new shares of no par value respectively representing their partial Scrip Dividend entitlements. Douglas Grant also was issued with 60,308 scrip shares at a price of 26.349 pence per share for a total of £15,890.

Restricted Stock Units ("RSUs") and Share Options

- Douglas Grant, Group Chief Executive Officer, was issued 1,925,000 RSUs. On 23 December 2025 he exercised his options and was issued with 850,000 New Ordinary Shares of no par value at nil cost. Following this, the total number of Ordinary Shares held by Mr Grant is 3,258,212, representing 2.65% of the issued ordinary share capital of the Company; and

- James Smeed, Group Finance Director, was issued 475,000 RSUs. On 23 December 2025, James Smeed exercised his options and was issued with 175,000 New Ordinary Shares of no par value respectively at nil cost. Following this, the total number of Ordinary Shares held by Mr Smeed is 500,000, representing 0.41% of the issued ordinary share capital of the Company.

The proposed transfers to and from reserves are as set out in the Statement of Changes in Equity on page 53.

Going Concern

The Group has recognised a profit for the year after taxation of £6,392,000 (2024: £8,548,000). As at the year ended 31 December 2025, the Bank had a total capital ratio of 15.8% (2024: 17.0%) which exceeded the regulatory minimum requirement of 15.10% (2024: 15.29%). The Group has also considered its Internal Capital Adequacy Assessment Process (ICAAP) to assess its future capital and liquidity requirements. Based on these factors, management has a reasonable expectation that the Group has and will continue to have adequate resources to continue in operational existence for a period of at least 12 months from approval of the financial statements.

Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

Share capital

The authorised and issued share capital of the Company are set out in note 29 to the financial statements.

Significant shareholdings

The number of shares held and the percentage of the total issued capital which that number represented as of 17 April 2026 are:

| | Number | % of issued capital |
|--|------------|---------------------|
| Jim Mellon ¹ | 22,354,357 | 18.18 |
| Gregory Bailey ² | 18,524,983 | 15.07 |
| Lynchwood Nominees Limited ³ | 17,519,166 | 14.25 |
| Island Farms Limited | 7,186,400 | 5.84 |
| Aurora Nominees Limited | 6,855,232 | 5.58 |
| Interactive Investor Services Nominees Limited | 5,801,868 | 4.72 |
| Rene Nominees (IOM) Limited | 4,217,671 | 3.43 |
| Redmayne (Nominees) Limited | 3,884,946 | 3.16 |

1 Burnbrae Limited holds 20,026,375 Ordinary Shares. Burnbrae Limited is 100% beneficially owned by Jim Mellon. Denham Eke, Executive Vice-Chair of MFG is also a director of Burnbrae Limited. Vidacos Nominees Limited also holds 2,327,982 Ordinary Shares in trust for Jim Mellon.

2 Vidacos Nominees Limited holds 18,524,983, Ordinary Shares in trust for Gregory Bailey.

3 Lynchwood Nominees Limited holds 17,477,302 Ordinary Shares in trust for Aeternitas Imperium Privatstiftung.

Directors' Report continued

Directors and Directors' share interests

The number of shares held by the current Directors is as follows:

| | Number 17/04/2026 | Number 31/12/25 | Number 31/12/23 |
|-------------------------|----------------------|--------------------|--------------------|
| Jim Mellon ² | 22,354,357 | 22,354,357 | 22,139,374 |
| Gregory Bailey | 18,524,983 | 18,524,983 | 18,346,827 |
| Douglas Grant | 3,258,212 | 3,258,212 | 2,347,904 |
| James Smeed | 500,000 | 500,000 | 175,000 |
| Alan Clarke* | 58,808 | 58,808 | 55,335 |

* Alan Clarke retired as a Director of the Group on 16 September 2025

The number of share options or RSUs held by the current Directors are as follows:

| | Number 31/12/2025 | Number 31/12/24 |
|---------------|----------------------|--------------------|
| Douglas Grant | – | 850,000 |
| James Smeed | – | 300,000 |

Directors' liability insurance

The Group maintains insurance cover for Directors' potential liability.

Fixed and intangible assets

The movement in fixed and intangible assets during the year are set out in notes 22 and 23 respectively to the financial statements.

Staff

At 31 December 2025, there were 181 members of staff (2024: 191), of whom 8 were part-time (2024: 9).

Investment in subsidiaries

Investments in the Company's subsidiaries are disclosed in note 31 to the financial statements.

Auditor

Subsequent to completing the audit of these financial statements, KPMG Audit LLC will resign as auditor and be replaced by KPMG Audit Limited. KPMG Audit Limited, being eligible, has expressed its willingness to continue in office.

On behalf of the Board

J Mellon

Executive Chair
15 May 2026

Financial Statements

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Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under the AIM Rules of the London Stock Exchange, they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and they have elected to prepare the Parent Company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the Group's profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Isle of Man Companies Act 2006.

They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Manx Financial Group PLC

Our opinion is unmodified

We have audited the consolidated financial statements and company financial statements of Manx Financial Group PLC (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated and company statement of financial position as at 31 December 2025, the consolidated and company statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements and company financial statements:

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2025 and of the Group's and of the Company's profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company and Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Key audit matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements and company financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the consolidated financial statements and company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters were as follows:

Independent Auditor's Report to the Members of Manx Financial Group PLC

continued

| Key audit matter | The risk | Our response |
|--|--|---|
| <p>Impairment allowance in respect of loans and advances to customers – Wholesale Funding</p> <p>Loans and advances to customers – being Wholesale Funding arrangements, Block Discounting facilities and Vehicle Stocking plan agreements included in note 20 for loans and advances to customers.</p> <p>£70,177,000; (2024: £66,410,000)</p> <p>Impairment allowance £nil; (2024: £nil)</p> <p>Expense for the year £nil; (2024: £nil)</p> <p>Refer to page 31 of the Audit, Risk and Compliance Committee Report (“ARCC”), note 4 (Use of Judgements and Estimates – Assumptions and Estimation Uncertainties), note 7(A) (Credit Risk), note 13 (Impairment on Loans and Advances to Customers), note 20 (Loans and Advances to customers), note 43(B) (Financial Risk Management – Credit Risk) and note 45(G)(vi) (Accounting Policy for Impairment of Financial Instruments).</p> | <p>Basis:</p> <p>The entity is required by the financial reporting framework to calculate impairment using the expected credit loss model. Impairment is measured on an instrument by instrument basis except where instruments are grouped, for impairment to be measured on a collective basis under the expected credit loss model. Wholesale Funding comprises Block Finance, Wholesale Funding Agreements and Vehicle Stocking Plans. These books comprise individually significant loan balances and are in the nature of a secured business loan. The security is principally an underlying pool of loans or other identifiable collateral. Loan impairment allowances reflect estimates of the amount and timing of future recoveries which require an assessment of matters such as future economic conditions and the value of collateral.</p> <p>Risk:</p> <p>Estimates, by their nature, give rise to a higher risk of material misstatement due to error or fraud. The effect of these matters is that, as part of our risk assessment, we determined that the impairment allowances has a high degree of estimation uncertainty, including increased uncertainty from the persistently volatile environment caused by inflation and interest rate pressure, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.</p> | <p><i>Our audit procedures included:</i></p> <p>Internal Controls:</p> <p>Understood the design and implementation of controls in respect of the origination and monitoring of Wholesale Funding loans, including borrower due diligence. Understood the design and implementation of controls in respect of the Group's loan impairment process such as the timely recognition of impairment allowances, the completeness and accuracy of reports used in the loan impairment process and review processes over the calculation of impairment allowances.</p> <p>Challenging assumptions and inputs:</p> <p>We tested whether management's conclusion that no impairment allowances are required is appropriate. This included challenging the Group's own assessment, taking account of such factors as: amount of arrears; compliance with covenant requirements, evaluating collateral, and evaluating the financial standing of the business – by inspecting latest available accounts.</p> <p>For a sample of wholesale funding arrangement exposures, we inspected the legal agreements and other relevant documentation to confirm the legal right to the collateral, as well as assessed the reasonableness of the value of collateral used in management's assessment of expected credit losses.</p> <p>Assessing disclosures:</p> <p>We assessed the adequacy of the Group's disclosures about the degree of estimation uncertainty involved at arriving at the impairment allowance in accordance with the relevant financial reporting framework and specific circumstances of the Group.</p> |

Independent Auditor's Report to the Members of Manx Financial Group PLC

continued

| Key audit matter | The risk | Our response |
|---|---|--|
| <p>Impairment of loans and advances to customers - Individual Finance Agreements</p> <p>Loans and advances to customers - being loan facilities other than for Wholesale Funding included in note 20 for loans and advances to customers.</p> <p>£360,724,000; (2024: £326,160,000)</p> <p>Impairment allowance £22,982,000; (2024: £20,212,000)</p> <p>Expense for the year £3,335,000; (2024: £1,752,000)</p> <p>Refer to page 31 of the ARCC Report, note 4 (Use of Judgements and Estimates - Assumptions and Estimation Uncertainties), note 7(A) (Credit Risk), note 13 (Impairment on Loans and Advances to Customers), note 20 (Loans and Advances to customers), note 43(B) (Financial Risk Management - Credit Risk) and note 45(G)(vi) (Accounting Policy for Impairment of Financial Instruments).</p> | <p>Basis:</p> <p>The entity is required by the financial reporting framework to calculate impairment using the expected credit loss model. Impairment is measured on an instrument by instrument basis except where instruments are grouped, for impairment to be measured on a collective basis under the expected credit loss model. Individual Finance Agreements include hire purchase finance leases and unsecured loans to individuals and companies. Any security is typically the specific assets financed. Loan impairment allowances reflect estimates of the amount and timing of future recoveries which require an assessment of matters such as future economic conditions.</p> <p>Risk:</p> <p>Estimates, by their nature, give rise to a higher risk of material misstatement due to error or fraud. The effect of these matters is that, as part of our risk assessment, we determined that the impairment allowance has a high degree of estimation uncertainty, including increased uncertainty from the persistently volatile environment caused by higher interest rate pressure, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.</p> | <p><i>Our audit procedures included:</i></p> <p>Internal Controls:</p> <p>Understood the design and implementation of controls in respect of the origination and approval of loans, including borrower due diligence. Understood the design and implementation of controls in respect of the Group's loan impairment process such as the timely recognition of impairment allowance, the completeness and accuracy of reports used in the loan impairment process and review processes over the calculation of collective and specific impairment allowances for credit impaired facilities. Assessed management's process for determining forward looking factors and macroeconomic variables into the loan impairment process.</p> <p>Use of KPMG Specialists:</p> <p>We involved KPMG specialists to examine the methodology and assumptions of the Group's expected credit loss model and its compliance with the requirements of accounting standards. This included examining the macro-economic variables and scenarios used in the determination of the expected credit loss allowance.</p> <p>Challenging assumptions and inputs:</p> <p>We agreed the specific impairment allowance for credit impaired facilities included in the financial statements to the Group's allowance schedule and vouched that this schedule was correctly extracted from the loans and advances system, including the arrears information.</p> <p>We tested a sample of specific impairment allowances for credit impaired facilities. This included challenging the assessment of the specific impairment allowance, taking into account such factors as: the number of repayments in arrears; the known whereabouts of the borrower and of the assets under finance; and the amounts received under agreed repayment plans, where scheduled repayments under the original agreement are no longer being met. Where applicable, we inspected a sample of security documentation and evaluated the reasonableness of the value of the collateral to supporting documentation</p> |

Independent Auditor's Report to the Members of Manx Financial Group PLC

continued

| Key audit matter | The risk | Our response |
|--|--|---|
| <p>Recoverability of Parent Company's subordinated loans and investment in subsidiaries</p> <p>Investment in subsidiaries £31,097,000; (2024: £31,097,000)</p> <p>Loans and amounts due from Group undertakings £29,316,000; (2024: £28,649,000)</p> <p>Refer to page 33 of the ARCC report, note 35 (Loans and amounts due from group undertakings) and note 45(C) (v) (Separate Financial Statements of the Company).</p> | <p>Basis:</p> <p>The carrying value of the Parent Company's investment in subsidiaries and loans and amounts due from Group undertakings represents 85% (2024: 95%) of the Parent Company's total assets.</p> <p>Risk:</p> <p>The assessment of carrying value is not at a high risk of significant misstatement or subject to significant judgement as the carrying value is supported by the audited net asset value of the subsidiaries. However, due to its materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest effect on our overall Parent Company audit.</p> | <p>Assessing observable inputs:</p> <p>We challenged the inputs used in collective impairment models by comparison to default and recovery experience across each of the loan finance categories, as well as challenging the macro-economic variables used in the determination of the expected credit loss allowance.</p> <p>Assessing disclosures:</p> <p>We assessed the adequacy of the Group's disclosures about the degree of estimation uncertainty involved at arriving at the impairment allowance in accordance with the relevant financial reporting framework and specific circumstances of the Group.</p> <p><i>Our audit procedures included:</i></p> <p>Test of detail:</p> <p>Assessed whether there were indicators of impairment which would mean that a formal impairment test is required.</p> <p>Compared the carrying amount of 100% of the Parent Company's investments in subsidiaries and loans and amounts due from Group undertakings with the relevant subsidiaries' and Group undertaking's audited statement of financial position to identify whether their financial position supported the carrying amount of the Parent Company's investments in those subsidiaries and loans and amounts due from Group undertakings.</p> <p>Assessed whether those subsidiaries and Group undertakings have historically been profit-making and evaluating budgeted forecasts in line with our knowledge of the respective subsidiaries and the current economic conditions in which those subsidiaries operate.</p> |

Independent Auditor's Report to the Members of Manx Financial Group PLC continued

Our application of materiality and an overview of the scope of our audit

Materiality for the consolidated financial statements as a whole was set at £395,000 (2024: £370,000), determined with reference to a benchmark of budget group profit before tax of £7,900,000, of which it represents approximately 5% (2024: 5%).

Materiality for the company financial statements as a whole was set at £85,000 (2024: £98,000), determined with reference to the allocated group materiality as above, of which it represents approximately 20% of group materiality.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the consolidated financial statements as a whole. Performance materiality for the group was set at 65% (2024: 65%) of materiality for the consolidated financial statements as a whole, which equates to £256,000 (2024: £240,000) for the Group and £55,000 (2024: £74,000) for the Company. We applied this percentage in our determination of performance materiality because we identified factors indicating an elevated level of risk for the consolidated financial statements.

We reported to the Audit, Risk and Compliance Committee any corrected or uncorrected identified misstatements exceeding £19,750 (2024: £18,500) for the Group and £4,900 for the Company, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Group was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

Ninkasi Rentals & Finance Limited ("NFRL") was not scoped as a reporting component in the current year, as it was assessed as immaterial to the Group and did not meet the Group scoping criteria. While no Group audit procedures were performed at NFRL, the Group audit team held discussions with the component auditors during the course of their work and was not made aware of any matters that would have a material impact on the Group financial statements.

Going concern

The directors have prepared the consolidated financial statements and company financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the consolidated financial statements and company financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group and the Company's business model and analysed how those risks might affect the Group and the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to affect the Group and the Company's financial resources or ability to continue operations over this period were:

- the availability of capital to meet operating costs and other financial commitments;
- the recoverability of financial assets subject to credit risks as a result of the financially volatile environment caused by higher interest rate pressures.

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Company's financial forecasts.

We considered whether the going concern disclosure in the director's report to the financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the consolidated financial statements and company financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Company's ability to continue as a going concern for the going concern period; and

Independent Auditor's Report to the Members of Manx Financial Group PLC continued

- we found the going concern disclosure in the notes to the consolidated financial statements to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group and the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Group's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Group's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation; and
- incorporating an element of unpredictability in our audit procedures.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the consolidated financial statements and company financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Group is subject to laws and regulations that directly affect the consolidated financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the consolidated financial statements and company financial statements, for instance through the imposition of fines or litigation or impacts on the Group and the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the consolidated financial statements and company financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the consolidated financial statements and company financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

Independent Auditor's Report to the Members of Manx Financial Group PLC continued

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and company financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements and company financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and company financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements and company financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 40, the directors are responsible for: the preparation of the consolidated financial statements and company financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of consolidated financial statements and company financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements and company financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditors-responsibilities.

The purpose of this report and restrictions on its use by persons other than the Company's members, as a body

This report is made solely to the Company's members, as a body, in accordance with section 80(C) of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

KPMG Audit LLC

Chartered Accountants and Recognised Auditors
Heritage Court
41 Athol Street
Douglas
Isle of Man
IMI 1LA

15 May 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

| For the year ended 31 December | Notes | 2025 £000 | 2024 £000 |
|---|-------|---------------|--------------|
| Interest revenue calculated using the effective interest method | | 58,906 | 55,930 |
| Interest expense | | (21,411) | (23,139) |
| Net interest income | 9 | 37,495 | 32,791 |
| Fee and commission income | 10 | 4,002 | 3,923 |
| Fee and commission expense | 10 | (6,795) | (7,181) |
| Net trading income | | 34,702 | 29,533 |
| Other operating income | | 41 | 585 |
| Gain on financial instruments | 19 | 35 | 18 |
| Realised gain on debt securities | 18 | 2,561 | 4,266 |
| Operating income | | 37,339 | 34,402 |
| Personnel expenses | 11 | (13,373) | (12,495) |
| Other expenses | 12 | (11,856) | (9,053) |
| Provision for impairment on loans and advances to customers | 13 | (3,335) | (1,752) |
| Depreciation | 22 | (879) | (949) |
| Amortisation and impairment of intangibles | 23 | (647) | (340) |
| Share of profit of equity accounted investees, net of tax | 30 | 87 | 119 |
| Profit before tax payable | 14 | 7,336 | 9,932 |
| Income tax expense | 15 | (944) | (1,384) |
| Profit for the year | | 6,392 | 8,548 |

The notes on pages 57 to 109 form part of these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income continued

| For the year ended 31 December | Notes | 2025 £000 | 2024 £000 |
|---|-------|--------------|--------------|
| Profit for the year | | 6,392 | 8,548 |
| Other comprehensive income: | | | |
| Items that will be reclassified to profit or loss | | | |
| Unrealised gain/(loss) on debt securities | 18 | 171 | (395) |
| Related tax | | (17) | 40 |
| Items that will never be reclassified to profit or loss | | | |
| Actuarial gain on defined benefit pension scheme | 28 | 57 | 67 |
| Related tax | | (6) | (7) |
| Other comprehensive income/(loss), net of tax | | 205 | (295) |
| Total comprehensive income for the period attributable to owners | | 6,597 | 8,253 |
| Profit attributable to: | | | |
| Owners of the Company | | 6,390 | 8,102 |
| Non-controlling interests | 32 | 2 | 446 |
| | | 6,392 | 8,548 |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | 6,594 | 7,807 |
| Non-controlling interests | 32 | 3 | 446 |
| | | 6,597 | 8,253 |
| Earnings per share – Profit for the year | | | |
| Basic earnings per share (pence) | 16 | 5.33 | 6.87 |
| Diluted earnings per share (pence) | 16 | 4.25 | 5.39 |
| Earnings per share – Total comprehensive income for the year | | | |
| Basic earnings per share (pence) | 16 | 5.50 | 6.62 |
| Diluted earnings per share (pence) | 16 | 4.39 | 5.20 |

The notes on pages 57 to 109 form part of these financial statements.

The Directors believe that all results derive from continuing activities.

Company Statement of Profit or Loss and Other Comprehensive Income

| For the year ended 31 December | Notes | 2025 £000 | 2024 £000 |
|--|-------|--------------|--------------|
| Interest income calculated using the effective interest method | | 1,067 | 998 |
| Interest expense | | (147) | (89) |
| Dividend income | | 125 | 450 |
| Other income | | 794 | 700 |
| Operating income | | 1,839 | 2,059 |
| Personnel expenses | 11 | (130) | (40) |
| Administration expenses | | (198) | (74) |
| Depreciation expense | 22 | (119) | (128) |
| Amortisation expense | 23 | (264) | (2) |
| Profit before tax payable | | 1,128 | 1,815 |
| Tax payable | | - | - |
| Profit for the year | | 1,128 | 1,815 |
| Total comprehensive income for the year | | 1,128 | 1,815 |

The notes on pages 57 to 109 form part of these financial statements.

The Directors believe that all results derive from continuing activities.

Consolidated Statement of Financial Position

| As at 31 December | Notes | 2025 £000 | 2024 £000 |
|--|-------|----------------|----------------|
| Assets | | | |
| Cash and cash equivalents | 17 | 24,310 | 16,199 |
| Debt securities | 18 | 84,912 | 79,140 |
| Equity held at Fair Value Through Profit or Loss | 33 | 188 | 154 |
| Loans and advances to customers | 20 | 407,872 | 372,358 |
| Trade and other receivables | 21 | 21,526 | 7,312 |
| Property, plant and equipment | 22 | 5,816 | 6,433 |
| Intangible assets | 23 | 5,049 | 5,301 |
| Investment in associates | 30 | 404 | 317 |
| Pension asset | 28 | 99 | - |
| Goodwill | 34 | 11,144 | 10,576 |
| Total assets | | 561,320 | 497,790 |
| Liabilities | | | |
| Deposits from customers | 24 | 452,461 | 405,166 |
| Creditors and accrued charges | 25 | 11,511 | 9,679 |
| Contingent consideration | 26 | 590 | - |
| Loan notes | 27 | 52,895 | 45,292 |
| Pension liability | 28 | - | 46 |
| Deferred tax liability | 15 | 308 | 294 |
| Total liabilities | | 517,765 | 460,477 |
| Equity | | | |
| Called up share capital | 29 | 19,932 | 19,626 |
| Profit and loss account | | 23,594 | 17,632 |
| Revaluation reserve | 22 | - | - |
| Non-controlling interest | 32 | 29 | 55 |
| Total equity | | 43,555 | 37,313 |
| Total liabilities and equity | | 561,320 | 497,790 |

The financial statements were approved by the Board of Directors on 15 May 2026 and signed on its behalf by:

Jim Mellon
Executive Chair

Denham Eke
Executive Vice-Chair

Douglas Grant
Chief Executive Officer

The notes on pages 57 to 109 form part of these financial statements.

Company Statement of Financial Position

| As at 31 December | Notes | 2025 £000 | 2024 £000 |
|-------------------------------------|-------|---------------|--------------|
| Assets | | | |
| Cash and cash equivalents | 17 | 7,774 | 718 |
| Trade and other receivables | 21 | 71 | 130 |
| Amounts due from Group undertakings | 35 | 15,088 | 14,421 |
| Property, plant and equipment | 22 | 665 | 87 |
| Intangible assets | 23 | 1,745 | 1,983 |
| Investment in subsidiaries | 31 | 31,097 | 31,097 |
| Subordinated loans | 35 | 14,228 | 14,228 |
| Total assets | | 70,668 | 62,664 |
| Liabilities | | | |
| Creditors and accrued charges | 25 | 1,007 | 1,603 |
| Loan notes | 27 | 52,895 | 45,292 |
| Total liabilities | | 53,902 | 46,895 |
| Equity | | | |
| Called up share capital | 29 | 19,932 | 19,626 |
| Profit and loss account | | (3,166) | (3,857) |
| Total equity | | 16,766 | 15,769 |
| Total liabilities and equity | | 70,668 | 62,664 |

The notes on pages 57 to 109 form part of these financial statements.

Consolidated and Company Statements of Changes in Equity

| Group | Attributable to owners of the Company | | | | Non-controlling interests £000 | Total equity £000 |
|---|---------------------------------------|---------------------------------|-----------------------------|---------------|-----------------------------------|----------------------|
| | Share capital £000 | Profit and loss account £000 | Revaluation reserve £000 | Total £000 | | |
| Balance as at 1 January 2024 | 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 | | | | | | |
| Dividends 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 |
| Profit for the year | – | 6,390 | – | 6,390 | 2 | 6,392 |
| Other comprehensive income | – | 205 | – | 205 | – | 205 |
| Transactions with owners | | | | | | |
| Dividend declared (see note 29) | – | (504) | – | (504) | – | (504) |
| Scrip dividend shares (see note 29) | 306 | (306) | – | – | – | – |
| Share-based payment expense | – | 373 | – | 373 | – | 373 |
| Acquisition of NCI net without change of control | – | (196) | – | (196) | (28) | (224) |
| Balance as at 31 December 2025 | 19,932 | 23,594 | – | 43,526 | 29 | 43,555 |

| Company | Share capital £000 | Profit and loss account £000 | Total equity £000 |
|---|-----------------------|---------------------------------|----------------------|
| Balance as at 1 January 2024 | 19,384 | (5,338) | 14,046 |
| Profit for the year | – | 1,815 | 1,815 |
| Transactions with owners | | | |
| Dividends 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 |
| Profit for the year | – | 1,128 | 1,128 |
| Transaction with owners | | | |
| Dividend declared (see note 29) | – | (504) | (504) |
| Scrip dividend shares (see note 29) | 306 | (306) | – |
| Share options exercised (see note 29) | – | – | – |
| Share-based payment expense (see notes 16 and 29) | – | 373 | 373 |
| Balance as at 31 December 2025 | 19,932 | (3,166) | 16,766 |

The notes on pages 57 to 109 form part of these financial statements.

Consolidated Statement of Cash Flows

| For the year ended 31 December | Notes | 2025 £000 | 2024 £000 |
|---|-------|-----------------|--------------|
| Reconciliation of profit before taxation to operating cash flows | | | |
| Profit before tax | | 7,336 | 9,932 |
| Adjustments for: | | | |
| Depreciation | 22 | 879 | 949 |
| Amortisation of intangibles | 23 | 647 | 340 |
| Impairment of loans and advances to customers | 13 | 3,335 | 1,752 |
| Net interest income | | (37,495) | (35,614) |
| Realised gains on debt securities | | (2,561) | (4,266) |
| RSU expense taken to reserves | | 373 | 196 |
| Share of profit of Equity Accounted Investees | | (87) | (119) |
| Lease interest | | 191 | 132 |
| Pension charge included in personnel expenses | 28 | 1 | 8 |
| Gain on financial instruments | 19 | (35) | (18) |
| | | (27,416) | (26,708) |
| Changes in: | | | |
| Trade and other receivables | 21 | (14,217) | 915 |
| Creditors and accrued charges | 25 | 1,680 | (5,628) |
| Net cash flow from trading activities | | (39,953) | (31,421) |
| Changes in: | | | |
| Loans and advances to customers | 20 | (42,856) | (13,691) |
| Deposits from customers | 24 | 45,855 | 16,818 |
| Pension contribution | 28 | (85) | (57) |
| Cash used in operating activities | | (37,039) | (28,351) |

The notes on pages 57 to 109 form part of these financial statements.

Consolidated Statement of Cash Flows

continued

| For the year ended 31 December | Notes | 2025 £000 | 2024 £000 |
|---|----------|----------------|--------------|
| CASH FLOW STATEMENT | | | |
| Cash from operating activities | | | |
| Cash used in operating activities | | (37,039) | (28,351) |
| Interest received | | 62,915 | 58,164 |
| Interest paid | | (19,971) | (22,389) |
| Income taxes paid | | (582) | (1,095) |
| Net cash from operating activities | | 5,323 | 6,329 |
| Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment | 22 | (844) | (228) |
| Sale proceeds from disposal of property, plant and equipment | 22 | 582 | – |
| Acquisition of intangible assets | 23 | (421) | (1,373) |
| Sale proceeds from disposal of intangible assets | 23 | 26 | – |
| Acquisition of a subsidiary net of cash acquired | 26 | (129) | – |
| Purchase of debt securities | | (3,040) | (860) |
| Settlement of contingent consideration on acquisition of subsidiary | 6(ii),26 | – | (20) |
| Net cash used in investing activities | | (3,826) | (2,481) |
| Cash flows from financing activities | | | |
| Receipt of loan notes | 27 | 7,603 | 5,975 |
| Acquisition of non-controlling interest | 32 | (206) | (5,000) |
| Payment of lease liabilities | 37 | (279) | (443) |
| Dividend paid | 29 | (504) | (337) |
| Proceeds from issue of share | 29 | – | 49 |
| Net cash from financing activities | | 6,614 | 244 |
| Net increase / (decrease) in cash and cash equivalents | | 8,111 | 4,092 |
| Cash and cash equivalents at 1 January | | 16,199 | 12,107 |
| Cash and cash equivalents at 31 December | | 24,310 | 16,199 |

The notes on pages 57 to 109 form part of these financial statements.

Company Statement of Cash Flows

| For the year ended 31 December | Notes | 2025 £000 | 2024 £000 |
|---|-------|--------------|----------------|
| Reconciliation of profit before taxation to operating cash flows | | | |
| Profit before tax | | 1,128 | 1,815 |
| Adjustments for: | | | |
| Depreciation | 22 | 119 | 128 |
| Amortisation | 23 | 264 | 2 |
| Interest income | | (1,069) | (998) |
| RSU expense taken to reserves | | 373 | 196 |
| Dividend income | | (125) | (450) |
| | | 690 | 693 |
| Changes in: | | | |
| Amounts due from group undertakings | 35 | (667) | (3,727) |
| Trade and other receivables | 21 | 59 | (7) |
| Creditors and accrued charges | 25 | (444) | 1,206 |
| Amounts due to Group undertakings | | – | (608) |
| Cash used in operating activities | | (362) | (2,443) |
| CASH FLOW STATEMENT | | | |
| Cash from operating activities | | | |
| Cash used in operating activities | | (362) | (2,443) |
| Interest received | | 1,069 | 998 |
| Dividends received | | 125 | 450 |
| Net cash from / (used in) operating activities | | 832 | (995) |
| Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment | 22 | (697) | (76) |
| Acquisition of intangible assets | 23 | (26) | (1,123) |
| Investment in group undertakings | | – | (3,000) |
| Net cash used in investing activities | | (723) | (4,199) |
| Cash flows from financing activities | | | |
| Proceeds from issue of loan notes | 27 | 7,603 | 5,975 |
| Payment of finance lease liabilities | 37 | (152) | (148) |
| Proceeds from issue of shares | 29 | – | 49 |
| Dividend paid | 29 | (504) | (337) |
| Net cash from financing activities | | 6,947 | 5,539 |
| Net increase in cash and cash equivalents | | 7,056 | 345 |
| Cash and cash equivalents at 1 January | | 718 | 373 |
| Cash and cash equivalents at 31 December | | 7,774 | 718 |

The notes on pages 57 to 109 form part of these financial statements.

Notes to the Consolidated and Company Financial Statements

For the year ended 31 December 2025

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 2025 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.

Notes to the Consolidated and Company Financial Statements continued

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 31 December 2025 | Measured at FVTPL £000 | FVOCI – debt instruments £000 | Amortised cost £000 | Total carrying amount £000 |
|--|------------------------------|--|---------------------------|-------------------------------------|
| Cash and cash equivalents | – | – | 24,310 | 24,310 |
| Debt securities | – | 84,912 | – | 84,912 |
| Equity held at Fair Value Through Profit or Loss | 188 | – | – | 188 |
| Loans and advances to customers | – | – | 407,872 | 407,872 |
| Trade and other receivables | – | – | 21,526 | 21,526 |
| Total financial assets | 188 | 84,912 | 453,708 | 538,808 |
| Deposits from customers | – | – | 452,461 | 452,461 |
| Creditor and accrued charges | – | – | 11,511 | 11,511 |
| Contingent consideration | 590 | – | – | 590 |
| Loan notes | – | – | 52,895 | 52,895 |
| Total financial liabilities | 590 | – | 516,867 | 517,457 |

| Group 31 December 2024 | Designated as at FVTPL £000 | FVOCI – debt instruments £000 | Amortised cost £000 | Total carrying amount £000 |
|--|-----------------------------------|--|---------------------------|-------------------------------------|
| 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 |

At 31 December 2025 and 31 December 2024, all financial instruments, being cash and cash equivalents, trade and other receivables, amounts due from Group undertakings, investment in subsidiaries and subordinated loans were carried at amortised cost in the separate financial statements.

Notes to the Consolidated and Company Financial Statements continued

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 |
|---|-----------------|-----------------|-----------------|-----------------|---------------|
| | Total £000 | Level 1 £000 | Level 2 £000 | Level 3 £000 | |
| 31 December 2025 | | | | | |
| Financial assets measured at fair value | | | | | |
| Debt securities | 84,912 | – | 84,912 | – | 84,912 |
| Equity held at Fair Value Through Profit or Loss | 188 | – | – | 188 | 188 |
| | 85,100 | – | 84,912 | 188 | 85,100 |
| Financial liabilities measured at fair value | | | | | |
| Contingent consideration | 590 | – | – | 590 | 590 |
| | 590 | – | – | 590 | 590 |

| | Carrying amount | Fair value | | | Total £000 |
|---|-----------------|-----------------|-----------------|-----------------|---------------|
| | Total £000 | Level 1 £000 | Level 2 £000 | Level 3 £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 |
| Financial liabilities measured at fair value | | | | | |
| Contingent consideration | – | – | – | – | – |
| | – | – | – | – | – |

All Company financial assets and liabilities carrying amounts are a reasonable approximation of their 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). |
| Contingent consideration | Discounted cash flows | Expected cash net flows derived from the entity, discount rates | The estimated fair value would increase (decrease) if forecast earnings or revenue were higher (lower). |

Notes to the Consolidated and Company Financial Statements continued

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.

| | 2025 £000 | 2024 £000 |
|---------------------------------------|--------------|--------------|
| Balance at 1 January | 154 | 158 |
| Acquisition of a subsidiary | 568 | – |
| Finance costs | 22 | – |
| Net change in fair value (unrealised) | 34 | 16 |
| | 624 | 174 |
| Payment (note 26) | – | (20) |
| Balance at 31 December | 778 | 154 |

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 2025 | | |
| Expected cash flows (10.0% movement) | 59 | 59 |
| Risk-adjusted discount rate (1.0% movement) | 7 | 7 |
| | | |
| | Profit or loss | |
| | Increase £000 | Decrease £000 |
| 31 December 2024 | | |
| Expected cash flows (10.0% movement) | – | – |
| Risk-adjusted discount rate (1.0% movement) | – | – |

Notes to the Consolidated and Company Financial Statements continued

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 | 2025 | | | | 2024 | | | |
|--------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|
| | Stage 1 £000 | Stage 2 £000 | Stage 3 £000 | Total £000 | Stage 1 £000 | Stage 2 £000 | Stage 3 £000 | Total £000 |
| Grade A | 366,957 | – | – | 366,957 | 327,561 | 3,968 | – | 331,529 |
| Grade B | – | 9,094 | – | 9,094 | – | 19,836 | 5,932 | 25,768 |
| Grade C | – | – | 54,713 | 54,713 | – | 5 | 35,268 | 35,273 |
| Gross value | 366,957 | 9,094 | 54,713 | 430,764 | 327,561 | 23,809 | 41,200 | 392,570 |
| Allowance for impairment | (2,216) | (213) | (20,463) | (22,892) | (688) | (36) | (19,488) | (20,212) |
| Carrying value | 364,741 | 8,881 | 34,250 | 407,872 | 326,873 | 23,773 | 21,712 | 372,358 |

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 31 December | 2025 | | | | 2024 | | | |
|----------------------|-----------------|-----------------|-----------------|----------------|-----------------|-----------------|-----------------|---------------|
| | Stage 1 £000 | Stage 2 £000 | Stage 3 £000 | Total £000 | Stage 1 £000 | Stage 2 £000 | Stage 3 £000 | Total £000 |
| Current | 348,383 | – | – | 348,383 | 314,542 | – | – | 314,542 |
| Overdue < 30 days | 18,574 | – | – | 18,574 | 13,019 | – | – | 13,019 |
| Overdue > 30 days | – | 9,094 | 54,713 | 63,807 | – | 23,809 | 41,200 | 65,009 |
| Gross value | 366,957 | 9,094 | 54,713 | 430,764 | 327,561 | 23,809 | 41,200 | 392,570 |

For Stage 3 loans and advances that are overdue for more than 90 days, the Group holds collateral value of £9,470,000 (2024: £11,982,000) representing security cover of 60% (2024: 66%).

The contractual amount outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity are £nil (2024: £nil).

Notes to the Consolidated and Company Financial Statements continued

Debt securities, cash and cash equivalents

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

| Group | 2025 £000 | 2024 £000 |
|--|----------------|----------------|
| Government bonds and treasury bills | | |
| Rated A to A+ | 84,912 | 79,140 |
| Cash and cash equivalents | | |
| Rated A to A+ | 24,310 | 16,199 |
| Trade and other receivables | | |
| Unrated | 21,526 | 7,312 |
| | 130,748 | 102,651 |

The analysis has been based on Standard & Poor's ratings. The above debt securities, cash and cash equivalents and trade and other receivables 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, finances leases, vehicle stocking plans, block discounting, wholesale funding arrangements, integrated wholesale funding arrangements and secured commercial loan balances, which are sub-categories of loans and advances to customers. In addition, the Group will take debentures, mortgages, personal and corporate guarantees, fixed and floating charges on specific assets such as cash and shares.

The terms of enforcing such security can only occur on default, and when realised can only be used to settle the amount of debt and related collection fees. On occasion the Bank may realise a surplus if the defaulting party loses title to the underlying security as part of enforcement. In addition, the commission share schemes have an element of capital indemnified.

As at 31 December 2025, 32.5% of loans and advances had an element of capital indemnification (2024: 28.7%). 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 2025 year-end, 32.8% had such credit enhancements (2024: 31.0%).

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

| Group | 2025 % | 2024 % | 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 risk.

Notes to the Consolidated and Company Financial Statements continued

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 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 by another obligation of the same Borrower 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 significance 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 interest rates. 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 2025 | 2026 | 2027 | 2028 |
|-------------------|------|------|------|
| GDP growth rate | 1.4 | 1.3 | 1.1 |
| Interest rates | 3.7 | 3.5 | 3.5 |
| Unemployment rate | 5.4 | 5.3 | 5.1 |

Notes to the Consolidated and Company Financial Statements continued

| 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 |

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 3 years.

Changes to ECL assumptions from the prior year

As of 31 December 2025, the Group has updated its economic projections utilised in the expected credit loss calculation, shifting from the 2024 figures. A key indicator – interest rates, has been added and was ultimately selected as a macroeconomic forward-looking adjustment instead of GDP which was used in prior year. This adjustment is prompted by a higher correlation between default rates and interest rates. These changes did not result in a material impact to the expected credit losses.

iv. Concentration of credit risk

Geographical

Lending is restricted to individuals and entities with Isle of Man and UK 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 5% of the Bank's total lending portfolio at the end of 31 December 2025 (2024: one). Advances to a single distribution partner under IWFA, WFA and block discounting 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 Bank 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:

| | 2025 | 2024 |
|----------------------|-------|-------|
| At 31 December | 27.0% | 24.0% |
| Average for the year | 22.0% | 23.0% |
| Maximum for the year | 27.0% | 27.0% |
| Minimum for the year | 19.0% | 20.0% |

Notes to the Consolidated and Company Financial Statements continued

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 £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 2025 | | | | | | | | | |
| Deposits | 19,438 | 10,251 | 40,163 | 113,147 | 219,970 | 62,810 | – | – | 465,779 |
| Other liabilities | 5,127 | 715 | 2,920 | 8,443 | 24,736 | 21,079 | 7,455 | 308 | 70,783 |
| Total liabilities | 24,565 | 10,966 | 43,083 | 121,590 | 244,706 | 83,889 | 7,455 | 308 | 536,562 |

| | 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 | | | | | | | | | |
| 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 |

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 (discounted):

| | 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 2025 | | | | | | | | | |
| Assets | | | | | | | | | |
| Cash | 24,310 | – | – | – | – | – | – | – | 24,310 |
| Debt securities | 2,000 | 7,984 | 24,835 | 41,384 | – | 1,532 | 6,165 | 1,012 | 84,912 |
| Loans and advances | 28,783 | 29,017 | 42,519 | 56,655 | 78,664 | 135,357 | 34,939 | 1,938 | 407,872 |
| Other assets | 188 | – | – | – | 23,612 | – | 3,730 | 16,696 | 44,226 |
| Total assets | 55,281 | 37,001 | 67,354 | 98,039 | 102,276 | 136,889 | 44,834 | 19,646 | 561,320 |
| Liabilities | | | | | | | | | |
| Deposits | 19,040 | 9,173 | 37,366 | 109,664 | 216,426 | 60,792 | – | – | 452,461 |
| Other liabilities | 5,090 | 490 | 2,350 | 7,700 | 23,608 | 18,668 | 7,090 | 308 | 65,304 |
| Total liabilities | 24,130 | 9,663 | 39,716 | 117,364 | 240,034 | 79,460 | 7,090 | 308 | 517,765 |

| | 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 |

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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 indicates that £29 million of loan notes are due within one year, £17 million within 3 years, £2 million within 4 years and £5 million within five years.

iii. Liquidity reserves

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

| | 2025 Carrying amount £000 | 2025 Fair value £000 | 2024 Carrying amount £000 | 2024 Fair value £000 |
|---------------------------------|------------------------------------|-------------------------------|------------------------------------|-------------------------------|
| Balances with other banks | 24,310 | 24,310 | 16,199 | 16,199 |
| Unencumbered debt securities | 84,912 | 84,912 | 79,140 | 79,140 |
| Total liquidity reserves | 109,222 | 109,222 | 95,339 | 95,339 |

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:

| | Market risk measure | | |
|--|----------------------------|-------------------------------|-----------------------------------|
| | Carrying amount £000 | Trading portfolios £000 | Non-trading portfolios £000 |
| 31 December 2025 | | | |
| Assets subject to market risk | | | |
| Debt securities | 84,912 | – | 84,912 |
| Equity held at Fair Value Through Profit or Loss | 188 | – | 188 |
| Total | 85,100 | – | 85,100 |

| | Market risk measure | | |
|--|----------------------------|-------------------------------|-----------------------------------|
| | Carrying amount £000 | 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 |

Notes to the Consolidated and Company Financial Statements

continued

i. Exposure to interest rate risk

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

| 31 December 2025 | 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 |
|---------------------------------|---------------------------|--------------------------------|---------------------------------|-------------------------------|------------------------------|-------------------------------|------------------|-------------------------------------|----------------|
| Assets | | | | | | | | | |
| Cash & cash equivalents | 24,310 | - | - | - | - | - | - | - | 24,310 |
| Debt securities | 9,984 | 24,835 | 41,384 | - | 1,532 | 6,165 | 1,012 | - | 84,912 |
| Loans and advances to customers | 57,800 | 42,519 | 56,655 | 78,664 | 135,357 | 34,939 | 1,938 | - | 407,872 |
| Other assets | - | - | - | - | - | - | - | 44,226 | 44,226 |
| Total assets | 92,094 | 67,354 | 98,039 | 78,664 | 136,889 | 41,104 | 2,950 | 44,226 | 561,320 |
| Liabilities | | | | | | | | | |
| Deposits from customers | 28,213 | 37,366 | 109,664 | 216,426 | 60,792 | - | - | - | 452,461 |
| Other liabilities | 5,580 | 2,350 | 7,700 | 14,300 | 18,668 | 7,090 | 308 | 9,308 | 65,304 |
| Total liabilities | 33,793 | 39,716 | 117,364 | 230,726 | 79,460 | 7,090 | 308 | 9,308 | 517,765 |
| Interest rate sensitivity gap | 58,301 | 27,638 | (19,325) | (152,062) | 57,429 | 34,014 | 2,642 | 34,918 | 43,555 |
| Cumulative | 58,301 | 85,939 | 66,614 | (85,448) | (28,019) | 5,995 | 8,637 | 43,555 | 43,555 |

| 31 December 2024 | 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 |
|---------------------------------|---------------------------|--------------------------------|---------------------------------|-------------------------------|------------------------------|-------------------------------|------------------|-------------------------------------|----------------|
| 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 | | | | | | | | | |
| Deposits from customers | 20,632 | 41,477 | 93,949 | 161,428 | 72,352 | 15,328 | - | - | 405,166 |
| Other liabilities | - | 7,600 | 3,597 | 4,540 | 22,002 | 9,345 | 46 | 8,181 | 55,311 |
| Total liabilities | 20,632 | 49,077 | 97,546 | 165,968 | 94,354 | 24,673 | 46 | 8,181 | 460,477 |
| Interest rate sensitivity gap | 74,226 | 44,088 | (49,131) | (103,933) | 31,313 | 17,708 | 1,130 | 21,912 | 37,313 |
| Cumulative | 74,226 | 118,314 | 69,183 | (34,750) | (3,437) | 14,271 | 15,401 | 37,313 | 37,313 |

Notes to the Consolidated and Company Financial Statements continued

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 (2024: 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 2025 | | | | | | | | | |
| Interest rate sensitivity gap | 58,301 | 27,638 | (19,325) | (152,062) | 57,429 | 34,014 | 2,642 | 34,918 | 43,555 |
| Weighting | - | 0.003 | 0.007 | 0.014 | 0.027 | 0.054 | 0.115 | - | - |
| | - | 83 | (135) | (2,129) | 1,551 | 1,837 | 304 | - | 1,511 |

| | 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 |

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

| | 2025 £000 | 2024 £000 |
|-------------------------------|--------------|--------------|
| Fixed-rate instruments | | |
| Financial assets | 517,094 | 467,697 |
| Financial liabilities | 508,457 | 452,296 |
| | 8,637 | 15,401 |

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 £441,000 (2024: £306,000). This analysis assumes that all other variables 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.

Notes to the Consolidated and Company Financial Statements continued

The Bank's Tier 1 and Total Capital regulatory ratios stood at 11.7% (2024: 12.50%) and 15.80% (2024: 17.00%) respectively as at 31 December 2025. The Bank complied with all capital requirements externally imposed on it in the year with minimum Tier 1 and Overall Capital ratio of 8.52% (2024: 8.73%) and 15.10% (2024: 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.

Further details of the Bank's management of capital are described in the Risk Management Report on page 14.

ii. Capital allocation

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

E. Company Financial Risk Review

i. Credit risk

The Company is exposed to credit risk primarily from deposits with banks and from its financing activities of Group entities. These balances include Trade and other receivables, Amounts due from Group undertakings, Investment in subsidiaries and Subordinated loans. Cash balances are held with institutions with a credit rating of A to A+. The Group's primary credit exposure is to the Bank and Payment Assist Ltd. 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. £13.6m capital on subordinated loan notes is repayable to the Company in more than 5 years. £29.3m (2024: £16.0m) 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 loans and advances to customers, subordinated loans, and loan notes are charged exclusively at fixed rates.

Notes to the Consolidated and Company Financial Statements continued

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 and UK. 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 (2024: 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 2025 | | | | | |
| Interest revenue calculated using the effective interest method | 58,906 | – | – | – | 58,906 |
| Interest expense | (21,264) | – | – | (147) | (21,411) |
| Net interest income | 37,642 | – | – | (147) | 37,495 |
| Components of Net Trading Income | (5,721) | 2,049 | 879 | – | (2,793) |
| Net trading income | 31,921 | 2,049 | 879 | (147) | 34,702 |
| Components of Operating Income | 3,183 | 9 | 6 | (561) | 2,637 |
| Operating Income | 35,104 | 2,058 | 885 | (708) | 37,339 |
| Depreciation | (667) | (16) | (1) | (195) | (879) |
| Amortisation and impairment of intangibles | (306) | (75) | (2) | (264) | (647) |
| Share of profit of equity accounted investees, net of tax | 87 | – | – | – | 87 |
| Provision for impairment on loans and advances | (3,318) | (17) | – | – | (3,335) |
| All other expenses | (22,577) | (1,640) | (249) | (763) | (25,229) |
| Profit / (loss) before tax payable | 8,323 | 310 | 633 | (1,930) | 7,336 |
| Capital expenditure | 657 | – | 1 | 596 | 1,254 |
| Total assets | 469,773 | 1,539 | 166 | 89,842 | 561,320 |
| Total liabilities | 447,135 | 123 | 33 | 70,474 | 517,765 |

| | 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 |

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

Notes to the Consolidated and Company Financial Statements continued

9. Net interest income

| | 2025 £000 | 2024 £000 |
|---|-----------------|--------------|
| Interest income | | |
| Loans and advances to customers | 58,906 | 55,930 |
| Total interest income calculated using the effective interest method | 58,906 | 55,930 |
| Total interest income | 58,906 | 55,930 |
| Interest expense | | |
| Deposits from customers | (18,732) | (20,184) |
| Loan note interest | (2,466) | (2,823) |
| Contingent consideration | (22) | – |
| Lease liability | (191) | (132) |
| Total interest expense | (21,411) | (23,139) |
| Net interest income | 37,495 | 32,791 |

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.

| | 2025 £000 | 2024 £000 |
|---|----------------|--------------|
| Major service lines | | |
| Independent financial advice income | 2,049 | 2,048 |
| Foreign exchange trading income | 879 | 1,035 |
| Asset and personal finance: Brokerage services income | 356 | 267 |
| Debt collection | 718 | 573 |
| Fee and commission income | 4,002 | 3,923 |
| Fee and commission expense | (6,795) | (7,181) |
| Net fee and commission income | (2,793) | (3,258) |

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

Notes to the Consolidated and Company Financial Statements continued

11. Personnel expenses

| | Group | | Company | |
|--|-----------------|-----------------|--------------|--------------|
| | 2025 £000 | 2024 £000 | 2025 £000 | 2024 £000 |
| Staff gross salaries | (9,990) | (9,309) | – | – |
| Executive Directors' remuneration | (647) | (615) | – | – |
| Non-executive Directors' fees | (235) | (244) | (130) | (40) |
| Executive Directors' performance related pay | (195) | (131) | – | – |
| Executive Directors' pensions | (53) | (49) | – | – |
| Staff pension costs | (571) | (545) | – | – |
| National insurance and payroll taxes | (1,084) | (1,050) | – | – |
| Staff training and recruitment costs | (326) | (300) | – | – |
| Equity Settled Restricted Stock Units – key management personnel | (272) | (206) | – | – |
| Equity Settled Restricted Stock Units – employees | – | (46) | – | – |
| | (13,373) | (12,495) | (130) | (40) |

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

12. Other expenses

| | 2025 £000 | 2024 £000 |
|--|-----------------|----------------|
| Professional and legal fees | (3,008) | (2,478) |
| Marketing costs | (712) | (429) |
| IT costs | (2,358) | (1,987) |
| Establishment costs | (911) | (655) |
| Communication costs | (275) | (326) |
| Travel costs | (277) | (283) |
| Bank charges | (1,633) | (1,394) |
| Insurance | (275) | (321) |
| Irrecoverable VAT | (566) | (492) |
| Discretionary commission redress costs | (1,300) | (202) |
| Other costs | (541) | (486) |
| | (11,856) | (9,053) |

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.

| | 2025 £000 | 2024 £000 |
|---------------------------------------|----------------|--------------|
| Impairment allowances made | (8,735) | (4,076) |
| Release of allowances previously made | 6,193 | 3,771 |
| | (2,542) | (305) |

Notes to the Consolidated and Company Financial Statements continued

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

| | 2025 £000 | 2024 £000 |
|---|----------------|----------------|
| Collective impairment allowances made | (2,030) | (1,475) |
| Release of allowances previously made | 1,237 | 28 |
| Total charge for allowances for impairment on financial assets managed on a collective basis | (793) | (1,447) |
| Total charge for allowances for impairment | (3,335) | (1,752) |

14. Profit before tax payable

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

| | Group | | Company | |
|---|--------------|--------------|--------------|--------------|
| | 2025 £000 | 2024 £000 | 2025 £000 | 2024 £000 |
| Fees payable to the Company's auditor for the: Audit of the Group's financial statements | (86) | (92) | (86) | (59) |
| Audit of the Company's subsidiary undertakings | (486) | (280) | – | – |
| | (572) | (372) | (86) | (59) |
| Other assurance service fees | (11) | (7) | – | – |
| Other services – tax compliance | (18) | (4) | – | – |
| Pension cost defined benefit scheme | (1) | (8) | – | – |
| Expenses relating to short-term leases and low value assets | (121) | (92) | – | – |

15. Income tax expense

| Group | 2025 £000 | 2024 £000 |
|---|--------------|----------------|
| Current tax expense | | |
| Current year | (930) | (1,482) |
| | (930) | (1,482) |
| Deferred tax expense | | |
| Origination and reversal of temporary differences | (14) | 98 |
| Tax expense | (944) | (1,384) |

| Group | % | 2025 £000 | % | 2024 £000 |
|--|---------------|--------------|---------------|----------------|
| Reconciliation of effective tax rate | | | | |
| Profit before tax | | 7,336 | | 9,932 |
| Tax using the Bank's domestic tax rate | (10.0) | (734) | (10.0) | (993) |
| Effect of tax rates in foreign jurisdictions | (4.7) | (342) | (7.1) | (702) |
| Origination and reversal of temporary differences in deferred tax | 0.2 | (14) | 1.0 | 98 |
| Tax exempt income | 2.1 | 152 | 2.2 | 213 |
| Non-deductible expenses | (0.1) | (6) | – | – |
| Tax expense | (12.9) | (944) | (13.9) | (1,384) |

The main rate of corporation tax in the Isle of Man is 0.0% (2024: 0.0%). However, the profits of the Group's Isle of Man banking activities are taxed at 10.0% (2024: 10.0%). The profits of the Group's subsidiaries that are subject to UK corporation tax are taxed at a rate of 25% (2024: 25.0%). The Company is subject to 0.0% corporation tax.

Notes to the Consolidated and Company Financial Statements continued

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 £308,000 liability (2024: £294,000 liability). This resulted in a reversal of an expense of £14,000 (2024: £98,000 expense) to the Consolidated Income Statement.

16. Earnings per share

| | 2025 | 2024 |
|--|-------------------|-------------|
| Profit for the year attributable to owners of the Company | £6,390,000 | £8,101,700 |
| Weighted average number of Ordinary Shares in issue (basic) | 119,891,760 | 117,923,558 |
| Basic earnings per share (pence) | 5.33 | 6.87 |
| Diluted earnings per share (pence) | 4.25 | 5.39 |
| Total comprehensive income for the year attributable to owners of the Company | £6,594,000 | £7,807,000 |
| Weighted average number of Ordinary Shares in issue (basic) | 119,891,760 | 117,923,558 |
| Basic earnings per share (pence) | 5.50 | 6.62 |
| Diluted earnings per share (pence) | 4.39 | 5.20 |

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: | 2025 | 2024 |
|--|--------------------|-------------|
| Reconciliation of weighted average number of Ordinary Shares in issue between basic and diluted | | |
| Weighted average number of Ordinary Shares (basic) | 119,891,760 | 117,923,558 |
| Number of shares issued if all convertible loan notes were exchanged for equity | 35,138,889 | 35,138,889 |
| Dilutive element of share options if exercised | 400,000 | 399,352 |
| Weighted average number of Ordinary Shares (diluted) | 155,430,649 | 153,461,799 |
| Reconciliation of profit for the year between basic and diluted | | |
| Profit for the year (basic) | £6,390,000 | £8,101,700 |
| Interest expense saved if all convertible loan notes were exchanged for equity | £221,250 | £171,415 |
| Profit for the year (diluted) | £6,611,250 | £8,273,115 |

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: | 2025 | 2024 |
|--|-------------------|------------|
| Reconciliation of total comprehensive income for the year between basic and diluted | | |
| Total comprehensive income for the year (basic) | £6,594,000 | £7,807,000 |
| Interest expense saved if all convertible loan notes were exchanged for equity | £221,250 | £171,415 |
| Total comprehensive income for the year (diluted) | £6,815,250 | £7,978,415 |

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

17. Cash and cash equivalents

| | Group | | Company | |
|--------------------------|---------------|--------------|--------------|--------------|
| | 2025 £000 | 2024 £000 | 2025 £000 | 2024 £000 |
| Cash at bank and in hand | 24,310 | 16,199 | 7,774 | 718 |
| | 24,310 | 16,199 | 7,774 | 718 |

Cash at bank includes an amount of £nil (2024: £nil) representing receipts which are in the course of transmission.

Notes to the Consolidated and Company Financial Statements continued

18. Debt securities

| | Group | | Company | |
|---|---------------|---------------|--------------|--------------|
| | 2025 £000 | 2024 £000 | 2025 £000 | 2024 £000 |
| Financial assets at fair value through other comprehensive income: | | | | |
| UK Government treasury bills | 84,912 | 79,140 | – | – |
| | 84,912 | 79,140 | – | – |

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 £2,561,000 (2024: £4,266,000) and unrealised loss of £171,000 (2024: £395,000 unrealised gain) during the year.

19. Financial assets

| | Group | | Company | |
|-----------------------------------|--------------|--------------|--------------|--------------|
| | 2025 £000 | 2024 £000 | 2025 £000 | 2024 £000 |
| Financial assets at FVTPL: | | | | |
| Gain on equity instrument | 35 | 18 | – | – |
| | 35 | 18 | – | – |

20. Loans and advances to customers

| Group | 2025 | | | 2024 | | |
|--------------------------------|----------------------|------------------------------|------------------------|----------------------|------------------------------|------------------------|
| | Gross Amount £000 | Impairment Allowance £000 | Carrying Value £000 | Gross Amount £000 | Impairment Allowance £000 | Carrying Value £000 |
| HP balances | 97,299 | (3,812) | 93,487 | 115,403 | (4,503) | 110,900 |
| Finance lease balances | 16,220 | (2,750) | 13,470 | 23,163 | (3,033) | 20,130 |
| Unsecured personal loans | 158,343 | (13,911) | 144,432 | 119,209 | (10,936) | 108,273 |
| Vehicle stocking plans | 1,472 | – | 1,472 | 1,714 | – | 1,714 |
| Wholesale funding arrangements | 19,297 | – | 19,297 | 23,851 | – | 23,851 |
| Block discounting | 49,408 | – | 49,408 | 40,845 | – | 40,845 |
| Secured commercial loans | 31,509 | (642) | 30,867 | 30,940 | (575) | 30,365 |
| Secured personal loans | 39,677 | – | 39,677 | 901 | – | 901 |
| Government backed loans | 16,079 | (1,777) | 14,302 | 25,760 | (1,165) | 24,595 |
| Property secured | 1,460 | – | 1,460 | 10,784 | – | 10,784 |
| | 430,764 | (22,892) | 407,872 | 392,570 | (20,212) | 372,358 |

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.

| | 2025 £000 | 2024 £000 |
|---------------------------------------|---------------|---------------|
| Allowance for impairment | | |
| Balance at 1 January | 18,576 | 19,426 |
| Allowance for impairment made | 8,735 | 4,076 |
| Release of allowances previously made | (6,193) | (3,771) |
| Write-offs | (655) | (1,155) |
| Balance at 31 December | 20,463 | 18,576 |

Notes to the Consolidated and Company Financial Statements continued

| | 2025 £000 | 2024 £000 |
|--|---------------|--------------|
| Collective allowance for impairment | | |
| Balance at 1 January | 1,636 | 189 |
| Collective allowance for impairment made | 2,030 | 1,475 |
| Release of allowances previously made | (1,237) | (28) |
| Balance at 31 December | 2,429 | 1,636 |
| Total allowances for impairment | 22,892 | 20,212 |

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:

| | 2025 £000 | 2024 £000 |
|---|----------------|--------------|
| Loans and advances to customers | | |
| Unsecured personal loans originated during the period | 219,700 | 5,138 |

The contractual amount outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity are £nil (2024: £nil). Advances on preferential terms are available to all Directors, management and staff. As at 31 December 2025 £1,822,000 (2024: £2,211,000) 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).

Undrawn loan commitments are £60,182,000 (2024: £47,816,000), of which £50,551,000 (2024: £44,395,000) are unconditionally cancellable without prior notice, and there is no ECL provision made on such commitments in both financial years.

At the end of the current financial year 14 loan exposures (2024: 12) exceeded 10.0% of the capital base of the Bank:

| Exposure | Outstanding Balance 2025 £000 | Outstanding Balance 2024 £000 | Facility Limit 2025 £000 | Facility Limit 2024 £000 |
|-----------------------------|--|--|-----------------------------------|-----------------------------------|
| Block discounting facility | 49,408 | 40,845 | 100,850 | 83,700 |
| Wholesale funding agreement | 19,297 | 23,851 | 22,003 | 26,330 |

HP and finance lease receivables

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

| | 2025 £000 | 2024 £000 |
|---|----------------|--------------|
| Less than one year | 47,294 | 63,483 |
| Between one and two years | 33,653 | 45,171 |
| Between two and three years | 19,839 | 26,629 |
| Between three and four years | 9,701 | 13,022 |
| Between four and five years | 2,694 | 3,616 |
| Greater than five years | 338 | 454 |
| Gross investment in HP and finance lease receivables | 113,519 | 152,375 |

Notes to the Consolidated and Company Financial Statements continued

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

| | 2025 £000 | 2024 £000 |
|---|----------------|----------------|
| Less than one year | 44,561 | 57,730 |
| Between one and two years | 31,707 | 41,078 |
| Between two and three years | 18,692 | 24,216 |
| Between three and four years | 9,141 | 11,842 |
| Between four and five years | 2,538 | 3,288 |
| Greater than five years | 318 | 412 |
| Net investment in HP and finance lease receivables | 106,957 | 138,566 |

21. Trade and other receivables

| | Group | | Company | |
|---------------|---------------|--------------|--------------|--------------|
| | 2025 £000 | 2024 £000 | 2025 £000 | 2024 £000 |
| Other debtors | 16,390 | 6,649 | 27 | 1 |
| Prepayments | 5,136 | 663 | 44 | 129 |
| | 21,526 | 7,312 | 71 | 130 |

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

| Group | Buildings and Leasehold Improvements £000 | IT Equipment £000 | Furniture and Equipment £000 | Motor Vehicles £000 | Right-of-use assets £000 | Total £000 |
|---|--|-------------------------|------------------------------------|---------------------------|--------------------------------|----------------|
| Cost | | | | | | |
| As at 1 January 2025 | 415 | 449 | 4,526 | 198 | 2,660 | 8,248 |
| Additions | 4 | 27 | 65 | 52 | 696 | 844 |
| Disposals | (172) | (9) | (788) | (38) | – | (1,007) |
| As at 31 December 2025 | 247 | 467 | 3,803 | 212 | 3,356 | 8,085 |
| Accumulated depreciation | | | | | | |
| As at 1 January 2025 | 128 | 340 | 391 | 47 | 909 | 1,815 |
| Charge for year | 50 | 61 | 371 | 36 | 361 | 879 |
| Disposals | (45) | (28) | (350) | (2) | – | (425) |
| As at 31 December 2025 | 133 | 373 | 412 | 81 | 1,270 | 2,269 |
| Carrying value at 31 December 2025 | 114 | 94 | 3,391 | 131 | 2,086 | 5,816 |
| Carrying value at 31 December 2024 | 287 | 109 | 4,135 | 151 | 1,751 | 6,433 |

| Company | Leasehold Improvements £000 | IT Equipment £000 | Furniture and Equipment £000 | Right-of-use assets £000 | Total £000 |
|---|-----------------------------------|-------------------------|------------------------------------|--------------------------------|---------------|
| Cost | | | | | |
| As at 1 January 2025 | 234 | 21 | 18 | 500 | 773 |
| Additions | – | 2 | – | 695 | 697 |
| As at 31 December 2025 | 234 | 23 | 18 | 1,195 | 1,470 |
| Accumulated depreciation | | | | | |
| As at 1 January 2025 | 234 | 7 | 14 | 431 | 686 |
| Charge for year | – | 1 | 2 | 116 | 119 |
| As at 31 December 2025 | 234 | 8 | 16 | 547 | 805 |
| Carrying value at 31 December 2025 | – | 15 | 2 | 648 | 665 |
| Carrying value at 31 December 2024 | – | 14 | 4 | 69 | 87 |

Notes to the Consolidated and Company Financial Statements

continued

23. Intangible assets

| Group | Customer Contracts £000 | Intellectual Property Rights £000 | IT Software and Website Development £000 | Total £000 |
|---|----------------------------|--------------------------------------|---|---------------|
| Cost | | | | |
| As at 1 January 2025 | 2,937 | 2,074 | 5,334 | 10,345 |
| Additions | – | 124 | 297 | 421 |
| Disposals | – | – | (42) | (42) |
| As at 31 December 2025 | 2,937 | 2,198 | 5,589 | 10,724 |
| Accumulated amortisation | | | | |
| As at 1 January 2025 | 1,470 | 873 | 2,701 | 5,044 |
| Charge for year | 72 | 148 | 427 | 647 |
| Disposals | – | – | (16) | (16) |
| As at 31 December 2025 | 1,542 | 1,021 | 3,112 | 5,675 |
| Carrying value at 31 December 2025 | 1,395 | 1,177 | 2,477 | 5,049 |
| Carrying value at 31 December 2024 | 1,467 | 1,201 | 2,633 | 5,301 |

| Company | IT Software and Website Development £000 |
|---|---|
| Cost | |
| As at 1 January 2025 | 2,048 |
| Additions | 26 |
| As at 31 December 2025 | 2,074 |
| Accumulated amortisation | |
| As at 1 January 2025 | 65 |
| Charge for year | 264 |
| As at 31 December 2025 | 329 |
| Carrying value at 31 December 2025 | 1,745 |
| Carrying value at 31 December 2024 | 1,983 |

24. Deposits from customers

| | 2025 £000 | 2024 £000 |
|------------------------------------|----------------|--------------|
| Retail customers: term deposits | 432,595 | 386,526 |
| Corporate customers: term deposits | 19,866 | 18,640 |
| | 452,461 | 405,166 |

25. Creditors and accrued charges

| | Group | | Company | |
|------------------------------|---------------|--------------|--------------|--------------|
| | 2025 £000 | 2024 £000 | 2025 £000 | 2024 £000 |
| Other creditors and accruals | 8,019 | 7,032 | 341 | 1,541 |
| Commission creditors | 479 | 333 | – | – |
| Lease liability | 2,203 | 1,792 | 666 | 62 |
| Taxation creditors | 810 | 522 | – | – |
| | 11,511 | 9,679 | 1,007 | 1,603 |

Notes to the Consolidated and Company Financial Statements continued

26. Contingent consideration

Deferred consideration relates to contingent payments due to the sellers on the acquisition of CAM Wealth.

On 21 January 2025, CAM Wealth was acquired for total cash consideration of £135,000. In the third year, the Group has agreed to pay 5 times the relevant profits for the UK IFA business for the year ended 21 January 2028 should certain performance conditions be met.

Based on the forecasts when the Company was acquired, the Group estimates an additional contingent consideration of £640,000 payable in the final year. The Group has included £590,000 as contingent consideration related to the additional consideration, which represents its fair value as at 31 December 2025 determined through a discounted cash flow valuation technique.

| As at | 2025 £000 | 2024 £000 |
|------------|--------------|--------------|
| CAM Wealth | 590 | – |
| | 590 | – |

27. Loan notes

| | Notes | Group | | Company | |
|---------------------------|-------|---------------|--------------|---------------|--------------|
| | | 2025 £000 | 2024 £000 | 2025 £000 | 2024 £000 |
| Related parties | | | | | |
| J Mellon | JM | 2,750 | 1,750 | 2,750 | 1,750 |
| Burnbrae Limited | BL | 5,200 | 3,200 | 5,200 | 3,200 |
| Culminant Reinsurance Ltd | CR | 1,000 | 1,000 | 1,000 | 1,000 |
| John Spellman | JS | 400 | 400 | 400 | 400 |
| Ian Morley | IM | 250 | 250 | 250 | 250 |
| Alan Clarke | AC | 150 | 100 | 150 | 100 |
| | | 9,750 | 6,700 | 9,750 | 6,700 |
| Unrelated parties | UP | 43,145 | 38,592 | 43,145 | 38,592 |
| | | 52,895 | 45,292 | 52,895 | 45,292 |

JM – Three loans, one loan of £1,250,000 maturing on 26 February 2030 with interest payable of 7.5% 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 and one of £1,000,000 maturing on 31 December 2028, paying interest of 8% per annum.

BL – Five loans, one of £1,000,000 maturing on 25 February 2030, paying interest of 7.5% 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 1 July 2026, paying interest of 7.5% per annum, one of £1,000,000 maturing 28 September 2030 paying interest of 8.0% per annum and one of £1,000,000 maturing on 20 November 2028, paying interest of 8.0% per annum. Jim Mellon is the beneficial owner of BL and Denham Eke is also a director.

CR – One loan consisting of £1,000,000 maturing on 12 October 2030, paying interest of 8.0% 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 £150,000 maturing on 6 May 2026, paying interest of 7.8% per annum. One loan note of £50,000 matured on 6 May 2026 and the other £100,000 renewed at 5.75% for one year.

UP – Sixty-six loans (2024: Fifty-four), the earliest maturity date was 19 January 2026, and the latest maturity is 30 April 2030. The average interest payable is 6.99% (2024: 6.71%)

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.

Notes to the Consolidated and Company Financial Statements continued

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 2025 (2024: 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 2025, which showed that the market value of the Scheme's assets was £1,404,000 representing 74% 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 2025.

Notes to the Consolidated and Company Financial Statements continued

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

| | 2025 £000 | 2024 £000 |
|---|--------------|--------------|
| Total underfunding in funded plans recognised as a liability | | |
| Fair value of plan assets | 1,497 | 1,361 |
| Present value of funded obligations | (1,398) | (1,407) |
| | 99 | (46) |
| Movement in the liability for defined benefit obligations | | |
| Opening defined benefit obligations at 1 January | 1,407 | 1,521 |
| Benefits paid by the plan | (78) | (80) |
| Interest on obligations | 76 | 71 |
| Actuarial loss / (gain) | 21 | (105) |
| Prior year overprovision | (28) | – |
| Liability for defined benefit obligations at 31 December | 1,398 | 1,407 |
| Movement in plan assets | | |
| Opening fair value of plan assets at 1 January | 1,361 | 1,359 |
| Interest on plan assets | 79 | 63 |
| Contribution by employer | 57 | 57 |
| Return on plan assets | 78 | (38) |
| Benefits paid | (78) | (80) |
| Closing fair value of plan assets at 31 December | 1,497 | 1,361 |
| Expense recognised in income statement | | |
| Net interest cost recognised in the statement of profit and loss | 1 | 8 |
| Actuarial gain / (loss) recognised in other comprehensive income | | |
| Return on plan assets | 78 | (38) |
| Actuarial (loss) / gain on defined benefit obligations | (21) | 105 |
| | 57 | 67 |
| Plan assets consist of the following | | |
| | 2025 % | 2024 % |
| Equity securities | 45 | 44 |
| Corporate bonds | 19 | 18 |
| Government bonds | 29 | 27 |
| Cash | 2 | 6 |
| Other | 5 | 5 |
| | 100 | 100 |

Notes to the Consolidated and Company Financial Statements continued

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

| | 2025 % | 2024 % |
|--|-----------|-----------|
| Rate of increase in pension in payment: | | |
| Service from 6 April 1997 to 13 September 2005 | 2.8 | 3.1 |
| Service from 14 September 2005 | 2.0 | 2.1 |
| Rate of increase in deferred pensions | 5.0 | 5.0 |
| Discount rate applied to scheme liabilities | 5.6 | 5.7 |
| Inflation | 5.7 | 5.0 |

| | 2025 | 2024 |
|---|------|------|
| Life expectancy | | |
| Current pensioner aged 65 (male) | 21.4 | 21.2 |
| Current pensioner aged 65 (female) | 23.7 | 23.8 |
| Future pensioner aged 65 in 10 years (male) | 21.9 | 21.7 |
| Future pensioner aged 65 in 10 years (female) | 24.4 | 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.

| Effect in £'000 | 2025 | | 2024 | |
|-----------------------------------|----------|----------|----------|----------|
| | Increase | Decrease | Increase | Decrease |
| Discount rate (0.5% movement) | (60) | 66 | (70) | 77 |
| Inflation rate (0.5% movement) | 17 | (17) | 18 | (17) |
| Life expectancy (1 year movement) | 50 | (50) | 53 | (53) |

29. Called up share capital

| Ordinary shares of no par value available for issue | Number |
|---|--------------------|
| At 31 December 2025 | 200,200,000 |
| At 31 December 2024 | 200,200,000 |

| Issued and fully paid: Ordinary shares of no par value | Number | £000 |
|--|--------------------|---------------|
| At 31 December 2025 | 122,950,726 | 19,932 |
| At 31 December 2024 | 119,715,757 | 19,626 |

A. Analysis of changes in financing during the year

| | Group | | Company | |
|------------------------------------|---------------|---------------|---------------|---------------|
| | 2025 £000 | 2024 £000 | 2025 £000 | 2024 £000 |
| Balance at 1 January | 65,843 | 60,059 | 64,861 | 58,792 |
| Issue of loan notes | 7,603 | 5,975 | 7,603 | 5,975 |
| Issue of shares via scrip dividend | 306 | 193 | 306 | 193 |
| Issue of shares | – | 49 | – | 49 |
| Payment of lease liabilities | (470) | (433) | (152) | (148) |
| Balance at 31 December | 73,282 | 65,843 | 72,618 | 64,861 |

Notes to the Consolidated and Company Financial Statements continued

The 2025 Group closing balance is represented by £19,932,000 share capital (2024: £19,626,000), £52,895,000 loan notes (2024: £42,292,000) and £2,203,000 lease liability (2024: £1,085,000).

The 2025 Company closing balance is represented by £19,932,000 share capital (2024: £19,626,000), £52,895,000 of loan notes (2024: £42,292,000) and £666,000 lease liability (2024: £91,000).

B. Dividends

On 16 September 2025, MFG declared a dividend of £810,000 (2024: £530,000) which could either be taken up in cash or new ordinary shares. 1,162,469 new shares (2024: 1,013,821 new shares) were admitted to the Alternative Investment Market ("AIM") at 26.349 pence per share (2024: 19.0 pence per share), at a total cost of £306,000 (2024: £193,000).

C. Convertible loans

There are three convertible loans totalling £2,950,000 (2024: £2,950,000) (refer to note 27).

D. Share options and Restricted Stock Units

On 5 July 2022, 27 October 2022, 29 November 2023, 16 December 2024 and 25 June 2025 MFG granted Restricted Stock Units ("RSUs") under its 2022 RSU Plan. The Group has issued, in total, RSUs over 5,087,500 ordinary shares representing 4.14% of the issued share capital of the Group, including 2,400,000 to certain directors and 2,687,500 to certain employees. The RSUs issued before 2024 have a 2-year term while those issued post 2024 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 can 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 23 December 2025, he exercised his options and was issued with 850,000 New Ordinary Shares of no par value at nil cost. Following this, the total number of Ordinary Shares held by Mr Grant is 3,258,212, representing 2.65% of the issued ordinary share capital of the Company;
- James Smeed, Group Finance Director, was issued 475,000 RSUs. On 23 December 2025, James Smeed exercised his options and was issued with 175,000 New Ordinary Shares of no par value respectively at nil cost. Following this, the total number of Ordinary Shares held by Mr Smeed is 500,000, representing 0.41% of the issued ordinary share capital of the Company;

| Grant date/employees entitled | 2025 Number of Units | 2024 Number of Units | Contractual life of options |
|---|-------------------------|-------------------------|--------------------------------|
| RSUs granted to key employees at 5 July 2022 | 1,020,000 | 1,020,000 | 2 years |
| RSUs granted to directors at 5 July 2022 | 1,100,000 | 1,100,000 | 2 years |
| RSUs granted to key employees at 27 October 2022 | 165,000 | 165,000 | 2 years |
| RSUs granted to directors at 27 October 2022 | 150,000 | 150,000 | 2 years |
| RSUs granted to directors at 29 November 2023 | 1,150,000 | 1,150,000 | 2 years |
| RSUs granted to key employees at 29 November 2023 | 1,102,500 | 1,102,500 | 2 years |
| RSUs granted to key employees at 16 December 2024 | 200,000 | 200,000 | 3 years |
| RSUs granted to key employees at 25 June 2025 | 200,000 | - | 3 years |
| Total RSUs | 5,087,500 | 4,887,500 | |
| Lapsed RSUs | (455,000) | (425,000) | |
| Exercised | (4,232,500) | (2,160,000) | |
| Remaining RSUs | 400,000 | 2,302,500 | |

Notes to the Consolidated and Company Financial Statements continued

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 | Grant at 16 December 2024 | Grant at 25 June 2025 |
|---|----------------------------|--------------------------------|---------------------------------|---------------------------------|-----------------------------|
| Share price at grant date | 8.5 pence | 14.0 pence | 17.5 pence | 14.5 pence | 25.5 pence |
| Exercise price | nil | nil | nil | nil | nil |
| Expected volatility * ^ | 55.14% | 107.71% | 638.12% | 560.10% | 611.26% |
| Expected life (weighted average) | 2 years | 2 years | 2 years | 3 years | 3 years |
| Risk-free interest rate (based on government bonds) * ^ | 1.65% | 3.15% | 4.43% | 4.49% | 4.46% |
| Forfeiture rate | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Fair value at grant date | 8.5 pence | 14.0 pence | 17.5 pence | 14.5 pence | 25.6 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 RSUs granted was £373,000 (2024: £196,000).

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:

| | |
|---|--------------|
| Date of grant | 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 2025 £000 | Group 2024 £000 |
|-------------------------------------|-----------------------|-----------------------|
| Payitmonthly Ltd ("PIML") | 331 | 260 |
| Lesley Stephen & Co Limited ("LSC") | 73 | 57 |
| | 404 | 317 |

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 £87,000 (2024: £119,000).

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.

Notes to the Consolidated and Company Financial Statements

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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 (2024: £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 2025 % Holding | Date of Incorporation | 2025 £000 | 2024 £000 |
|-------------------------------|----------------------------|----------------------------|-----------------------|---------------|-----------|
| Conister Bank Limited | Asset and Personal Finance | 100 | 05/12/1935 | 29,092 | 29,092 |
| 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 | 31,097 |

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 2025 £000 | Cost of investment 2024 £000 |
|---------------------------------------|----------------------------|-----------------------------|--------------------------|-----------|------------------------------|------------------------------|
| Conister Finance & Leasing Ltd | Asset and Personal Finance | UK | IOM | 100.0% | 1 | 1 |
| CAM Wealth Group Limited | Private Wealth Management | UK | UK | 100.0% | 814 | – |
| Finova Limited | Treasury solutions | IOM | IOM | 100.0% | 1 | – |
| MFX Limited | Foreign exchange advisory | IOM | IOM | 100.0% | 1 | 1 |
| Payment Assist Ltd | Point of Sale Lender | UK | UK | 100.0% | 9,244 | 9,244 |
| Blue Star Leasing Limited | SME Asset Finance | UK | UK | 100.0% | 2,275 | 2,275 |
| Ninkasi Rentals & Finance Limited | SME Asset Finance | UK | UK | 95.0% | 1,480 | 1,275 |
| Manx Collection Limited | Debt Collection | UK | IOM | 100.0% | 1 | 1 |
| Manx Financial Limited | Asset and Personal Finance | IOM | IOM | 100.0% | 1,001 | 1,001 |
| Conister Insurance Services Limited | General insurance | IOM | IOM | 100.0% | 1 | – |
| The Business Lending Exchange Limited | SME Asset Lender | UK | UK | 100.0% | 2,186 | 2,186 |

Notes to the Consolidated and Company Financial Statements continued

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 2025 £'000 | NRF | Total |
|-----------------------------------|------------|-----------|
| NCI percentage | 5% | |
| Cash and cash equivalents | 321 | |
| Loans and advances to customers | – | |
| Trade and other receivables | 2,392 | |
| Property, plant and equipment | 3,064 | |
| Stocks | 39 | |
| Intangible assets | 8 | |
| Creditors and accrued charges | (4,978) | |
| Deferred tax | (266) | |
| Net assets | 580 | |
| Carrying amount of NCI | 29 | 29 |
| Revenue | 1,448 | |
| Profit | 49 | |
| OCI | – | |
| Total comprehensive income | 49 | |
| Profit allocated to NCI | 2 | 2 |
| Operating activities cashflows | 718 | |
| Investing activities cashflows | (706) | |
| Financing activities cashflows | – | |
| Net increase in cashflows | 12 | |

On 28 March 2025, the Group acquired an additional 5% interest in Ninkasi Rentals & Finance Limited ("NRFL"), increasing its ownership to 95%. The carrying amount of NRFL's net assets in the Group's consolidated financial statements on the date of acquisition was £580,049. The following table summarises the effect of changes in the Group's ownership interest in NRFL.

| | 2025 £000 |
|--|--------------|
| Carrying amount of NCI acquired (£580,409*5%) | 29 |
| Consideration paid to NCI in cash | (206) |
| Decrease in equity attributable to owners of the Company | (177) |

| | 2025 £000 | 2024 £000 |
|--|--------------|--------------|
| NCI brought forward (49.9%) | 55 | – |
| Pre-acquisition profits in the year | 1 | – |
| Dividends paid | – | – |
| | 56 | – |
| Carrying amount of NCI acquired | 29 | – |
| Consideration paid to NCI | (206) | – |
| Decrease in equity attributable to owners of the Company | (177) | – |

Notes to the Consolidated and Company Financial Statements continued

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.

| | 2025 £000 | 2024 £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) |

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 £188,000 (2024: £154,000) 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.

Notes to the Consolidated and Company Financial Statements continued

34. Goodwill

| Cash generating unit | Group 2025 £000 | Group 2024 £000 | Company 2025 £000 | Company 2024 £000 |
|---|-----------------------|-----------------------|-------------------------|-------------------------|
| PAL | 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 |
| CAM Wealth | 568 | - | 568 | - |
| Manx Collections Limited ("MCL") | 454 | 454 | 454 | 454 |
| Three Spires Insurance Services Limited ("Three Spires") | 41 | 41 | 41 | 41 |
| | 11,144 | 10,576 | 11,144 | 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.

Acquisition of a subsidiary- CAM Wealth

On 22 January 2025, the Group announced the acquisition of the UK FCA licenced Wealth Management business, CAM Wealth Group Holdings and its subsidiary CAM Wealth Group Limited, (together "CAM Wealth" trading as CAM Wealth). This acquisition links to the Group's growth strategy of accretive acquisition to continue developing a robust and diversified financial services group to support the ongoing objective of continuously enhancing shareholder value.

In the eleven months to 31 December 2025, CAM Wealth contributed revenue of £80,000 and a loss of £164,000 to the Group's results. If the acquisition had happened on 01 January 2025, management estimates that the impact on the consolidated income would have been £87,000 and the impact on the consolidated profit for the period would have been a loss of £179,000.

A. Consideration transferred

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

| | 2025 £000 |
|------------------------------------|--------------|
| Cash | 135 |
| Contingent consideration (Note 26) | 568 |
| | 703 |

B. Identifiable assets acquired, and liabilities assumed

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

| | 2025 £000 |
|---|--------------|
| Intangible asset acquired | 100 |
| Cash and cash equivalents | 6 |
| Trade and other receivables | 35 |
| Creditors and accrued charges | (6) |
| Total identifiable net assets acquired | 135 |

The trade and other receivables comprise gross contractual amounts due of £35,000, of which £nil was expected to be uncollectable at the date of acquisition.

Notes to the Consolidated and Company Financial Statements continued

C. Goodwill

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

| | 2025 £000 |
|---------------------------------------|--------------|
| Total consideration transferred | 703 |
| Fair value of identifiable net assets | (135) |
| Goodwill | 568 |

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% (2024: 15.3%) 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% (2024: 13.0%) discount factor. The sensitivity of the analysis was tested using additional discount factors of 15.0% and 20.0% on stable profit levels. An impairment loss on EAL goodwill of £200,000 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% (2024: 15.3%) 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% (2024: 15.3%) 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% (2024: 15.3%) 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% (2024: 15.3%) 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.

Notes to the Consolidated and Company Financial Statements continued

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. | 2025 £000 | 2024 £000 |
|-------------------------------------|-------------------|-------------------------|---------------|---------------|
| 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 £302,885 and £23,659 (2024: £36,280 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

| | 2025 £000 | 2024 £000 |
|---|--------------|--------------|
| Remuneration – executive Directors | 647 | 615 |
| Remuneration – non-executive Directors | 235 | 243 |
| Performance Related Pay | 195 | 131 |
| Pension | 53 | 49 |
| Equity Settled Restricted Stock Units (see note 11) | 272 | 113 |
| | 1,402 | 1,151 |

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

Directors' loans

At 31 December 2025, Douglas Grant had three amortising loans outstanding to Conister Bank Limited with capital outstanding of £302,061 (2024: £285,072). The maximum original term of the three loans is 61 months and the average interest is 7.91% (2024: 2.57%). James Smeed had one amortising loan outstanding to Conister Bank with capital outstanding of £41,418 (2024: £nil). The original term of the loan is 49 months, and the average interest is 7.75%. No impairment is held in respect of these amounts.

Notes to the Consolidated and Company Financial Statements continued

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 2025, £nil (2024: £5,000,000) 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 Rivers Finance Group PLC ("RFG")

A total of £9,930,000 loan facility is available to RFG, a financial instrument of Manx Ventures Limited ("MVL"), to provide the finance required to expand its operations. Interest is charged at commercial rates. At 31 December 2025, £9,642,000 (2024: £8,512,000) had been advanced to RFG. This loan facility is repayable in cash.

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

A total £11,500,000 loan facility is available to LSC to provide the finance required to expand its operations. Interest is charged at commercial rates. At 31 December 2025, £11,279,837 (2024: £10,783,914) 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 (2024: £13,950,000) of subordinated loans to the Bank and £278,000 (2024: £278,000) to EAL as at 31 December 2025. 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 2025 | 2,660 | 2,660 |
| Additions | 695 | 695 |
| As at 31 December 2025 | 3,355 | 3,355 |
| Accumulated depreciation | | |
| As at 1 January 2025 | 909 | 909 |
| Charge for the year | 360 | 360 |
| As at 31 December 2025 | 1,269 | 1,269 |
| Carrying value at 31 December 2025 | 2,086 | 2,086 |
| Carrying value at 31 December 2024 | 1,751 | 1,751 |

Notes to the Consolidated and Company Financial Statements continued

ii. Amounts recognised in profit or loss

| | Group | | Company | |
|---|--------------|--------------|--------------|--------------|
| | 2025 £000 | 2024 £000 | 2025 £000 | 2024 £000 |
| Interest on lease liabilities | 191 | 132 | 38 | 17 |
| Depreciation expense | 361 | 351 | 116 | 126 |
| Expenses relating to short-term leases and low-value assets | – | 81 | – | – |

iii. Amounts recognised in statement of cash flows

| | Group | | Company | |
|-------------------------------|--------------|--------------|--------------|--------------|
| | 2025 £000 | 2024 £000 | 2025 £000 | 2024 £000 |
| Interest paid | 191 | 132 | 38 | 17 |
| Capital paid | 279 | 311 | 152 | 131 |
| Total cash outflow for leases | 470 | 443 | 190 | 148 |

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”). CAM Wealth is licensed by FCA to offer wealth management services.

39. Contingent liabilities

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

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 publication of the FCA’s consultation paper on a proposed Motor Finance redress scheme, the Group has reassessed its provision relating to historical motor-finance commission arrangements. The provision, initially £202,920 in the 2024 Annual Report, has been increased to £1,502,920 as at 31 December 2025. The additional £1,300,000 charge reflects the increased likelihood that a higher number of cases fall within the scope of the FCA’s proposed scheme, and that redress amounts may be higher than previously anticipated. 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 revised customer-engagement approach. The provision includes commission models and calculations in line with the FCA’s published redress scheme. No redress settlements were made as at 31 December 2025.

Notes to the Consolidated and Company Financial Statements continued

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 2025.

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 or High Value Loan Committee assesses all credit exposures in excess of designated limits before facilities are committed to customers. Renewals and reviews of facilities are subject to a clearly documented process.

Notes to the Consolidated and Company Financial Statements

continued

- 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).

Notes to the Consolidated and Company Financial Statements continued

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;

Notes to the Consolidated and Company Financial Statements continued

- 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 2025:

- Amendments to IAS 21 – Lack of Exchangeability

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:

- Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFS 7
- Annual improvements to IFRS Accounting Standards – Volume 11
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 & IFRS 7)
- 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.

Notes to the Consolidated and Company Financial Statements continued

Set out below is an index of the material accounting policies, the details of which are available on the pages that follow:

| Ref. | Note description | No. |
|------|---|-----|
| A. | Basis of consolidation of subsidiaries and separate financial statements of the Company | 100 |
| B. | Interest in equity accounted investees | 101 |
| C. | Interest | 101 |
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| E. | Leases | 102 |
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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 gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. 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.

Notes to the Consolidated and Company Financial Statements continued

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.

Notes to the Consolidated and Company Financial Statements continued

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.

Notes to the Consolidated and Company Financial Statements continued

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.

Notes to the Consolidated and Company Financial Statements

continued

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.

Notes to the Consolidated and Company Financial Statements continued

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 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.

Notes to the Consolidated and Company Financial Statements continued

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.

Notes to the Consolidated and Company Financial Statements continued

Credit-impaired financial assets

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

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

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

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

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

Write-off

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

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

Notes to the Consolidated and Company Financial Statements continued

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

Assets are depreciated 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 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 |

Notes to the Consolidated and Company Financial Statements continued

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:

Intangible assets

| | |
|---|--------------------------------|
| 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.

Notes to the Consolidated and Company Financial Statements continued

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.

Notes to the Consolidated and Company Financial Statements continued

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 reporting is based on business segments.

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

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

Appendix: Glossary of terms

| | |
|-------------------------------------|---|
| ALCO | Assets and Liabilities Committee |
| BBSL | Blue Star Business Solutions Limited |
| BL | Burnbrae Limited |
| BLX | The Business Lending Exchange Limited |
| Bank | Conister Bank Limited |
| Bank's Board | The Bank's Board of Directors |
| BOE | Bank of England |
| CEO | Chief Executive Officer |
| CET1 | Common Equity Tier 1 |
| CFL | Conister Finance & Leasing Ltd |
| CGU | Cash Generating Unit |
| COO | Chief Operating Officer |
| 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 |

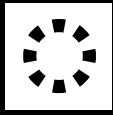
Appendix: Glossary of terms continued

| | |
|---------------------|---|
| LSE | London Stock Exchange |
| MCL | Manx Collections Limited |
| MFG | Manx Financial Group PLC |
| MFX | MFX Limited |
| MFX.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 Ltd |
| 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 |
| Subsidiaries | MFG's subsidiaries being Bank, BBSL, BLX, CFL, ECF EAL, MFX, MVL, NRFL, PAL |
| TCF | Treating Customers Fairly |
| Three Spires | Three Spires Insurance Services Limited |
| UK | United Kingdom |
| UP | Unrelated parties |

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