

# Conister Bank Limited

Directors' report and financial statements  
For the year ended 31 December 2024

Conister Bank Limited  
Contents

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Conister Bank Limited  
Directors and Advisers

Directors

John Spellman (58) \*  
Non-executive Chair

Alan Clarke (74) \*  
Non-executive Director

Denham Eke (73)  
Non-executive Director

Douglas Grant (60)  
Managing Director

Gregory Jones (66) \*  
Non-executive Director

Ian Morley (73) \*  
Non-executive Director

Haseeb Qureshi (37)  
Deputy Managing Director

James Smeed (40)  
Finance Director

Sam Skelton \* (Resigned 4 May 2024)  
Non-executive Director

Lynsey Elliott \* (Appointed 1 June 2024, resigned 4 December 2024)  
Non-executive Director

\* Independent Non-executive Director

Company Secretary

Lesley Crossley

Registered Office

Clarendon House  
Victoria Street  
Douglas  
Isle of Man IM1 2LN

Advisers

Independent Auditor  
KPMG Audit LLC  
Heritage Court  
41 Athol Street  
Douglas  
Isle of Man IM1 1LA

Legal Advisers  
Long & Co Limited  
Eyreton  
Quarterbridge Road  
Douglas  
Isle of Man IM2 3RF

Hill Dickinson LLP  
The Broadgate Tower, 20 Primrose Street  
London EC21 2EW

Principal Banker  
National Westminster Bank plc  
250 Bishopsgate  
London EC2M 4AA

Pension Administrators  
Boal & Co Ltd  
Marquis House  
Isle of Man Business Park  
Douglas  
Isle of Man IM2 2QZ

Consulting Actuaries  
PricewaterhouseCoopers LLC  
Sixty Circular Road  
Isle of Man  
Douglas  
Isle of Man IM1 1SA

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Conister Bank Limited  
Directors' Report  
for the year ended 31 December 2024

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The Directors have pleasure in submitting their annual report and the audited financial statements for the year ended 31 December 2024.

**Principal activities**

The principal activities of Conister Bank Limited ("Bank") and its subsidiaries (together referred to as "Group") are the provision of asset, wholesale and personal finance.

The Bank holds a Class 1 (1) Banking Licence in the IOM and is accordingly regulated by the Financial Services Authority ("FSA") and a UK deposit taking licence with the Prudential Regulatory Authority ("PRA"). Isle of Man 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. UK deposits are covered by the UK Financial Services Compensation Scheme ("FSCS"). 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.

**Results and dividends**

The Bank profit before taxation for the year was £1,727,000 (2023: £2,187,000). The Consolidated profit before taxation for the year was £1,880,000 (2023: £2,493,000).

The Directors do not propose the payment of a dividend (2023: £nil). The proposed transfers to and from reserves are as set out in the Consolidated and Bank Statement of Changes in Equity on page 15.

**Share capital**

Particulars of the authorised and issued share capital of the Bank are set out in note 21 to the financial statements.

**Significant shareholdings**

All of the issued shares of the Bank are held by Manx Financial Group PLC ("MFG").

**Directors**

Details of current Directors are set out on page 1.

**Directors' liability insurance**

The Bank maintains insurance cover for Directors' liability in relation to the Group.

**Fixed assets**

The movement in fixed assets during the year is set out in note 13 to the financial statements.

**Staff**

At 31 December 2024 there were 84 members of staff, 7 of whom were part-time (2023: 82 members of staff, 9 of whom were part-time).

**Investments in subsidiaries**

Investments in the Bank's subsidiaries are disclosed in note 16 to the financial statements.

**Going concern**

The Group has recognised a profit for the year after taxation of £1,691,000 (2023: £2,163,000). As at the year ended 31 December 2024, the Group had a total capital ratio of 18.0% (2023: 15.9%) which exceeded the regulatory minimum requirement of 15.3% (2023: 15.3%) (see note 4(c)) and had net assets of £45,894,000 (2023: £41,498,000). 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.

The Bank has recognised a profit for the year after taxation of £1,578,000 (2023: £1,962,000) and had net assets of £42,603,000 (2023: £38,320,000). The Bank 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.

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Conister Bank Limited  
Directors' Report  
for the year ended 31 December 2024

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**Auditor**

KPMG Audit LLC, being eligible, has expressed its willingness to continue in office in accordance with Section 12(2) of the Isle of Man Companies Act 1982.

By order of the Board

DocuSigned by:  
  
~~Lesley Crossley~~  
Company Secretary  
29 April 2025

Conister Bank Limited  
Corporate Governance Report  
for the year ended 31 December 2024

As an Isle of Man registered Bank there is no requirement to produce a corporate governance report. However, the Board follows best practice and therefore has prepared such a report.

The Bank is licensed by the Isle of Man Financial Services Authority. They have issued guidance designed to assist banks in enhancing their corporate governance frameworks which the Bank follows to the extent which is appropriate to its nature and scale of operations. This report outlines the approach taken by the Bank in respect of corporate governance.

### **The Role of the Board**

The Board is collectively responsible for the long-term success of the organisation. Its principal function is to determine the strategy and policies of the Bank within an effective control framework which enables risk to be assessed and managed. The Board ensures that the necessary financial and human resources are in place for the Bank to meet its objectives and that business and management performances are reviewed. Furthermore, the Board ensures that the Bank 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.

### **MFG Group Audit, Risk and Compliance Committee ("GARCC")**

The GARCC meets at least six times each year and comprises three Non-executive Directors, currently Alan Clarke (Chair), Gregory Jones and John Spellman. The Executive Directors and representatives from compliance and risk, the internal and External Auditor attend by invitation. Its role for the MFG Group (including the Bank) 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 they or their associates are invited to undertake non-audit work it will not compromise auditor objectivity and independence.

The Board has also established the Risk Management Committee ("RMCO") which reports GARCC and is responsible for developing and monitoring the MFG Group risk management policies in their specified areas.

### **MFG Group Remuneration Committee ("REMCO")**

The REMCO meets at least twice a year and comprises of two Non-executive Directors, currently Alan Clarke (Chair) and Gregory Jones, with the Executive Directors, Human Resources representative and external advisers attending by invitation where appropriate. It is responsible, amongst other matters, for determining the remuneration of the Executive Directors, the Company Secretary and other members of the management. Committee members do not take part in discussions concerning their own remuneration. The Chair and the MFG Group CEO determine Non-executive Director fees.

### **MFG Group Nomination Committee ("NOMCO")**

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

### **Division of Responsibilities**

The offices of Chair and Managing Director are distinct and held by different people. The role of each is set out in their respective job descriptions. The Chair is responsible for leading the Board, ensuring its effectiveness in all aspects of its role and promoting a culture of openness of debate. The Managing Director is responsible for managing the Bank's business and operations within the parameters set by the Board.

### **The Chair**

The Chair sets the direction of the Board and promotes a culture of openness and debate by facilitating the effective contribution of Non-executive Directors and ensuring constructive relations between Executive and Non-executive Directors. The Chair also ensures that Directors receive accurate, timely and clear information. The Board of Directors is committed to best practice in corporate governance.

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Conister Bank Limited  
Corporate Governance Report (continued)  
for the year ended 31 December 2024

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### **Non-executive Directors**

The Non-executive Directors are responsible for bringing independent judgement to the discussions held by the Board, using 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 Bank.

### **The Composition of the Board**

At the year-end, the Board comprised five Non-executive Directors and three Executive Directors. At least four Non-executive Directors are considered by the Board to be independent in character and judgement and to have an appropriate balance of skills and experience. They are also considered to be free of any relationship or circumstances which could materially interfere with the exercise of their judgement, impede the provision of constructive challenge to management and provide assistance with the development of strategy.

### **Appointments to the Board**

The principal purpose of the NOMCO is to undertake the assessment of the balance of skills, experience, independence and knowledge on the Board 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. Appointments to the Board are made on merit, with due regard to the benefits of diversity. Within this context, the paramount objective is the selection of the best candidate, irrespective of background, and it is the view of the Board that establishing quotas or targets for the diversity of the Board is not appropriate.

All Director appointments must be approved by the Isle of Man Financial Services Authority, as required under the Financial Services Rulebook 2016, before they are appointed to the Board.

### **Commitment**

Prior to appointment, Non-executive Directors are required to demonstrate that they are able to allocate sufficient time to undertake their duties.

### **Development**

All new Directors undergo formal induction with any training or development needs being identified during this process. Directors continue to attend external and internal seminars and presentations to maintain and update their knowledge and skills demonstrating a commitment to continuous professional development.

### **Information and Support**

The Chair ensures that the Board receives accurate, timely and clear information in a form and of sufficient quality to enable it to fulfil its responsibilities.

All Directors have access to the advice and services of the Company Secretary who is responsible for ensuring compliance with all Board procedures and advising the Board on governance matters.

### **Evaluation**

An internal process exists to evaluate, on an annual basis, the performance and effectiveness of, amongst others, individual Directors and of the Board and its committees.

### **Financial and Business Reporting**

The Board confirms that the Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for members to assess the Bank's business model and strategy. The responsibilities of the Directors in relation to the preparation of the Bank's Financial Statements are set out on page 7.

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Conister Bank Limited  
Corporate Governance Report (continued)  
for the year ended 31 December 2024

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### **Risk Management and Internal Control**

The Board is responsible for determining a framework for risk management and control. Senior management are responsible for designing, operating and monitoring risk management and internal control processes in line with the risk appetite and tolerance while the GARCC is responsible for reviewing the adequacy and effective operation of these processes. The role of the GARCC is described previously and provides the Board with independent assurance that the Bank is operating specifically in accordance with the risk appetite parameters determined and approved by the Board and to ensure that the outcomes for the Bank's various activities are in line with those parameters.

The system of internal control overall is designed to enable the Bank to achieve its corporate objectives within the Board's pre-determined risk appetite, not to eliminate risk. The internal audit function provides independent and objective assurance that these processes are appropriate and effectively applied.

DocuSigned by:  
  
D20E446E0DDFD465...  
**Douglas Grant**  
Managing Director



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Conister Bank Limited  
Statement of Directors' Responsibilities  
in respect of the Directors' Report and the Financial Statements  
for the year ended 31 December 2024

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The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law.

Company law requires the Directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK-adopted international accounting standards ("UK-adopted IFRS" or "IFRSs") as applicable to an Isle of Man Company.

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 the Bank and of their profit or loss for that period. In preparing each of the Group and Bank financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Bank'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 Bank 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 Group and the Bank's transactions and disclose with reasonable accuracy at any time the financial position of the Bank and enable them to ensure that the financial statements comply with the Companies Acts 1931 to 2004. 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 Bank and to prevent and detect fraud and other irregularities.

# Independent Auditor's Report to the Member of Conister Bank Limited

## *Our opinion is unmodified*

We have audited the consolidated and separate financial statements of Conister Bank Limited (the "Bank") and its subsidiary (together, the "Group"), which comprise the consolidated and Bank statement of financial position as at 31 December 2024, the consolidated and Bank 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 and separate financial statements:*

- give a true and fair view of the state of the Group's and of the Bank's affairs as at 31 December 2024 and of the Group's and of the Bank'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 Acts 1931 to 2004.

## *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 Bank and Group in accordance with, UK ethical requirements including FRC Ethical Standards. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## *Going concern*

The directors have prepared the consolidated and separate financial statements on the going concern basis as they do not intend to liquidate the Group or the Bank or to cease their operations, and as they have concluded that the Group and the Bank'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 Bank financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group and the Bank's business model and analysed how those risks might affect the Group and the Bank's financial resources or ability to continue operations over the going concern period.

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 Bank financial statements is appropriate; and
- 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 Bank's ability to continue as a going concern for the going concern period.

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 Bank 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 and Bank'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

# Independent Auditor's Report to the Member of Conister Bank Limited (continued)

a fraud risk related to revenue recognition because the Group and Bank'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 from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Group and Bank'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 and Bank 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 Bank financial statements, for instance through the imposition of fines or litigation or impacts on the Group and the Bank'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 Bank 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 Bank financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

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 Bank financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements and Bank 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 Bank 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 bank 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.

## *We have nothing to report on other matters on which we are required to report by exception*

We have nothing to report in respect of the following matters where the Companies Acts 1931 to 2004 require us to report to you if, in our opinion:

# Independent Auditor's Report to the Member of Conister Bank Limited (continued)

- proper books of account have not been kept by the Bank and proper returns adequate for our audit have not been received from branches not visited by us; or
- the Bank's financial statements are not in agreement with the books of account and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## *Respective responsibilities*

### *Directors' responsibilities*

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the consolidated financial statements and the Bank 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 Bank financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Bank'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 Bank 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 Bank 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 Bank financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### *The purpose of this report and restrictions on its use by persons other than the Bank's member*

This report is made solely to the Bank's member, in accordance with section 15 of the Companies Act 1982. Our audit work has been undertaken so that we might state to the Bank's member 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 Bank and the Bank's member, as a body, for our audit work, for this report, or for the opinions we have formed.



KPMG Audit LLC

*Chartered Accountants*

Heritage Court

41 Athol Street

Douglas

Isle of Man IM1 1LA

30 April 2025

Conister Bank Limited  
Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December	Note	2024 £000	2023 £000
Interest revenue calculated using the effective interest method	5	41,001	33,890
Interest expense		(22,248)	(15,222)
<b>Net interest income</b>		<b>18,753</b>	<b>18,668</b>
Fee and commission expense		(6,175)	(5,902)
<b>Net trading income</b>		<b>12,578</b>	<b>12,766</b>
Other operating income		485	268
Realised gain on debt securities	10	4,266	1,893
<b>Operating income</b>		<b>17,329</b>	<b>14,927</b>
Personnel expenses		(6,549)	(6,676)
Other expenses		(6,380)	(4,527)
Impairment of loans and advances to customers	6	(2,146)	(571)
Depreciation	13	(318)	(312)
Amortisation	14	(56)	(348)
<b>Profit before tax payable</b>	7	<b>1,880</b>	<b>2,493</b>
Income tax expense	8	(189)	(330)
<b>Profit for the year after taxation</b>		<b>1,691</b>	<b>2,163</b>
<b>Other comprehensive income</b>			
<b>Items that will be reclassified to profit or loss</b>			
Unrealised (loss)/gain on debt securities taken to equity	10	(395)	324
Related tax		40	(32)
<b>Items that will never be reclassified to profit or loss</b>			
Actuarial gain on defined benefit pension scheme taken to equity	20	67	29
Related tax		(7)	(3)
<b>Other comprehensive income, net of tax</b>		<b>(295)</b>	<b>318</b>
<b>Total comprehensive income for the year attributable to owners</b>		<b>1,396</b>	<b>2,481</b>

The notes on pages 18 to 51 form part of these financial statements.

The Directors believe that all results derive from continuing activities.

Conister Bank Limited  
Bank Statement of Profit or Loss and Other Comprehensive Income

<b>For the year ended 31 December</b>	<b>Note</b>	<b>2024 £000</b>	<b>2023 £000</b>
Interest revenue calculated using the effective interest method	5	40,989	33,890
Interest expense		(22,180)	(15,194)
<b>Net interest income</b>		<b>18,809</b>	<b>18,696</b>
Fee and commission expense		(7,894)	(8,791)
<b>Net trading income</b>		<b>10,915</b>	<b>9,905</b>
Other operating income		468	268
Realised gain on debt securities	10	4,266	1,893
<b>Operating income</b>		<b>15,649</b>	<b>12,066</b>
Personnel expenses		(5,433)	(4,633)
Other expenses		(6,100)	(4,176)
Impairment of loans and advances to customers	6	(2,146)	(571)
Depreciation	13	(197)	(172)
Amortisation	14	(46)	(327)
<b>Profit before tax payable</b>	7	<b>1,727</b>	<b>2,187</b>
Income tax expense	8	(149)	(225)
<b>Profit for the year after taxation</b>		<b>1,578</b>	<b>1,962</b>
<b>Other comprehensive income</b>			
<b>Items that will be reclassified to profit or loss</b>			
Unrealised (loss)/gain on debt securities taken to equity	10	(395)	324
Related tax		40	(32)
<b>Items that will never be reclassified to profit or loss</b>			
Actuarial gain on defined benefit pension scheme taken to equity	20	67	29
Related tax		(7)	(3)
<b>Other comprehensive income, net of tax</b>		<b>(295)</b>	<b>318</b>
<b>Total comprehensive income for the year attributable to owners</b>		<b>1,283</b>	<b>2,280</b>

The notes on pages 18 to 51 form part of these financial statements.

The Directors believe that all results derive from continuing activities.



Conister Bank Limited  
Consolidated Statement of Financial Position

As at 31 December	Note	2024 £000	2023 £000
<b>Assets</b>			
Cash and cash equivalents	9	11,992	8,620
Debt securities	10	79,140	76,129
Loans and advances to customers	11	366,146	360,114
Trade and other receivables	12	13,366	3,163
Property and equipment	13	1,331	1,635
Intangible assets	14	1,690	1,675
Goodwill	16	448	448
<b>Total assets</b>		<b>474,113</b>	<b>451,784</b>
<b>Liabilities</b>			
Deposits from customers	17	405,166	390,421
Amounts due to Group undertakings		1,635	1,383
Creditors and accrued charges	18	7,277	4,193
Subordinated loans	19	13,950	13,950
Pension liability	20	46	162
Deferred tax liability	8	145	177
<b>Total liabilities</b>		<b>428,219</b>	<b>410,286</b>
<b>Equity</b>			
Called up share capital	21	24,000	21,000
Retained earnings		21,894	20,498
<b>Total equity</b>		<b>45,894</b>	<b>41,498</b>
<b>Total liabilities and equity</b>		<b>474,113</b>	<b>451,784</b>

The financial statements were approved by the Board of Directors on 29 April 2025 and signed on their behalf by:

Signed by:  
  
028F06E01C4D411  
**John Spellman**  
Chair

DocuSigned by:  
  
D20E448E0DFD465  
**Douglas Grant**  
Managing Director

Signed by:  
  
004AF3ED3C9B434  
**James Smeed**  
Finance Director

The notes on pages 18 to 51 form part of these financial statements.

Conister Bank Limited  
Bank Statement of Financial Position

As at 31 December	Note	2024 £000	2023 £000
<b>Assets</b>			
Cash and cash equivalents	9	11,158	7,382
Debt securities	10	79,140	76,129
Loans and advances to customers	11	365,982	360,075
Trade and other receivables	12	13,359	3,573
Property and equipment	13	1,104	1,096
Intangible assets	14	1,690	1,652
Amounts due from Group undertakings		-	888
Investment in Group undertakings	15	1,001	1,001
Goodwill	16	448	448
<b>Total assets</b>		<b>473,882</b>	<b>452,244</b>
<b>Liabilities</b>			
Deposits from customers	17	405,166	390,421
Amounts due to Group undertakings	15	5,020	5,049
Creditors and accrued charges	18	7,001	4,214
Subordinated loans	19	13,950	13,950
Pension liability	20	46	162
Deferred tax liability	8	96	128
<b>Total liabilities</b>		<b>431,279</b>	<b>413,924</b>
<b>Equity</b>			
Called up share capital	21	24,000	21,000
Retained earnings		18,603	17,320
<b>Total equity</b>		<b>42,603</b>	<b>38,320</b>
<b>Total liabilities and equity</b>		<b>473,882</b>	<b>452,244</b>

The financial statements were approved by the Board of Directors on 29 April 2025 and signed on their behalf by:

Signed by:  
  
028F06E01C4D411  
**John Spellman**  
Chair

DocuSigned by:  
  
D20E446EDDFD465  
**Douglas Grant**  
Managing Director

Signed by:  
  
004AE3ED3C8B434  
**James Smeed**  
Finance Director

The notes on pages 18 to 51 form part of these financial statements.



Conister Bank Limited  
Consolidated and Bank Statement of Changes in Equity

Group	Share capital £000	Retained earnings and other reserves £000	Total £000
Balance as at 1 January 2023	16,500	18,017	34,517
Profit for the year after taxation	-	2,163	2,163
Other comprehensive income	-	318	318
Transactions with owners:			
Shares issued	4,500	-	4,500
Balance as at 31 December 2023	21,000	20,498	41,498
Profit for the year after taxation	-	1,691	1,691
Other comprehensive income	-	(295)	(295)
Transactions with owners:			
Issue of ordinary shares	3,000	-	3,000
Balance as at 31 December 2024	24,000	21,894	45,894

Bank	Share capital £000	Retained earnings and other reserves £000	Total £000
Balance as at 1 January 2023	16,500	15,040	31,540
Profit for the year after taxation	-	1,962	1,962
Other comprehensive income	-	318	318
Transactions with owners:			
Shares issued	4,500	-	4,500
Balance as at 31 December 2023	21,000	17,320	38,320
Profit for the year after taxation	-	1,578	1,578
Other comprehensive income	-	(295)	(295)
Transactions with owners:			
Issue of ordinary shares	3,000	-	3,000
Balance as at 31 December 2024	24,000	18,603	42,603

The notes on pages 18 to 51 form part of these financial statements.

Conister Bank Limited  
Consolidated Statement of Cash Flows

For the year ended 31 December	Note	2024 £000	2023 £000
<b>RECONCILIATION OF PROFIT BEFORE TAXATION TO OPERATING CASH FLOWS</b>			
Profit before tax on continuing activities		1,880	2,493
Adjustments for:			
Depreciation	13	318	312
Amortisation	14	56	348
Net interest income		(19,275)	(19,190)
Impairment of loans and advances to customers		2,146	571
Realised gain on debt securities		(4,266)	(1,893)
Pension cost in personnel expenses	20	8	11
Changes in:			
Trade and other receivables		(10,203)	(1,473)
Creditors and accrued charges		3,244	(903)
Amounts due from Group undertakings		-	282
Amounts due to Group undertakings		252	(641)
<b>Net cash used in trading activities</b>		<b>(25,840)</b>	<b>(20,083)</b>
Changes in:			
Loans and advances to customers		(7,402)	(67,900)
Deposits from customers		14,546	86,251
Pension contributions	20	(57)	(57)
<b>Net cash used in operating activities</b>		<b>(18,753)</b>	<b>(1,789)</b>
<b>CASH FLOW STATEMENT</b>			
<b>Cash from operating activities</b>			
Cash outflow from operating activities		(18,753)	(1,789)
Interest received - cash amounts		40,225	33,249
Interest paid - cash amounts		(21,527)	(14,729)
Income taxes paid		(188)	(483)
<b>Net cash from operating activities</b>		<b>(243)</b>	<b>16,248</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment - excluding Right-of-use assets	13	(15)	(340)
Purchase of intangible assets	14	(71)	(1,139)
Sale/(purchase) of debt securities		860	(33,237)
<b>Net cash from/ (used in) investing activities</b>		<b>774</b>	<b>(34,716)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	22	3,000	4,500
Proceeds from issue of subordinated loan		-	6,500
Payment of lease liability (capital)	24	(159)	(139)
<b>Net cash from financing activities</b>		<b>2,841</b>	<b>10,861</b>
<b>Increase /(decrease) in cash and cash equivalents</b>		<b>3,372</b>	<b>(7,607)</b>
Cash and cash equivalents 1 January		8,620	16,227
<b>Cash and cash equivalents at 31 December</b>		<b>11,992</b>	<b>8,620</b>

The notes on pages 18 to 51 form part of these financial statements.

Conister Bank Limited  
Bank Statement of Cash Flows

<b>For the year ended 31 December</b>	<b>Note</b>	<b>2024 £000</b>	<b>2023 £000</b>
<b>RECONCILIATION OF PROFIT BEFORE TAXATION TO OPERATING CASH FLOWS</b>			
Profit before tax on continuing activities		1,727	2,187
Adjustments for:			
Depreciation	13	197	172
Amortisation	14	46	327
Realised gain on debt security		(4,266)	(1,893)
Pension cost in personnel expenses	20	8	11
Net interest income		(19,325)	(19,212)
Impairment of loans and advances to customers		2,146	571
Changes in:			
Trade and other receivables		(9,786)	(1,997)
Creditors and accrued charges		2,930	(94)
Amounts due from Group undertakings		888	217
Amounts due to Group undertakings		(29)	(1,041)
<b>Net cash used in trading activities</b>		<b>(25,464)</b>	<b>(20,752)</b>
Changes in:			
Loans and advances to customers		(7,829)	(68,322)
Deposits from customers		14,543	86,246
Pension contributions	20	(57)	(57)
<b>Cash used in operating activities</b>		<b>(18,807)</b>	<b>(2,885)</b>

**CASH FLOW STATEMENT**

<b>Cash flows from operating activities</b>			
Cash outflow from operating activities		(18,807)	(2,885)
Interest received - cash amounts		40,765	33,705
Interest paid - cash amounts		(21,462)	(14,702)
Income taxes paid		(213)	(214)
<b>Net cash from operating activities</b>		<b>283</b>	<b>15,904</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	13	(206)	(159)
Purchase of intangible assets	14	(84)	(1,137)
Sale / (purchase) of debt securities		860	(33,237)
<b>Net cash (used in) / from investing activities</b>		<b>570</b>	<b>(34,533)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	22	3,000	4,500
Proceeds from issue of subordinated loan		-	6,500
Payment of lease liability (capital)	24	(77)	(75)
<b>Net cash from financing activities</b>		<b>2,923</b>	<b>10,925</b>
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>3,776</b>	<b>(7,704)</b>
Cash and cash equivalents 1 January		7,382	15,086
<b>Cash and cash equivalents at 31 December</b>		<b>11,158</b>	<b>7,382</b>

The notes on pages 18 to 51 form part of these financial.

Conister Bank Limited  
Notes to the Consolidated Financial Statements

1. Reporting entity

Conister Bank Limited ("Bank") is a Bank incorporated in the Isle of Man. The consolidated financial statements of the Bank for the year ended 31 December 2024 comprise the Bank and its subsidiaries ("Group"). The Bank's financial statements are the separate financial statements of the Bank.

A summary of the material accounting policies, which have been applied consistently, are set out below:

2. Basis of preparation

a) Statement of compliance

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

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2024:

- Amendments to IAS 12 - International Tax Reform - Pillar Two Model Rules
- Lease Liability in a Sale and Leaseback - Amendments to IFRS 16 Leases;
- Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants - Amendments to IAS 1 Presentation of Financial Statements;
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements;

Where the Group numbers are used it also applies to the Company unless the content otherwise indicates.

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

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, issued but not yet effective:

- Amendments to IAS 1 - Lack of Exchangeability;
- Classification and measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7); and
- IFRS 18 Presentation and Disclosures 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.

b) Basis of measurement

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

Items	Measurement basis
FVOCI - Debt securities	Fair value
Net defined benefit liability	Fair value of plan assets less the present value of the defined benefit obligation

c) Functional and presentation currency

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

d) Use of estimates and judgements

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.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 3(k).

Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

### 3. Material accounting policies

#### a) Basis of consolidation of subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-Group balances, income and expenses and unrealised losses or gains arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

#### b) Property and equipment and intangible assets

Items of property 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.

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 and equipment have different useful lives, those components are accounted for as separate items of property and equipment.

An intangible asset is an identifiable non-monetary asset without physical substance. An item is identifiable if it is separable or arises from contractual or other legal rights. The initial measurement of an intangible asset depends on whether it has been acquired separately or has been acquired as part of a business combination.

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.

Expenditure on internally developed intangible assets 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 intangible asset 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 intangible assets include all costs directly attributable to developing the intangible asset and are amortised over its useful life. Internally developed intangible assets is stated at capitalised cost less accumulated amortisation and any accumulated impairment losses.

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. 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").

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.

#### Depreciation and amortisation

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

Leasehold improvements	to expiration of the lease
Equipment	4 - 10 years
Vehicles	2 - 5 years
Furniture	4 - 10 years
IT Software	4 - 5 years
Intellectual property rights	4 - 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.



Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

**3. Material accounting policies (continued)**

**c) Financial assets and 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 fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

**ii. Classification**

**Financial assets**

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income ("FVOCI") or FVTPL.

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest ("SPPI").

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

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

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

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

**Business model assessment**

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

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

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

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

**Financial liabilities**

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

**iii. Derecognition**

**Financial assets**

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

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

Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

**3. Material accounting policies (continued)**

**c) Financial assets and liabilities (continued)**

**iii. Derecognition (continued)**

**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.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e., the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The fair value of a financial liability with a demand feature (e.g., a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid. 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.

**vii. Impairment**

The Group recognises loss allowances for expected credit losses ("ECL") on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- lease receivables; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

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.

Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

### 3. Material accounting policies (continued)

#### c) Financial assets and liabilities (continued)

##### vii. Impairment (continued)

If a significant increase in credit risk ("SICR") since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.

- A 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 and/or 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 arrangement (IVA), abscond or disappearance, fraudulent activity and other similar events.

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

Loss allowances for lease receivables are always measures at an amount equal to lifetime ECL.

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

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

#### Measurement of ECL

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

- The ECL was derived by reviewing the Group's probability of default and loss given default over the past 9 years by product and geographical segment;
- The Group has assumed that the future economic conditions will broadly mirror the current environment and therefore the forecasted loss levels in the next 3-years will match the Group's experience in recent years; 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 estimate 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.



Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

**3. Material accounting policies (continued)**

**c) Financial assets and liabilities (continued)**

**vi. Impairment (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 data:

- 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 other 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 making an assessment 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 retained earnings.

**Write-offs**

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

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

**d) 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.

### 3. Material accounting policies (continued)

#### e) 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.

#### f) 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 therefore 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.

### 3. Material accounting policies (continued)

#### f) Leases (continued)

##### i. As a lessee (continued)

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 in 'property and equipment' and lease liabilities in 'creditors and accrued charges' in the statement of financial position.

##### Short-term leases and leases of low-value assets

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

##### ii. As a lessor

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

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

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

##### Finance leases and Hire Purchase (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.

#### g) Current and deferred taxation

Current taxation relates to the estimated corporation tax payable in the current financial year. Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated and company financial statements. 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.

#### h) Interest income and expense

Interest income and expense are recognised in the statement of profit or loss and other comprehensive income using the effective interest method.

##### 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 net carrying amount of the financial asset or financial liability. The discount period is the expected life or, where appropriate, a shorter period. The calculation includes all amounts receivable or payable by the Group that are an integral part of the overall return, 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.

Once a financial asset or a group of similar financial assets has been written down as a result of impairment, subsequent interest income continues to be recognised using the original effective interest rate applied to the reduced carrying value of the financial instrument.

#### i) Fees and commission income

Fees and commission income other than that directly related to loans is recognised over the period for which service has been provided or on completion of an act to which the fees relate.

**3. Material accounting policies (continued)**

**a) Key sources of estimation uncertainty**

Management believe that a key area of estimation and uncertainty is in respect of the impairment allowances on loans and advances to customers. Loans and advances to customers are evaluated for impairment on a basis described in note 4(a)(i), credit risk. The Group has substantial historical data upon which to base collective estimates for impairment on HP contracts, finance leases, commercial wholesale and personal loans. The accuracy of the impairment allowances depends on how closely the estimated future cash flows mirror actual experience.

**b) Loan commitments**

Loan commitments are firm commitments to provide credit under pre-specified terms and conditions. Commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15. The Group has issued no loan commitments that are measured at FVTPL.

Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

#### 4. Risk and capital management

##### a) Risk management

###### Introduction and overview

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

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

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

###### Risk management framework

The Board of Directors ("Board") has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Board has established the Risk Management Committee ("RMCO") which reports to the MFG Group Audit, Risk and Compliance Committee ("GARCC") and is responsible for developing and monitoring Group risk management policies in their specified areas. Operational responsibility for asset and liability management is delegated to Executive Directors and management through the Assets and Liabilities Committee ("ALCO").

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. Risk management policies and systems are reviewed regularly to reflect changes in market conditions. The Group has a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The GARCC is responsible for monitoring compliance with the Group's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the GARCC.

###### A. 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. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor default, country and sector risk).

###### Management of credit risk

The Board has delegated responsibility for the management of credit risk to the Credit Committee ("CC") for loans and ALCO for other assets. The following measures are taken in order to manage the exposure to credit risk:

- explicit credit policies, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements;
- a rigorous authorisation structure for the approval and renewal of credit facilities. Each opportunity is researched for viability, legal/regulatory restriction and risk. If recommended, the proposal is submitted to the Board or the CC. The CC reviews lending assessments in excess of individual credit control or executive discretionary limits;
- reviewing and assessing existing credit risk and collateral. The CC assesses all credit exposures in excess of designated limits, as set out in the underwriting manual;
- limiting concentrations of exposure to counterparties, geographies and industries, and defining sector limits and lending caps;
- limiting the term of exposure to minimise interest rate risk;
- ensuring that appropriate records of all sanctioned facilities are maintained;
- ensuring regular account reviews are carried out for all accounts agreed by the CC; and
- ensuring Board approval is obtained on all decisions of the CC above the limits set out in the Group credit risk policy.



Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

4. Risk and capital management (continued)

a) Risk management (continued)

A. Credit risk (continued)

i. Credit quality analysis

Loans and advances to customers

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

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

	2024				2023			
	Stage 1 £000	Stage 2 £000	Stage 3 £000	Total £000	Stage 1 £000	Stage 2 £000	Stage 3 £000	Total £000
Grade A	340,929	-	-	340,929	343,339	-	-	343,339
Grade B	-	17,222	5,932	23,154	-	5,778	3,700	9,478
Grade C	-	5	12,292	12,297	-	2	16,566	16,568
Gross value	340,929	17,227	18,224	376,380	343,339	5,780	20,266	369,385
Allowance for impairment	(689)	(35)	(9,510)	(10,234)	(184)	(6)	(9,081)	(9,271)
Carrying value	340,240	17,192	8,714	366,146	343,155	5,774	11,185	360,114

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.

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

	2024				2023			
	Stage 1 £000	Stage 2 £000	Stage 3 £000	Total £000	Stage 1 £000	Stage 2 £000	Stage 3 £000	Total £000
Current	333,064	-	-	333,064	337,494	-	-	337,494
Overdue < 30 days	7,865	-	-	7,865	5,845	-	-	5,845
Overdue > 30 days	-	17,227	18,224	35,451	-	5,780	20,266	26,046
Gross value	340,929	17,227	18,224	376,380	343,339	5,780	20,266	369,385

	2024				2023			
	Stage 1 £000	Stage 2 £000	Stage 3 £000	Total £000	Stage 1 £000	Stage 2 £000	Stage 3 £000	Total £000
Net remeasurement of loss allowance	199	36	10,787	11,022	141	6	10,316	10,463
New financial assets originated or purchased	512	-	12	524	67	1	35	103
Financial assets that have been derecognised	(22)	(1)	(106)	(129)	(24)	(1)	(369)	(394)
Write-offs	-	-	(1,183)	(1,183)	-	-	(901)	(901)
Gross value	689	35	9,510	10,234	184	6	9,081	9,271

For Stage 3 loans and advances that are overdue for more than 90 days, the Group and Bank hold collateral value of £11,982,000 (2023: £13,411,000) representing security cover of 66% (2023: 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 (2023: £nil).

Bank

The carrying amounts for Loans and advances to customers substantially agree to those of the Group and follow the same maturity profile as that of the Group.

Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

4. Risk and capital management (continued)

a) Risk management (continued)

A. Credit risk (continued)

Debt securities, cash and cash equivalents

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

	Group		Bank	
	2024 £000	2023 £000	2024 £000	2023 £000
Government bonds and treasury bills Rated A to A+	79,140	76,129	79,140	76,129
Cash and cash equivalents Rated A to A+	11,992	8,620	11,158	7,382
Trade and other receivables Unrated	13,366	3,163	13,359	3,573
	104,498	87,912	103,657	87,084

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

II. Collateral and other credit enhancements

The Group holds collateral in the form of the underlying assets (typically private and commercial vehicles, plant and machinery) to loan arrangements as security for HP, finance leases, vehicle stocking plans, block discounting, wholesale funding arrangements, integrated wholesale funding arrangements and secured commercial loan balances, which are sub-categories of loans and advances to customers. In addition, the Group will take debentures, mortgages, personal and corporate guarantees, fixed and floating charges on specific assets such as cash and shares.

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

In addition, revenue share schemes i.e., IWFA facilities have an element of capital indemnified. The arrangement is one where the Bank can recover capital or revenue losses from the introducers. As at 31 December 2024, 27.7% of loans and advances to customers (2023: 12.2%) fell into this category.

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 11 for further details). Collateral is not individually valued at each reporting date, but the fair value groups of similar collateral are considered as part of the impairment testing model.

For portfolios where the Group has never had a default in its history or has robust credit enhancements such as credit insurance or default indemnities for the entire portfolio, then no IFRS 9 provision is made. At 2024 year-end, 31% had such credit enhancements (2023: 28.0%).

The following table sets out the principal types of collateral held against different types of financial assets. The percentage represents the carrying amount of loans that have collateral.

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

Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

#### 4. Risk and capital management (continued)

##### a) Risk management (continued)

##### A. Credit risk (continued)

##### iii. Amounts arising from ECL

##### Inputs, assumptions and techniques used for estimating impairment

##### Significant increase in credit risk

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

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

##### Credit risk grades

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

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk grade deteriorates. Loans are graded A to C depending on the level of risk. Grade A relates to agreements with the lowest risk, Grade B with medium risk and Grade C relates to agreements with the highest of risk.

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

Corporate exposures	Retail exposures	All exposures
Information obtained during periodic review of customer files - e.g., audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants	Internally collected data on customer behaviour - e.g., repayment behaviour	Payment record - this includes overdue status as well as a range of variables about payment ratios
Data from credit reference agencies	Affordability matrix External data from credit reference agencies, including industry-standard credit scores	Requests for and granting of forbearance Existing forecast changes in business, financial and economic conditions

##### Definition of default

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

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

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

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

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



Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

**4. Risk and capital management (continued)**

**a) Risk management (continued)**

**A. Credit risk (continued)**

**iii. Amounts arising from ECL**

**Inputs, assumptions and techniques used for estimating impairment**

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

<b>31 December 2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
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

  

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

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

*Changes to ECL assumptions from the prior year*

As of 31 December 2024, the Group has updated its economic projections utilised in the expected credit loss calculation, shifting from the 2023 figures. This adjustment is prompted by a higher than anticipated inflation and GDP growth rate. Additionally, the forecast duration has been prolonged from two to five years, and an additional key indicator - unemployment rate, has been incorporated. 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 Group 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, wholesale and vehicle stocking plan loans. In addition, the Bank lends via significant introducers into the UK. At the end of 31 December 2024, one introducer accounted for more than 5% of the Bank's total lending portfolio (2023: one introducer).

**B. Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial liability obligations as they fall due.

**Management of liquidity risk**

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group uses various methods, including forecasting of cash positions, to monitor and manage its liquidity risk to avoid undue concentration of funding requirements at any point in time or from any particular source. Maturity mismatches between lending and funding are managed within internal risk policy limits.

**Minimum liquidity**

The FSA requires that the Group should be able to meet its obligations for a period of at least six months. In order to meet this requirement, the Group measures and manages its cash flow commitments, and maintains its liquid balances in a diversified portfolio of short-term bank balances, short-dated UK Government Treasury Bills and Certificates of Deposit.

Bank balances are only held with financial institutions approved by the Board, and which meet the requirements of the FSA.

Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

**4. Risk and capital management (continued)**

**a) Risk management (continued)**

**B. Liquidity risk (continued)**

**Measurement of liquidity risk**

The key measure used by the Group for managing liquidity risk is the assets and liabilities maturity profile.

The following table 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 (consolidated) (undiscounted)**

Group	Sight to 8 days	> 8 days to 1 month	> 1 month to 3 months	> 3 months to 6 months	> 6 months to 1 year	> 1 year to 3 years	> 3 years to 5 years	> 5 years	Total
31 December 2024	£000	£000	£000	£000	£000	£000	£000	£000	£000
Deposits from customers	9,016	13,010	44,111	97,353	166,118	79,123	16,561	-	425,292
Other liabilities	6,324	1	2	2	5	20	20	14,041	20,415
<b>Total liabilities</b>	<b>15,340</b>	<b>13,011</b>	<b>44,113</b>	<b>97,355</b>	<b>166,123</b>	<b>79,143</b>	<b>16,581</b>	<b>14,041</b>	<b>445,707</b>

  

Group	Sight to 8 days	> 8 days to 1 month	> 1 month to 3 months	> 3 months to 6 months	> 6 months to 1 year	> 1 year to 3 years	> 3 years to 5 years	> 5 years	Total
31 December 2023	£000	£000	£000	£000	£000	£000	£000	£000	£000
Deposits from customers	17,261	13,767	29,718	77,801	122,719	125,205	24,076	-	410,547
Other liabilities	5,467	-	2	2	5	20	20	14,051	19,567
<b>Total liabilities</b>	<b>22,728</b>	<b>13,767</b>	<b>29,720</b>	<b>77,803</b>	<b>122,724</b>	<b>125,225</b>	<b>24,096</b>	<b>14,051</b>	<b>430,114</b>

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

**Expected maturity of assets and liabilities as at the reporting date net of future interest:**

Group	Sight to 8 days	> 8 days to 1 month	> 1 month to 3 months	> 3 months to 6 months	> 6 months to 1 year	> 1 year to 3 years	> 3 years to 5 years	> 5 years	Total
31 December 2024	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Assets</b>									
Cash and cash equivalents	11,992	-	-	-	-	-	-	-	11,992
Debt securities	4,997	16,461	47,624	-	4,993	-	5,065	-	79,140
Loans and advances	21,559	35,642	45,541	43,699	57,042	125,667	35,820	1,176	366,146
Other assets	-	-	-	-	-	-	-	13,366	13,366
<b>Total assets</b>	<b>38,548</b>	<b>52,103</b>	<b>93,165</b>	<b>43,699</b>	<b>62,035</b>	<b>125,667</b>	<b>40,885</b>	<b>14,542</b>	<b>470,644</b>
<b>Liabilities</b>									
Deposits from customers	8,639	11,993	41,477	93,949	161,428	72,352	15,328	-	405,166
Other liabilities	9,103	-	-	-	-	-	-	13,950	23,053
<b>Total liabilities</b>	<b>17,742</b>	<b>11,993</b>	<b>41,477</b>	<b>93,949</b>	<b>161,428</b>	<b>72,352</b>	<b>15,328</b>	<b>13,950</b>	<b>428,219</b>

Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

4. Risk and capital management (continued)

a) Risk management (continued)

B. Liquidity risk (continued)

Group	Sight to 8 days	> 8 days to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 1 year	>1 year to 3 years	>3 years to 5 years	>5 years	Total
31 December 2023	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Assets</b>									
Cash and cash equivalents	8,620	-	-	-	-	-	-	-	8,620
Debt securities	3,499	7,976	28,275	36,379	-	-	-	-	76,129
Loans and advances	17,720	23,854	41,805	42,293	54,800	131,666	46,906	1,070	360,114
Other assets	-	-	-	-	-	-	-	6,921	6,921
<b>Total assets</b>	<b>29,839</b>	<b>31,830</b>	<b>70,080</b>	<b>78,672</b>	<b>54,800</b>	<b>131,666</b>	<b>46,906</b>	<b>7,991</b>	<b>451,784</b>
<b>Liabilities</b>									
Deposits from customers	16,884	12,750	27,084	74,397	118,029	118,434	22,843	-	390,421
Other liabilities	5,915	-	-	-	-	-	-	13,950	19,865
<b>Total liabilities</b>	<b>22,799</b>	<b>12,750</b>	<b>27,084</b>	<b>74,397</b>	<b>118,029</b>	<b>118,434</b>	<b>22,843</b>	<b>13,950</b>	<b>410,286</b>

**Bank**

The carrying amounts for Debt securities, Loans and advances to customers, Goodwill, Deposits from customers, Subordinated loans and Pension liability substantially agree to those of the Group and follow the same maturity profile as that of the Group. Of the remaining balances, cash and cash equivalents, trade and other receivables, amounts due from / to group undertakings, creditors and accrued charges all have a maturity of less than one year. The remaining assets and liabilities are all deemed repayable in more than five years.

**C. Operational risk**

Operational risk arises from the potential for inadequate systems including systems' breakdown, errors, poor management, breaches in internal controls, fraud and external events to result in financial loss or reputational damage. Operational risk also occurs when lending through an outsourced partner. The Group manages this risk through appropriate risk controls and loss mitigation actions. These actions include a balance of policies, procedures, internal controls and business continuity arrangements. Operational risk across the Group is analysed and discussed at all Board meetings, with ongoing monitoring of actions arising to address the risks identified.

**D. Market risk**

Market risk is the risk that changes in the level of interest rates, changes in the rate of exchange between currencies or changes in the price of securities and other financial contracts including derivatives will have an adverse financial impact. The primary market risk within the Group is interest rate risk exposure. As at 31 December 2024 and 2023, the fair value of the financial instruments as presented in the following interest risk table are considered to be equal to their carrying amounts.

Interest rate risk arises from the difference between the maturity of capital and interest payable on customer deposit accounts, and the maturity of capital and interest receivable on loans and financing. The differing maturities on these products create interest rate risk exposures due to the imperfect matching of different financial assets and liabilities. The risk is managed on a continuous basis by management and reviewed by the Board. The Group monitors interest rate risk monthly via the ALCO.

The matching of the maturity interest rates of assets and liabilities is fundamental to the management of the Group. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest bearing liabilities as they mature are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates.

Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

4. Risk and capital management (continued)

a) Risk management (continued)

D. Market risk (continued)

Interest risk re-pricing table

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 customer accounts at the earliest:

Group	Sight to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 1 year	>1 year to 3 years	>3 years to 5 years	> 5 years	Non-Interest Bearing	Total
31 December 2024	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Assets</b>									
Cash and cash equivalents	11,992	-	-	-	-	-	-	-	11,992
Debt securities	21,458	47,624	-	4,993	-	5,065	-	-	79,140
Loans and advances	57,201	45,541	43,699	57,042	125,667	35,820	1,176	-	366,146
Other assets	-	-	-	-	-	-	-	13,366	13,366
<b>Total assets</b>	<b>90,651</b>	<b>93,165</b>	<b>43,699</b>	<b>62,035</b>	<b>125,667</b>	<b>40,885</b>	<b>1,176</b>	<b>13,366</b>	<b>470,644</b>
<b>Liabilities</b>									
Deposits from customers	20,632	41,477	93,949	161,428	72,352	15,328	-	-	405,166
Other liabilities	9,103	-	-	-	-	-	13,950	-	23,053
<b>Total liabilities</b>	<b>29,735</b>	<b>41,477</b>	<b>93,949</b>	<b>161,428</b>	<b>72,352</b>	<b>15,328</b>	<b>13,950</b>	<b>-</b>	<b>428,219</b>
<b>Interest rate sensitivity gap</b>	<b>60,916</b>	<b>51,688</b>	<b>(50,250)</b>	<b>(99,393)</b>	<b>53,315</b>	<b>25,557</b>	<b>(13,560)</b>	<b>13,366</b>	<b>42,425</b>
<b>Group</b>	<b>Sight to 1 month</b>	<b>&gt;1 month to 3 months</b>	<b>&gt;3 months to 6 months</b>	<b>&gt;6 months to 1 year</b>	<b>&gt;1 year to 3 years</b>	<b>&gt;3 years to 5 years</b>	<b>&gt; 5 years</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
<b>31 December 2023</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Assets</b>									
Cash and cash equivalents	8,620	-	-	-	-	-	-	-	8,620
Debt securities	11,475	28,275	36,379	-	-	-	-	-	76,129
Loans and advances	41,574	41,805	42,293	54,800	131,666	46,906	1,070	-	360,114
Other assets	-	-	-	-	-	-	-	6,921	6,921
<b>Total assets</b>	<b>61,669</b>	<b>70,080</b>	<b>78,672</b>	<b>54,800</b>	<b>131,666</b>	<b>46,906</b>	<b>1,070</b>	<b>6,921</b>	<b>451,784</b>
<b>Liabilities and equity</b>									
Deposits from customers	29,634	27,084	74,397	118,029	118,434	22,843	-	-	390,421
Other liabilities	-	-	-	-	-	-	13,950	5,915	19,865
<b>Total liabilities</b>	<b>29,634</b>	<b>27,084</b>	<b>74,397</b>	<b>118,029</b>	<b>118,434</b>	<b>22,843</b>	<b>13,950</b>	<b>5,915</b>	<b>410,286</b>
<b>Interest rate sensitivity gap</b>	<b>32,035</b>	<b>42,996</b>	<b>4,275</b>	<b>(63,229)</b>	<b>13,232</b>	<b>24,063</b>	<b>(12,880)</b>	<b>1,006</b>	<b>41,498</b>



Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

4. Risk and capital management (continued)

a) Risk management (continued)

D. Market risk (continued)

Sensitivity analysis for interest rate risk

The Group monitors the impact of changes in interest rates on the above interest rate mismatch positions using a method consistent with the FSA required reporting standard. The methodology applies weightings to the net interest rate sensitivity gap in order to quantify the impact of an adverse change in interest rates of 2.0% per annum (2023: 2.0%). The following tables set out the estimated total impact of such a change based on the mismatch at the reporting date: -

Group	Sight to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 1 year	>1 year to 3 years	>3 years to 5 years	> 5 years	Non- Interest Bearing	Total
<b>31 December 2024</b>									
Interest rate sensitivity gap (£000)	70,019	51,688	(50,250)	(99,393)	53,315	25,557	(13,560)	13,366	45,892
Weighting	-	0.003	0.007	0.014	0.027	0.054	0.115	-	-
Cumulative (£000)	-	155	(352)	(1,392)	1,440	1,380	(1,469)	-	(238)

Group	Sight to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 1 year	>1 year to 3 years	>3 years to 5 years	> 5 years	Non- Interest Bearing	Total
<b>31 December 2023</b>									
Interest rate sensitivity gap (£000)	32,035	42,996	4,275	(63,229)	13,232	24,063	(12,880)	1,006	41,498
Weighting	-	0.003	0.007	0.014	0.027	0.054	0.115	-	-
Cumulative (£000)	-	129	30	(885)	357	1,299	(1,481)	-	551

b) Classification of financial assets and financial liabilities

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

Group	FVOCI - Debt instruments £000	FVOCI - equity instruments £000	Amortised cost £000	Total carrying amount £000
<b>31 December 2024</b>				
Cash and cash equivalents	-	-	11,992	11,992
Debt securities	79,140	-	-	79,140
Loans and advances to customers	-	-	366,146	366,146
Trade and other receivables	-	-	13,366	13,366
<b>Total financial assets</b>	<b>79,140</b>	<b>-</b>	<b>391,504</b>	<b>470,644</b>
Customer accounts	-	-	405,166	405,166
Amounts due to Group undertakings	-	-	1,635	1,635
Creditor and accrued charges	-	-	7,277	7,277
Subordinated loans	-	-	13,950	13,950
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>428,028</b>	<b>428,028</b>

Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

**4. Risk and capital management (continued)**

**b) Classification of financial assets and financial liabilities (continued)**

Group	FVOCI - Debt instruments £000	FVOCI - equity instruments £000	Amortised cost £000	Total carrying amount £000
<b>31 December 2023</b>				
Cash and cash equivalents	-	-	8,620	8,620
Debt securities	76,129	-	-	76,129
Loans and advances to customers	-	-	360,114	360,114
Trade and other receivables	-	-	3,163	3,163
Amounts due from Group undertakings	-	-	-	-
<b>Total financial assets</b>	<b>76,129</b>	<b>-</b>	<b>371,897</b>	<b>448,026</b>
Customer accounts	-	-	390,421	390,421
Amounts due to Group undertakings	-	-	1,383	1,383
Creditor and accrued charges	-	-	4,193	4,193
Subordinated loans	-	-	13,950	13,950
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>409,947</b>	<b>409,947</b>

**c) Capital management**

**Regulatory capital**

The Group and its subsidiaries maintain sufficient capital stock to cover risks inherent in their principal operating activities. The lead regulator of 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 the Group and Bank's approach to capital management from the prior year.

The Group considers capital to comprise share capital, reserves and subordinated loans. Capital is deployed by the Board to meet the commercial objectives of the Group, whilst meeting regulatory requirements. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor, depositor and market confidence and to sustain future development of the business. In implementing current capital requirements, in line with Basel III, the FSA has updated its directions requiring the Group to maintain a prescribed ratio of Common Equity Tier 1 capital ("CET1"), Tier 1 and Total Capital to total risk-weighted assets. This requirement has been adhered to throughout the year. The Group's regulatory capital is analysed into three tiers:

- CET1 capital, which includes ordinary share capital, share premium and retained earnings;
- Tier 1 capital, which is calculated as CET1 capital plus additional Tier 1 capital ("AT1"). AT1 capital is defined as instruments that are not common equity but are eligible to be included in this tier, such as contingent convertible bonds that absorb losses if regulatory capital falls below levels determined by the regulator; and
- Tier 2 capital, which includes collective impairment allowances up to the level set by the FSA and subordinated loan liabilities.

During the year, the Group's regulatory capital was analysed in two tiers:

- Tier 1 capital, which includes ordinary share capital, share premium and retained earnings; and
- Tier 2 capital, which includes collective impairment allowances up to the level set by the FSA, subordinated loan liabilities and unrealised gains on financial instruments carried at fair value.

Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

4. Risk and capital management (continued)

c) Capital management (continued)

The Bank's regulatory capital position at 31 December was as follows:

	2024 £000	2023 £000
<b>Tier 1 capital</b>		
Ordinary share capital	24,000	21,000
Retained earnings ^	18,603	18,020
Deduction for goodwill	(448)	(448)
Deduction of parent receivable	-	-
Deduction for intangible assets	(1,690)	(1,675)
<b>Total Tier 1 capital</b>	<b>40,465</b>	<b>36,897</b>
<b>Tier 2 capital</b>		
Subordinated loans	13,950	13,950
Collective allowances for impairment	723	190
<b>Total Tier 2 capital</b>	<b>14,673</b>	<b>14,140</b>
<b>Total regulatory capital</b>	<b>55,138</b>	<b>51,037</b>
<b>Total risk-weighted assets</b>	<b>324,539</b>	<b>324,156</b>
<b>Risk asset ratio</b>		
Tier 1 capital ratio	12.5%	11.5%
Total regulatory capital expressed as a percentage of total risk-weighted assets	17.0%	15.9%

^ Retained earnings used in the risk asset ratio calculation can vary from that shown on the statement of financial position due to the classification of certain items within the calculation as prescribed by the FSA. The main adjustment relates to profit for the year which cannot be recognised as capital until the financial statements have been audited unless an interim period is first verified by an external auditor. Another adjustment is that intercompany receivables are deducted from Tier 1 capital.

The Bank had a tier 1 capital ratio of 12.5% (2023: 11.5%) and total capital ratio of 17.0% (2023: 15.9%) which exceeded the regulatory minimum requirement of 8.7% and 15.3%, respectively.

**Fair value of financial 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:

**Valuation models**

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.

Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

4. Risk and capital management (continued)

d) Fair value of financial instruments (continued)

Financial instruments measured at fair value - fair value hierarchy

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.

Group	Carrying Amount Total £000	Fair value			
		Level 1 £000	Level 2 £000	Level 3 £000	Total £000
<b>31 December 2024</b>					
<b>Financial assets measured at fair value</b>					
Debt securities	79,140	-	79,140	-	79,140
	<u>79,140</u>	<u>-</u>	<u>79,140</u>	<u>-</u>	<u>79,140</u>
<b>Financial assets not measured at fair value</b>					
Cash and cash equivalents	11,992	-	-	-	-
Loans and advances to customers	366,146	-	-	-	-
Trade and other receivables	13,366	-	-	-	-
Amounts due from Group undertakings	-	-	-	-	-
	<u>391,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>					
Customer accounts	405,166	-	-	-	-
Amounts due to Group undertakings	1,635	-	-	-	-
Subordinated loan	13,950	-	-	-	-
Creditors and accruals	7,277	-	-	-	-
	<u>428,028</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Group	Carrying Amount Total £000	Fair value			
		Level 1 £000	Level 2 £000	Level 3 £000	Total £000
<b>31 December 2023</b>					
<b>Financial assets measured at fair value</b>					
Debt securities	76,129	-	76,129	-	76,129
	<u>76,129</u>	<u>-</u>	<u>76,129</u>	<u>-</u>	<u>76,129</u>
<b>Financial assets not measured at fair value</b>					
Cash and cash equivalents	8,620	-	-	-	-
Loans and advances to customers	360,114	-	-	-	-
Amounts due from Group undertakings	3,362	-	-	-	-
Trade and other receivables	-	-	-	-	-
	<u>372,096</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>					
Customer accounts	390,421	-	-	-	-
Amounts due to Group undertakings	1,383	-	-	-	-
Subordinated loan	13,950	-	-	-	-
Creditors and accruals	4,392	-	-	-	-
	<u>410,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The financial assets and liabilities carrying amounts are deemed to be a reasonable approximation of fair value.



Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

4. Risk and capital management (continued)

d) Fair value of financial instruments (continued)

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.

Financial instruments measured at fair value

Where available, the fair value of financial instruments is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates, prepayment rates and primary origination or secondary market spreads. For collateral-dependent impaired loans, the fair value is measured based on the value of the underlying collateral. Input into the models may include data from third party brokers based on over-the-counter trading activity, and information obtained from other market participants, which includes observed primary and secondary transactions.

5. Interest income

	Group		Bank	
	2024 £000	2023 £000	2024 £000	2023 £000
<b>Interest income</b>				
Loans and advances to customers	41,001	33,890	40,989	33,890
<b>Total interest income calculated using the effective interest method</b>	<b>41,001</b>	<b>33,890</b>	<b>40,989</b>	<b>33,890</b>

6. Impairment of 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:

	Group		Bank	
	2024 £000	2023 £000	2024 £000	2023 £000
Impairment allowances made	5,382	3,434	5,382	3,434
Reversal of allowances previously made	(3,771)	(2,837)	(3,771)	(2,837)
	1,611	597	1,611	597

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

	Group		Bank	
	2024 £000	2023 £000	2024 £000	2023 £000
Collective impairment allowances made	563	656	563	656
Release of allowances previously made	(28)	(682)	(28)	(682)
<b>Total charge / (credit) for allowances for impairment on financial assets managed on a collective basis</b>	<b>535</b>	<b>(26)</b>	<b>535</b>	<b>(26)</b>
<b>Total charge for allowances for impairment</b>	<b>2,146</b>	<b>571</b>	<b>2,146</b>	<b>571</b>

Changes in the gross carrying amount of financial instruments is driven by new loans advanced during the reporting period of £162 million (2023: £193 million), contributing to increased allowances for impairment. Note 11 discloses the loans written off during the period which contributed to a reduction in impairment allowances.

Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

## 7. Profit before taxation

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

	Group		Bank	
	2024 £000	2023 £000	2024 £000	2023 £000
Directors' fees	123	128	63	128
Directors' remuneration	999	920	744	920
Directors' pensions	70	64	70	64
Directors' performance related pay	165	125	165	125
Fees payable to the Company's auditor for the audit of the Group's financial statements	117	86	117	86
<i>Other fees payable to the Company's auditor:</i>				
Audit of the Company's subsidiary undertakings	23	22	23	22
Other assurance service fees	30	10	30	10
Other services - tax compliance	4	4	4	4
Pension cost defined contribution scheme	8	11	8	11

## 8. Income tax

	Group		Bank	
	2024 £000	2023 £000	2024 £000	2023 £000
<b>Current tax expense</b>				
Current year	221	283	148	225
	221	283	148	225
<b>Deferred tax expense</b>				
Previously unrecognised temporary differences	(32)	47	(32)	-
	(32)	47	(32)	-
<b>Total tax expense</b>	<b>189</b>	<b>330</b>	<b>149</b>	<b>225</b>

Group	2024 £000	2023 £000
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### Reconciliation of effective tax rate

Profit before tax on continuing operations		1,880		2,493
Tax using the Bank's domestic tax rate	10.0%	188	10.0%	249
Effect of tax rates in foreign jurisdictions	1.0%	18	1.2%	29
Tax reliefs	0.2%	3	0.0%	-
Non-deductible expenses	0.6%	12	2.0%	52
Previously unrecognised temporary differences	(1.7%)	(32)	0.0%	-
<b>Total tax expense</b>	<b>10.1%</b>	<b>189</b>	<b>13.2%</b>	<b>330</b>

Bank	2024 £000	2023 £000
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### Reconciliation of effective tax rate

Profit before tax on continuing operations		1,727		2,187
Tax using the Bank's domestic tax rate	10.0%	173	10.0%	219
Non-deductible expenses	0.5%	8	0.3%	6
Previously unrecognised temporary differences	(1.7%)	(32)	0.0%	-
<b>Total tax expense</b>	<b>8.8%</b>	<b>149</b>	<b>10.3%</b>	<b>225</b>

The main rate of corporation tax in the Isle of Man is 0.0% (2023: 0.0%), however the profits of the Group's Isle of Man banking activities are taxed at 10.0% (2023: 10.0%). The profits of the Group's subsidiaries that are subject to UK corporation tax are taxed at a rate of 25.0% (2023: 25.0%). The value of temporary differences recognised as a deferred tax liability for the Group is £145,000 (2023: £177,000) and £96,000 (2023: £128,000) for the Bank.

Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

9. Cash and cash equivalents

	Group		Bank	
	2024 £000	2023 £000	2024 £000	2023 £000
Cash at bank and in hand	11,992	8,620	11,158	7,382
	11,992	8,620	11,158	7,382

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

10. Debt securities

	Group		Bank	
	2024 £000	2023 £000	2024 £000	2023 £000
<b>Financial assets at FVOCI:</b>				
UK Government Treasury Bills	79,140	76,129	79,140	76,129
	79,140	76,129	79,140	76,129

Debt securities are stated at fair value and unrealised changes in the fair value are reflected in equity. There were £4,266,139 of realised gains (2023: £1,893,000) and £395,000 of unrealised loss (2023: £324,000 realised gains) during the year.

11. Loans and advances to customers

Group	Gross Amount £000	2024 Impairment Allowance £000	Carrying Value £000	Gross Amount £000	2023 Impairment Allowance £000	Carrying Value £000
HP balances	115,403	(4,503)	110,900	119,641	(4,141)	115,500
Finance lease balances	23,163	(3,033)	20,130	24,878	(3,050)	21,828
Unsecured personal loans	103,019	(958)	102,061	75,668	(491)	75,177
Vehicle stocking plans	1,714	-	1,714	1,973	-	1,973
Wholesale funding arrangements	23,851	-	23,851	21,503	-	21,503
Block discounting	40,845	-	40,845	47,520	-	47,520
Secured commercial loans	30,940	(575)	30,365	25,788	(516)	25,272
Secured personal loans	901	-	901	1,171	-	1,171
Government backed loans	25,760	(1,165)	24,595	41,163	(1,073)	40,090
Property secured	10,784	-	10,784	10,080	-	10,080
	376,380	(10,234)	366,146	369,385	(9,271)	360,114

Bank	Gross Amount £000	2024 Impairment Allowance £000	Carrying Value £000	Gross Amount £000	2023 Impairment Allowance £000	Carrying Value £000
HP balances	115,403	(4,503)	110,900	119,641	(4,141)	115,500
Finance lease balances	23,163	(3,033)	20,130	24,878	(3,050)	21,828
Unsecured personal loans	102,854	(958)	101,896	75,668	(491)	75,177
Vehicle stocking plans	1,714	-	1,714	1,973	-	1,973
Wholesale funding arrangements	23,851	-	23,851	21,503	-	21,503
Block discounting	40,845	-	40,845	47,520	-	47,520
Secured commercial loans	30,940	(575)	30,365	25,788	(516)	25,272
Secured personal loans	901	-	901	1,132	-	1,132
Government backed loans	25,760	(1,165)	24,595	41,163	(1,073)	40,090
Property secured	10,784	-	10,784	10,080	-	10,080
	376,215	(10,234)	365,981	369,346	(9,271)	360,075

Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

# 11. Loans and advances to customers

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

	Group		Bank	
	2024	2023	2024	2023
	£000	£000	£000	£000
<b>Allowance for impairment</b>				
Balance at 1 January	9,082	9,386	9,082	9,386
Allowance for impairment made	5,383	3,434	5,383	3,434
Release of allowances previously made	(3,771)	(2,837)	(3,771)	(2,837)
Write-offs	(1,184)	(901)	(1,184)	(901)
<b>Balance at 31 December</b>	<b>9,510</b>	<b>9,082</b>	<b>9,510</b>	<b>9,082</b>

	Group		Bank	
	2024	2023	2024	2023
	£000	£000	£000	£000
<b>Collective allowance for impairment</b>				
Balance at 1 January	189	215	189	215
Collective allowance for impairment made	563	656	563	656
Release of allowances previously made	(28)	(682)	(28)	(682)
<b>Balance at 31 December</b>	<b>724</b>	<b>189</b>	<b>724</b>	<b>189</b>
<b>Total allowances for impairment</b>	<b>10,234</b>	<b>9,271</b>	<b>10,234</b>	<b>9,271</b>

Advances on preferential terms are available to all Executive Directors, management and staff. As at 31 December 2024, £679,828 (2023: £1,152,609) had been lent on this basis. In the Group's ordinary course of business, advances may be made to MFG Shareholders, but all such advances are made on normal commercial terms.

As detailed below, at the end of the current financial year 12 loan exposures exceeded 10.0% of the capital base of the Bank and Group, (2023: 15 loan exposures):

Exposure	Outstanding Balance		Facility Limit
	2024	2023	2024
	£000	£000	£000
Block discounting facility	40,749	47,520	83,700
Wholesale funding agreement	23,851	21,503	26,331



Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

### 11. Loans and advances to customers (continued)

#### HP and finance lease receivables

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

	Group		Bank	
	2024 £000	2023 £000	2024 £000	2023 £000
Less than one year	84,500	72,426	84,500	72,426
Between one and five years	67,875	72,093	67,875	72,093
<b>Gross investment in HP and finance lease receivables</b>	<b>152,375</b>	<b>144,519</b>	<b>152,375</b>	<b>144,519</b>

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

	Group		Bank	
	2024 £000	2023 £000	2024 £000	2023 £000
Less than one year	80,687	68,822	80,687	68,822
Between one and five years	64,813	68,506	64,813	68,506
<b>Net investment in HP and finance lease receivables</b>	<b>145,500</b>	<b>137,328</b>	<b>145,500</b>	<b>137,328</b>

### 12. Trade and other receivables

	Group		Bank	
	2024 £000	2023 £000	2024 £000	2023 £000
Prepayments and other debtors	13,366	3,163	13,359	3,573
	<b>13,366</b>	<b>3,163</b>	<b>13,359</b>	<b>3,573</b>

Included in the debtor balance is indebtedness from Payment Assist Limited, an entity with common ownership of £9,221,696 (2023: £1,682,754). These are in relation to collections in respect to the lending relationship with the Bank.

### 13. Property and equipment

Group	Leasehold improvements £000	IT equipment £000	Furniture and equipment £000	Vehicles £000	Right-of- use assets £000	Total £000
<b>Cost</b>						
As at 1 January 2024	426	468	268	40	1,398	2,600
Additions	-	7	8	-	-	15
Disposals	(188)	(175)	(11)	(11)	-	(385)
<b>As at 31 December 2024</b>	<b>238</b>	<b>300</b>	<b>265</b>	<b>29</b>	<b>1,398</b>	<b>2,230</b>
<b>Accumulated depreciation</b>						
As at 1 January 2024	247	311	87	34	286	965
Charge for the year	38	65	39	6	170	318
Eliminated on disposals	(188)	(175)	(10)	(11)	-	(384)
<b>As at 31 December 2024</b>	<b>97</b>	<b>201</b>	<b>116</b>	<b>29</b>	<b>456</b>	<b>899</b>
<b>Carrying value at 31 December 2024</b>	<b>141</b>	<b>99</b>	<b>149</b>	<b>-</b>	<b>942</b>	<b>1,331</b>
Carrying value at 31 December 2023	179	157	181	6	1,112	1,635

Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

13. Property and equipment (continued)

Bank	Leasehold improvements £000	IT Equipment £000	Furniture and equipment £000	Vehicles £000	Right-of-use assets £000	Total £000
<b>Cost</b>						
As at 1 January 2024	274	363	169	40	1,020	1,866
Transfers	99	28	63	-	-	190
Additions	-	7	9	-	-	16
Disposals	(188)	(175)	(11)	(11)	-	(385)
<b>As at 31 December 2024</b>	<b>185</b>	<b>223</b>	<b>230</b>	<b>29</b>	<b>1,020</b>	<b>1,687</b>
<b>Accumulated depreciation</b>						
As at 1 January 2024	212	247	66	34	211	770
Charge for the year	18	53	26	6	94	197
Eliminated on disposals	(188)	(175)	(10)	(11)	-	(384)
<b>As at 31 December 2024</b>	<b>42</b>	<b>125</b>	<b>82</b>	<b>29</b>	<b>305</b>	<b>583</b>
<b>Carrying value at 31 December 2024</b>	<b>143</b>	<b>98</b>	<b>148</b>	<b>-</b>	<b>715</b>	<b>1,104</b>
Carrying value at 31 December 2023	62	116	103	6	809	1,096

14. Intangible assets

Group	Intellectual property rights £000	IT software £000	Total £000
<b>Cost</b>			
As at 1 January 2024	1,545	2,053	3,598
Additions	64	7	71
Disposals	-	(488)	(488)
<b>As at 31 December 2024</b>	<b>1,609</b>	<b>1,572</b>	<b>3,181</b>
<b>Accumulated amortisation</b>			
As at 1 January 2024	428	1,495	1,923
Charge for year	17	39	56
Disposals	-	(488)	(488)
<b>As at 31 December 2024</b>	<b>445</b>	<b>1,046</b>	<b>1,491</b>
<b>Carrying value at 31 December 2024</b>	<b>1,164</b>	<b>526</b>	<b>1,690</b>
Carrying value at 31 December 2023	1,117	558	1,675

  

Bank	Intellectual property rights £000	IT software £000	Total £000
<b>Cost</b>			
As at 1 January 2024	1,477	2,006	3,483
Additions	74	10	84
Disposals	-	(378)	(378)
<b>As at 31 December 2024</b>	<b>1,551</b>	<b>1,638</b>	<b>3,189</b>
<b>Accumulated amortisation</b>			
As at 1 January 2024	380	1,451	1,831
Charge for the year	(55)	101	46
Disposals	-	(378)	(378)
<b>As at 31 December 2024</b>	<b>325</b>	<b>1,174</b>	<b>1,499</b>
<b>Carrying value at 31 December 2024</b>	<b>1,226</b>	<b>464</b>	<b>1,690</b>
Carrying value at 31 December 2023	1,097	555	1,652



Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

### 15. Investment in Group undertakings

The Bank has the following investments:

Name	Nature of business	31 December 2024 Holding %	Date and place of Incorporation	Cost of investment 2024 £	Cost of investment 2023 £
Conister Finance & Leasing Ltd	Consumer finance	100.0	26.2.1996#	1	1
Manx Financial Limited	Asset finance	100.0	10.12.1999#	1,001,000	1,001,000
Transbank Card Services Limited	Dormant	100.0	12.6.2007^	1	1
Transbank Limited	Dormant	100.0	31.1.2006#	1	1
<b>Total investment at cost</b>				<b>1,001,003</b>	<b>1,001,003</b>

# Incorporated within the Isle of Man.

^ Incorporated within the United Kingdom.

### Amounts due from and to Group Companies

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.

### 16. Goodwill

	Group		Bank	
	2024 £000	2023 £000	2024 £000	2023 £000
Acquisition of Manx Collections Limited ("MCL") loan book	348	348	348	348
Acquisition adjustment MCL	211	211	211	211
Impairment MCL	(111)	(111)	(111)	(111)
	<b>448</b>	<b>448</b>	<b>448</b>	<b>448</b>

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.

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

### 17. Deposits from customers

	Group		Bank	
	2024 £000	2023 £000	2024 £000	2023 £000
Retail customers	386,526	377,899	386,526	377,899
Corporate customers	18,640	12,522	18,640	12,522
	<b>405,166</b>	<b>390,421</b>	<b>405,166</b>	<b>390,421</b>

### 18. Creditors and accrued charges

	Group		Bank	
	2024 £000	2023 £000	2024 £000	2023 £000
Commission creditors	333	174	332	173
Lease liability	987	1,147	752	830
Other creditors and accruals	5,957	2,872	5,917	3,211
	<b>7,277</b>	<b>4,193</b>	<b>7,001</b>	<b>4,214</b>

Included in other creditors is £202,000 for discretionary commissions paid to brokers in respect of motor finance.

Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

## 19. Subordinated loans

Manx Financial Group (MFG) has issued the following subordinated loans to the Bank:

Group and Bank		Interest rate	2024	2023
Creation	Maturity	% pa.	£000	£000
22 July 2013	22 July 2033	7.0	1,000	1,000
25 October 2013	25 October 2033	7.0	1,000	1,000
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 2034	7.0	400	400
23 September 2016	23 September 2036	7.0	1,100	1,100
12 May 2017	12 May 2037	7.0	450	450
24 May 2018	24 May 2038	7.0	2,000	2,000
23 March 2023	23 March 2043	7.0	6,500	6,500
			<b>13,950</b>	<b>13,950</b>

## 20. 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.

The rules of the Scheme state: "Each Employer shall pay such sums in each Scheme Year as are estimated to be required to provide the benefits of the Scheme in respect of the Members in its employ."

### Exposure to risk

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

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

Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

## 20. Pension liability (continued)

### Restriction of assets

No adjustments have been made to the reported assets or liabilities as a result of the requirements of IFRIC 14 issued by International Accounting Standards Board's International Financial Reporting Interpretations Committee.

### Scheme amendment

There have not been any past service costs or settlements in the financial year ending 31 December 2024 (2023: none).

### Funding policy

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

The most recent triennial full actuarial valuation was carried out at 31 March 2022, which showed that the market value of the Scheme's assets was £1,432,000 representing 65.2% of the benefits that had accrued to members, after allowing for expected future increases in earnings. As required by IAS 19: Employee Benefits, this valuation has been updated by the actuary as at 31 December 2024.

The amounts recognised in the consolidated and company statement of financial position are as follows:

	2024 £000	2023 £000
<b>Total underfunding in funded plans recognised as a liability</b>		
Fair value of plan assets	1,361	1,359
Present value of funded obligations	(1,407)	(1,521)
	(46)	(162)

	2024 £000	2023 £000
<b>Movement in the liability for defined benefit obligations</b>		
Opening defined benefit obligations at 1 January	1,521	1,526
Benefits paid by the plan	(80)	(77)
Interest on obligations	71	74
Actuarial gain	(105)	(2)
<b>Liability for defined benefit obligations at 31 December</b>	<b>1,407</b>	<b>1,521</b>

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

	2024 £000	2023 £000
<b>Expense recognised in statement of profit or loss and other comprehensive income</b>		
Net interest cost recognised in the statement of profit and loss	8	11

Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

**20. Pension liability (continued)**

	2024 £000	2023 £000
<b>Actuarial gain recognised in statement of other comprehensive income</b>		
(Loss) / return on plan assets	(38)	27
Actuarial gain on defined benefit obligations	105	2
	<u>67</u>	<u>29</u>

	2024 %	2023 %
<b>Plan assets consist of the following</b>		
Equity securities	42	45
Corporate bonds	18	20
Government bonds	27	28
Cash	6	2
Other	7	5
	<u>100</u>	<u>100</u>

The actuarial assumptions used to calculate scheme liabilities under IAS 19 are as follows:

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

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

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

**Sensitivity analysis**

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

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



Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

## 21. Called up share capital

<b>Authorised: Ordinary shares of 25p each</b>	<b>Number</b>	<b>£000</b>
<b>As at 31 December 2024</b>	<b>150,000,000</b>	<b>37,500</b>
As at 31 December 2023	150,000,000	37,500

  

<b>Issued and fully paid: Ordinary shares of 25p each</b>	<b>Number</b>	<b>£000</b>
<b>As at 31 December 2024</b>	<b>96,000,000</b>	<b>24,000</b>
As at 31 December 2023	84,000,000	21,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Bank. All ordinary shares rank equally with regard to the Bank's residual assets.

## 22. Analysis of changes in financing during the year

	<b>Group</b>		<b>Bank</b>	
	<b>2024 £000</b>	<b>2023 £000</b>	<b>2024 £000</b>	<b>2023 £000</b>
Opening balance	34,950	23,950	34,950	23,950
Issue of ordinary shares	3,000	4,500	3,000	4,500
Issue of subordinated loans	-	6,500	-	6,500
Payment of lease liabilities	(166)	(139)	(75)	(75)
<b>Closing balance</b>	<b>37,784</b>	<b>34,811</b>	<b>37,875</b>	<b>34,875</b>

The closing balance is represented by £24,000,000 share capital (2023: £21,000,000), £13,950,000 subordinated loans (2023: £13,950,000) and £987,000 lease liability (2023: £1,147,000).

## 23. Related party transactions

Ninkasi Rentals & Finance Limited ("NRFL") and Payment Assist Limited ("PAL") are subsidiaries of Manx Financial Group PLC ("MFG").

### Cash deposits

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

### Staff and commercial loans

Details of staff loans are given in note 11 to the Financial Statements. Advances to staff are usually between 1 and 2% lower than the market rate.

### 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 The Business Lending Exchange Limited ("BLX")

A total £7,867,000 loan facility is available to BLX, a fellow subsidiary, to provide finance required to expand its operations. Interest is charged at commercial rates. At 31 December 2024, £5,903,000 (2023: £5,623,000) had been advanced to BLX. This loan facility is repayable in cash.

### Loan advance to Ninkasi Rentals & Finance Limited ("NRFL")

A total £4,400,000 loan facility is available to NRFL a fellow subsidiary to provide the finance required to expand its operations. Interest is charged at commercial rates. At 31 December 2024, £4,400,000 (2023: £4,400,000) had been advanced to NRFL. This loan facility is repayable in cash.

### Loan advance to Payitmonthly Limited ("PIM")

A total £5,018,000 loan facility is available to PIM, an Associate of MFG, to provide the finance required to expand its operations. Interest is charged at commercial rates. At 31 December 2024, £5,000,000 (2023: £2,677,000) had been advanced to PIM. This loan facility is repayable in cash.

Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

### 23. Related party transactions (continued)

#### Loan advance to Rivers Finance Group PLC ("RFG")

A total £8,630,000 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 2024, £8,512,000 (2023: £7,530,000) had been advanced to RFG. This loan facility is repayable in cash.

As part of a finance arrangement between the Bank and RFG, MVL (a fellow subsidiary) acquired a 10% shareholding in RFG.

#### Loan advance to Payment Assist Limited ("PAL")

An Integrated Wholesale Finance Agreement ("IWFA") facility of £72,000,000 (2023: £60,000,000) and a Block facility of £7,500,000 (2023: £7,602,000) loan facility is available to PAL to provide the finance required to expand its operations. At 31 December 2024, £51,588,427 (2023: £54,469,719) and £2,929,694 (2023: £3,550,011) had been advanced to PAL under the IWFA and Block facility respectively. This loan facility is repayable in cash.

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

A total £10 million loan facility is available to LSC, an Associate of MVL, to provide the finance required to expand its operations. Interest is charged at commercial rates. At 31 December 2024, £10.8 million had been advanced to LSC. As part of a finance arrangement between the Bank and LSC, MVL acquired a 10% shareholding in LSC. This loan facility is repayable in cash.

All above loan facilities are contracted to be settled in cash.

#### Key management personnel remuneration including Executive Directors

	2024 £000	2023 £000
Remuneration - executive Directors	696	920
Remuneration - non-executive Directors	303	362
Performance Related Pay	165	125
Pension	70	60

### 24. Leases

The Group leases the head office building in the Isle of Man. The lease typically run for a period of 10 years with an option to renew the lease after that date. Lease payments are renegotiated every 10 years to reflect market rentals.

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

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

#### i. Right-of-use assets

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

Group	Land and buildings £000	Total £000
<b>Cost</b>		
As at 1 January 2024	1,398	1,398
Additions	-	-
Disposals	-	-
<b>As at 31 December 2024</b>	<b>1,398</b>	<b>1,398</b>
<b>Accumulated depreciation</b>		
As at 1 January 2024	286	286
Charge for the year	170	170
Eliminated on disposals	-	-
<b>As at 31 December 2024</b>	<b>456</b>	<b>456</b>
<b>Carrying value at 31 December 2024</b>	<b>942</b>	<b>942</b>
Carrying value at 31 December 2023	1,112	1,112

For Group and Company right of use asset disclosure, refer to note 13.



Conister Bank Limited  
Notes to the Consolidated Financial Statements (continued)

**24. Leases (continued)**

**ii. Amounts recognised in profit or loss**

	Group		Bank	
	2024 £000	2023 £000	2024 £000	2023 £000
Interest on lease liabilities	83	93	65	65
Depreciation expense	170	163	94	94
Expenses relating to short-term leases and low-value assets	-	-	-	-

**iii Amounts recognised in statement of cash flows**

	Group		Bank	
	2024 £000	2023 £000	2024 £000	2023 £000
Total cash outflow for leases	159	139	77	75

**25. 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

**26. Regulators**

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

The Bank is regulated by the FSA and the PRA for Deposit Taking licence. The Bank and CFL are regulated by the FCA to provide regulated products and services.

**27. Contingent liabilities**

The Bank is 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 the 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.

**28. Provision for Discretionary Commission Arrangements**

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

**29. Subsequent events**

There were no significant subsequent events that occurred after the year ended 31 December 2024.

