Manx Financial Group

Interim Results to 30 June 2024

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MEET THE BOARD



JIM MELLON
Executive Chairman



DENHAM EKE
Executive Vice Chairman



DOUGLAS GRANT
Chief Executive Officer



JAMES SMEED
Group Finance Director



ALAN CLARKE
Non - Executive Director



GREG JONES
Non - Executive Director



GREGORY BAILEY
Non - Executive Director



JOHN SPELLMAN
Non - Executive Director

MFG INTERIM RESULT AT A GLANCE

Highlights for the period, 6 months ended 30 June 2024.

Net Yield

12.6%
+17.8%

2023:
10.7%

Loan Book Growth

£372.8m
+8.6%

2023:
£343.3m

Deposits Growth

£409.3m
+23.1%

2023:
£332.5m

High Quality Liquid Assets
(annualised)

£95.9m
+97.3%

2023:
£48.6m

Profit Before Tax

£3.5m
+16.7%

2023:
£3.0m

Profit After Tax
(attributable to parent)

£2.4m
+26.3%

2023:
£1.9m

MFG INTERIM RESULTS COMMENTARY

2024 TO DATE

- Another record half year with a 16.7% increase in our Profit Before Tax Payable to £3.5 million
- The Group's results for the period continued to be negatively impacted by the Bank of England's fight to reduce inflation
- Net interest income reduced by 13.3% to 66.4% due to margin erosion
- Our margin erosion was partly offset by net loan book growth of £29.5 million which was supported by an improved net yield of 12.6%
- As both our lending and deposits are almost exclusively at fixed rates, and the deposit book matures more quickly than the lending book, we will experience an improvement in our NII as deposit rates start to decrease
- The loan book growth of £10.1 million to £372.8 million since the year-end (31 December 2023: £362.7 million)
- This was supported by an increase in deposits of £18.9 million to £409.3 million (31 December 2023: £390.4 million)
- This gain in deposits allowed the Group to improve its liquidity, which it holds as cash or UK Government Treasury Bills, by £7.7 million to £95.9 million (31 December 2023: £88.2 million). Total Equity attributable to shareholders of the parent increased by £2.2 million to £37.1 million since the year-end (31 December 2023: £34.9 million)

MFG INTERIM RESULTS COMMENTARY

OUTLOOK

- Though the exact content of UK Chancellor's 30 October budget is unknown, we expect significant tax hikes, likely delaying investment and spending as finances are reassessed
- While Bank of England rate cuts will offer some stimulus, overall conditions will be weaker than in the first half, impacting our full-year financial performance
- PAL faced a challenging start to the year, recording a £1.9m profit (pre transfer pricing and tax). We remain confident in remedial actions driving profitability by 2025, and fullly expect a major positive impact on the Group's full-year results
- Our foreign exchange advisory business, MFX, continues to thrive during these turbulent times
- Equally pleasingly, our Isle of Man Independent Financial Advisor, Edgewater Associates Limited, recorded a profit of £0.3 million (30 June 2023: £0.1 million)
- Our UK based sub-prime lender, The Business Lending Exchange Limited recorded a profit of £0.4 million (30 June 2023: £0.3 million)
- All other major operating subsidiaries are trading admirably and contributed, on a consolidated basis, a further £0.5 million to the Interim results
- Notwithstanding, we have businesses in the Group which thrive on volatility and there will be credit markets that will also be attractive to the Bank and our other lending subsidiaries
- However, we will continue to position the Group for the longer term, whilst seeking opportunities as and when they arise

WHO WE ARE

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

NINKASI RENTALS & FINANCE

MFX

Conister Bank

Edgewater

paymentassist

blx.
Changing the face of business lending

Manx Collections

Conister

Manx Ventures

bluestar leasing

OUR MAIN OPERATING SUBSIDIARIES

Conister Bank

Conister

CONISTER BANK

Provides a variety of financial products, services, and facilities to the Isle of Man and the UK consumer and business sectors.

£170.3m

Lending in first 6 months, 2024

2023: £182.6m

paymentassist

PAYMENT ASSIST

Payment Assist is the UK's leading automotive repair point-of-sale finance provider.

£88.8m

Lending in first 6 months, 2024

2023: £67.6m

MFX

MFX

We know foreign exchange (FX) trading and treasury activities as a source of profit, rather than merely a business function.

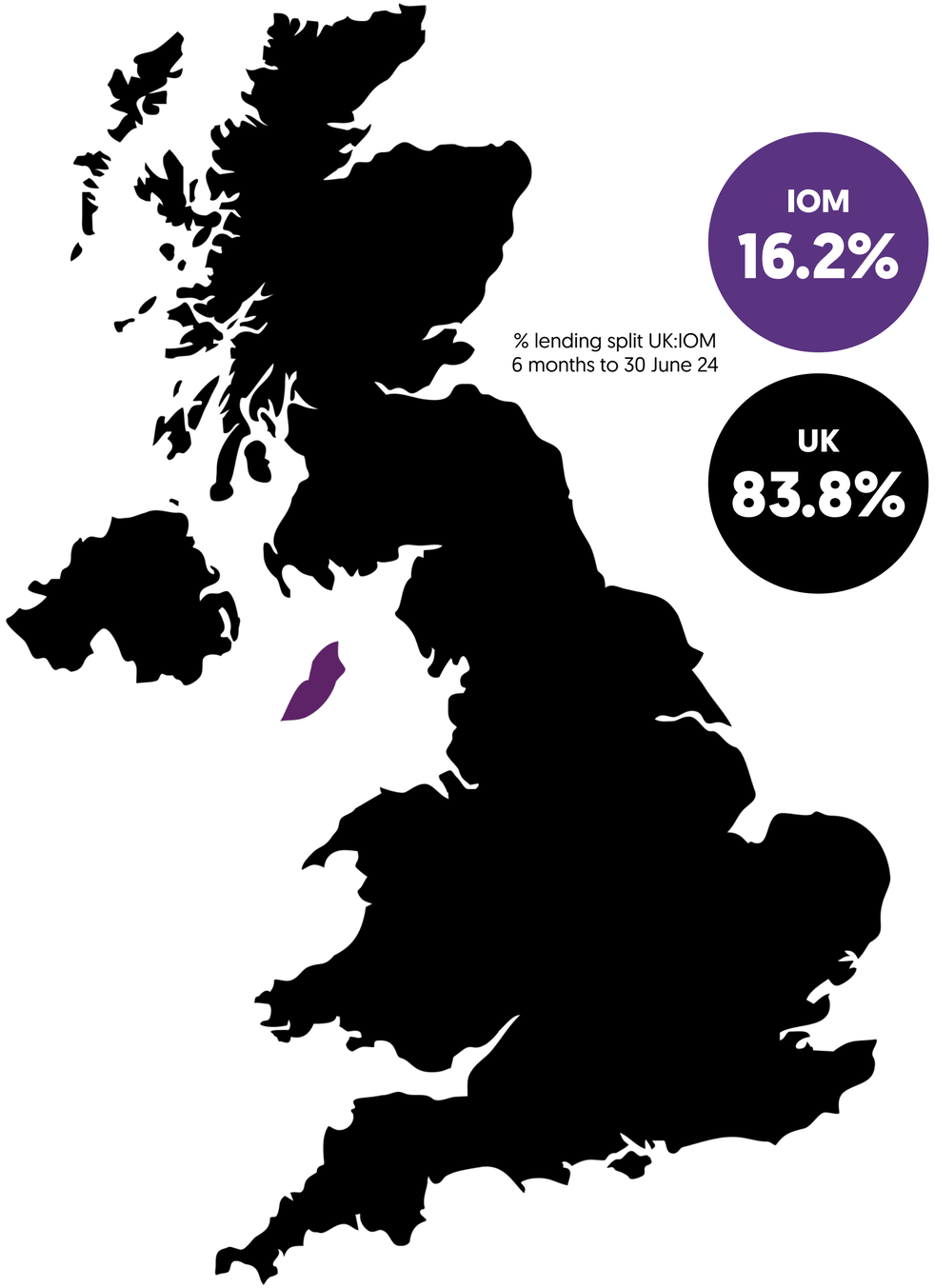
£133m

Transacted in first 6 months, 2024

2023: £100m

CONISTER BANK AT A GLANCE

- Fully licenced IOM deposit taker
- PRA/FCA approved deposit taker (October 2023)
- The majority of lending is in the UK (SMEs)
- Facility sizes: £1 - £100m
- Maximum individual exposure: £1.5m



UK MARKET

350
Licensed Banks

2.5 - 3.5K
Non Bank Lenders

50K
Credit Brokers

UK MARKET SIZE

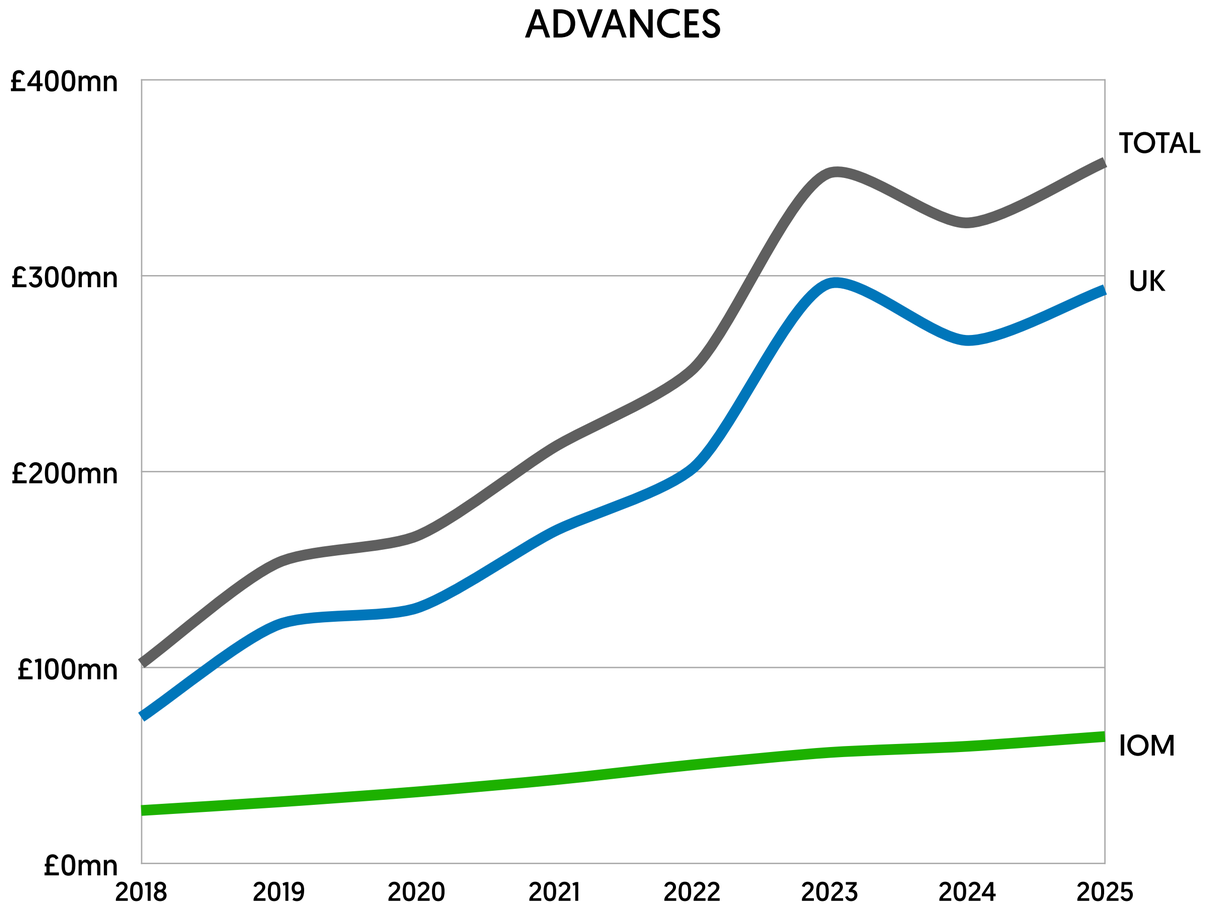
£59.2bn
(SME Only)

OUR GROWTH PLAN

MFG's strategy is to combine organic growth with strategic acquisition to further augment the range of services it offers and to gain greater market share in its preferred markets.

ORGANIC

- Gain market share in existing markets by leveraging our ability to raise liquidity and successfully deploy it to non-bank lenders
- Opportunities to cross sell existing products to our enlarged customer base - for example our 100K Payment Assist customers



OUR GROWTH PLAN

INORGANIC

- Acquiring businesses in sectors we prefer
- Replacing more expensive debt with ours (instant bottom-line improvement)
- By acquiring these businesses, we acquire the customer and their margin – further bottom-line improvement





OUR GROWTH PLAN

INCUBATE

- We have a successful track record of backing start-up businesses
- Investing in businesses that are going to compete in markets we wish to enter OR operate in our existing markets but they intend to own the end customer
- Sometimes the debt return does not match the risk so often we negotiate free equity and Options
- Backing management and their business



MANX VENTURES : OUR ENTREPRENEURIAL SUBSIDIARY



CURRENTLY HOLDS

- 100% of the issued share capital in 5 companies
- Options to acquire shareholdings in another 3 companies

REMAINDER OF 2024

- As at 23 September 2024, Manx Ventures Limited (“MVL”) now owns 100% of Payment Assist Ltd (“PAL”)
- Explore opportunities to acquire a UK General Insurance business
- Consider companies for partial or complete acquisition

THANK YOU

email: douglas.grant@mfg.im **call:** +44 (0)1624 694702 **email:** james.smeed@mfg.im **call:** +44 (0)1624 694684