

Unity Trust Bank PLC

2024 Results Presentation

Introduction

This document sets out how Unity has strengthened its performance in the year, increasing financial returns alongside advancing our impact proposition and building capability for our growth ambition.

Contents:



Section 1

Highlights of 2024

Financial and Impact Highlights



24.1%
CET 1 ratio

2023: 19.7%


£1,013.8m
loans to customers

(2023: £1,013.6m)


£65.8m
profit before tax

2023: £63.9m

Earnings Per Share
£2.03

2023: £1.97

88% 
Customer satisfaction score

2023: 92%

Named in The Sunday Times Best Places to Work 2024

Maintained gold status Investors in People accreditation

2023: Gold

50.5%
lending to areas of high deprivation

2023: 45.3%

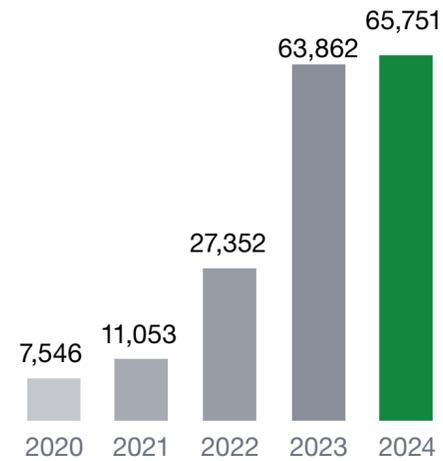

King's Award
for Enterprise in Sustainable Development



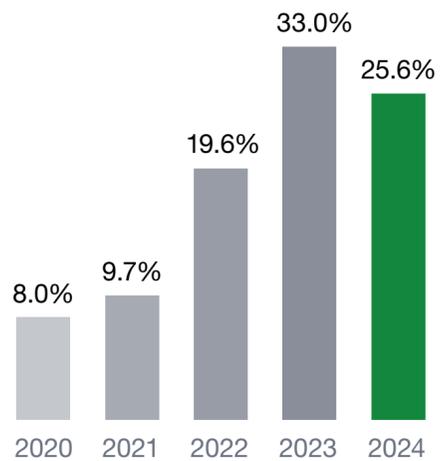
From left: Colin Fyfe (CEO), Lord Lieutenant Derrick Anderson CBE & Alan Hughes (Chairman)

Performance

Profit before Tax (PBT) (£k)



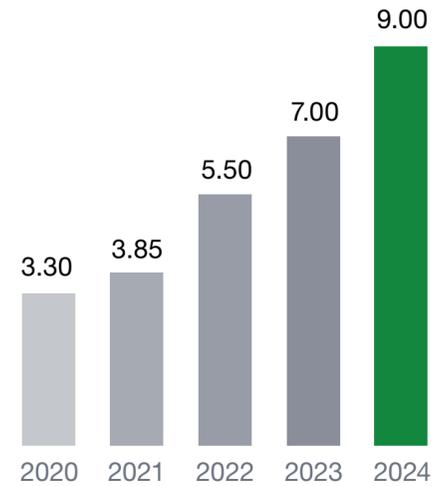
Return on Equity (ROE)



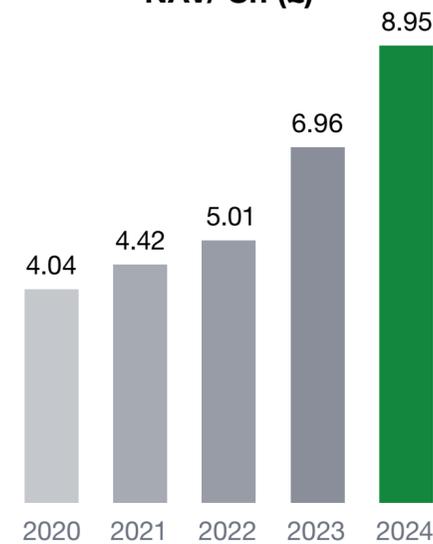
The reduction in return on equity is principally due to the increase in Unity's capital base.

Shareholder value

Dividend/share (p)

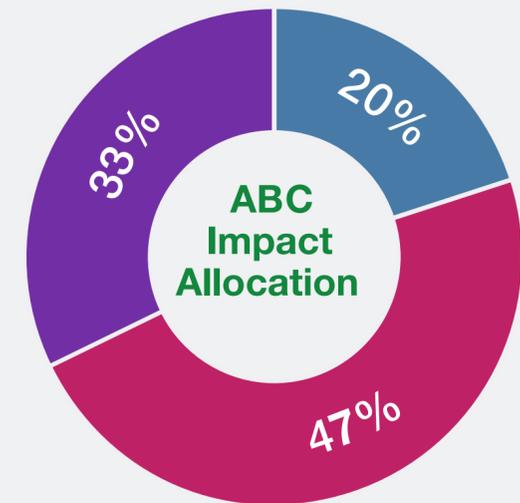


NAV/ Sh (£)



Impact

10 of 17 UN SDGs directly supported



A Act to Avoid Harm **B** Benefit Stakeholders **C** Contribute to Solutions

Delivering on our priorities in 2024



Strengthen the proposition

- ✓ Investment in human and digital services
- ✓ Created dedicated sector service teams
- ✓ Launched enhanced savings product suite and channels



Grow the business

- ✓ Record funding levels, >£150m growth in customer funding
- ✓ Sustainable financial returns with strong Return on Equity
- ✓ Income protected using interest rate swaps



Strengthen the business

- ✓ Expanded the capability within the executive committee to meet growing needs
- ✓ 82% increase in investment spend
- ✓ Strengthening the resilience of the Bank through investment in core technology and contingencies



Ethical bank of choice

- ✓ Received King's award for sustainable development
- ✓ Launched retrofitting initiative to Housing Associations
- ✓ Established theory of change, £50k donations/grants



Best place to work

- ✓ Named in The Sunday Times Best Places to Work 2024
- ✓ "Outstanding" rating in Best Companies Survey
- ✓ Maintained gold status for the Investors in People accreditation

Strengthening our Customer service and experience

Our human service enhanced by our digital platform



Customer focussed
Enhancing our Human and Digital service

 **88%**
of our customers said they were satisfied or extremely satisfied with our services

Invested in our human service

- UK based Relationship Managers and customer service advisors
- Sector specific service desks established to offer tailored support

Customer led development

- Established Customer Council to ensure customer led development
- New customer journeys tested with customers first

Building our products and services

- Retrofit initiative green scheme
- New fixed term deposit accounts
- Climate-related risk tool developed

Putting customers first

- Transparency: pricing/ statements
- Proactive customer harm mitigation
- Fair value and fair outcomes embedded

Improved digital banking

- Sector specific application forms
- SMS strong customer authentication
- Experience designed for accessibility

Service excellence

- Extended service hours
- Additional faster payments
- Confirmation of Payee

Section 2

Financial Performance

Financial results and dividends

Delivering sustainable returns

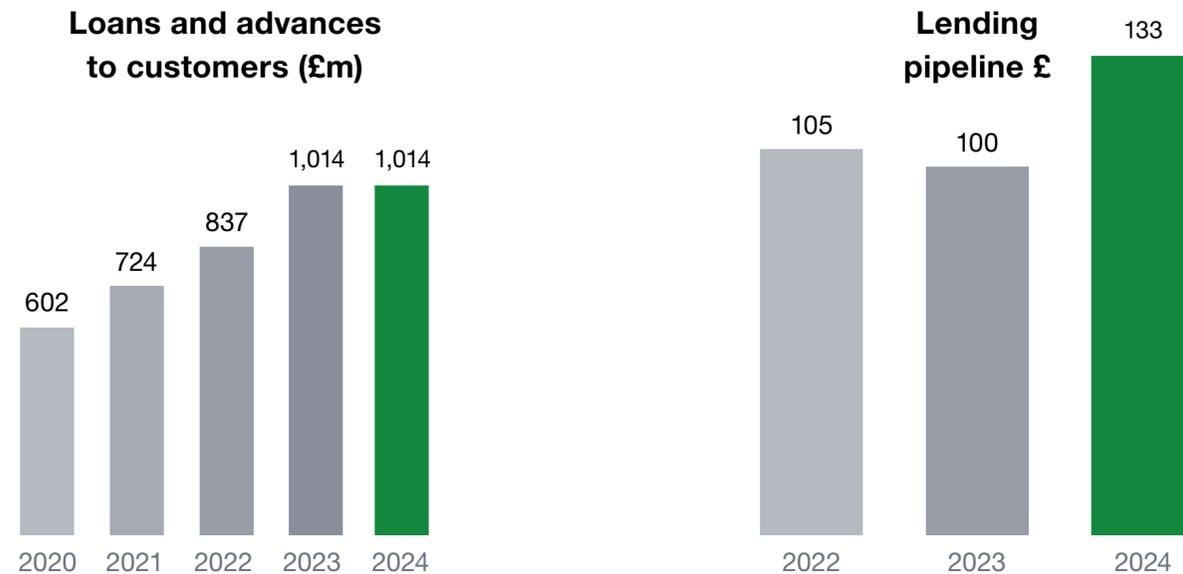
- 1 Net interest income increased by 11% to £99.3m (2023: £89.2m) reflecting the higher Bank Rate environment.
- 2 Net fee and commission income for the year decreased to £2.8m (2023: £3.2m), mainly due to an increase in transaction costs in the year.
- 3 Investment in operational resilience, digital banking, infrastructure and our workforce increased operating expenses by 33%.
- 4 A £2m loss was realised in 2024 (2023: £nil) as a result of strategic treasury repositioning activity. Lower yielding assets were replaced with higher yielding assets.
- 5 An impairment charge of £1.0m was raised in the year. Three write offs for £861k were recorded in the year (2023: three write offs for £102k).
- 6 Unity's dividend policy is to prioritise capital retention to drive business growth when its value is evident, while consistently offering reliable annual dividends.

Income Statement	2024	2023
Interest receivable and similar income	122,813	102,947
Interest expense and similar charges	(23,561)	(13,762)
1 Net Interest Income	99,252	89,185
Fee and commission income	4,205	4,405
Fee and commission expense	(1,360)	(1,169)
2 Net fee and commission income	2,845	3,236
Total income	102,097	92,421
3 Operating expenses	(33,314)	(25,011)
4 Gains/(losses) on financial instruments held at fair value	(2,015)	-
5 Impairment charge	(1,017)	(3,548)
Operating profit and Profit before taxation	65,751	63,862
Taxation charge	(15,275)	(15,004)
Profit for the year attributable to shareholders	50,476	48,858

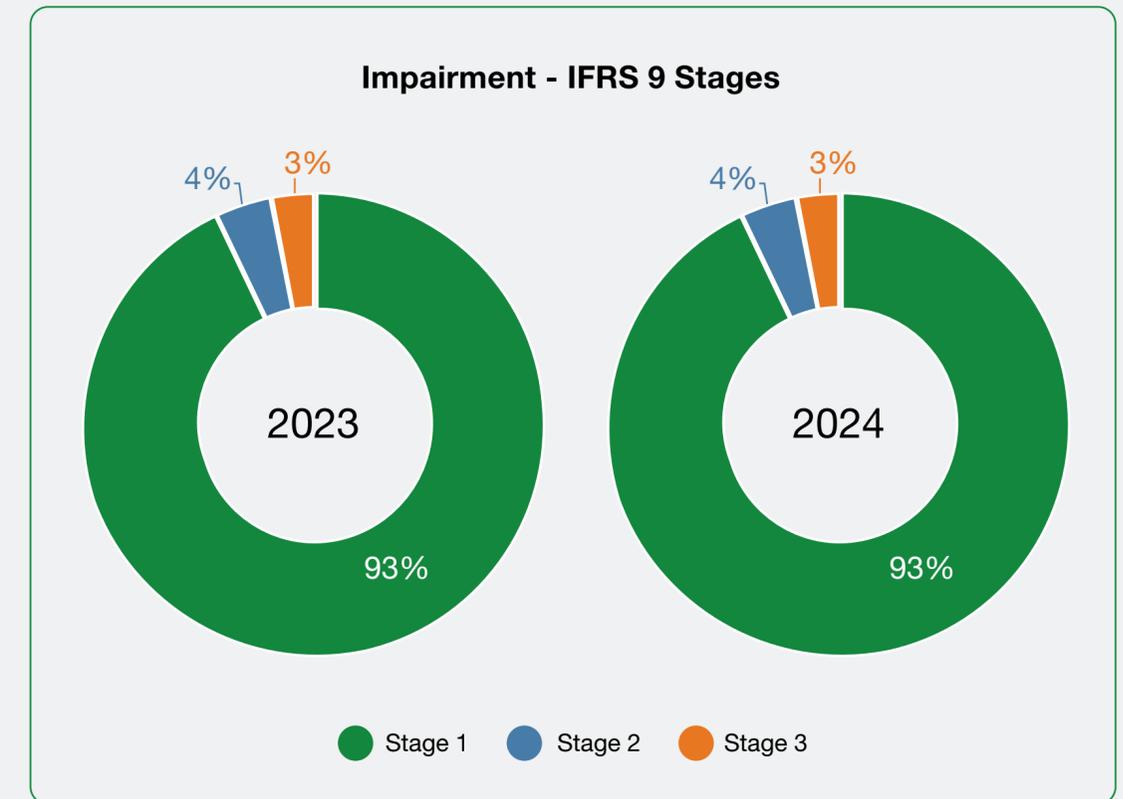
	2020	2021	2022	2023	2024
Net interest margin	1.47%	1.42%	2.68%	5.25%	5.38%
Cost income ratio	57.5%	54.2%	36.8%	27.1%	32.6%
Return on equity	8.0%	9.7%	19.6%	33.0%	25.6%
6 Dividend per ordinary share	3.30p	3.85p	5.50p	7.00p	9.00p

Establishing a more balanced growth strategy

Lending was flat as we established a more balanced growth strategy



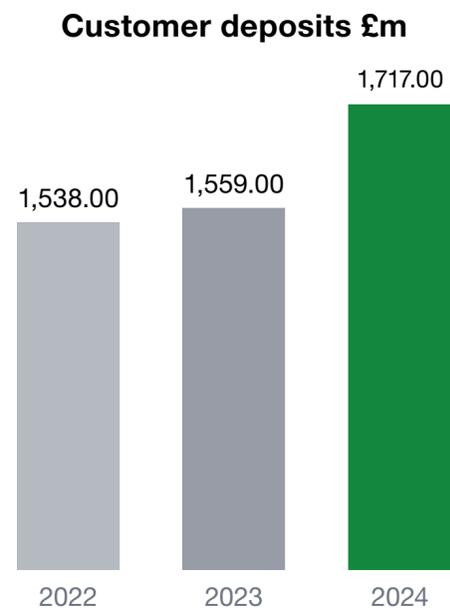
- Lending was flat at £1,014m (2023: £1,014m). £144.0m drawn down in the year (2023: £255.1m).
- Enhancing customer service and establishing a more balanced growth strategy was a key priority in 2024 following a period of sustained high levels of lending growth.
- We have achieved this balance and have established the foundations necessary to support our five year plan.
- >50% of our lending supported organisations based in or delivering services in areas of high deprivation.
- The lending pipeline at year end increased by 33% to £133m (2023: £100m).



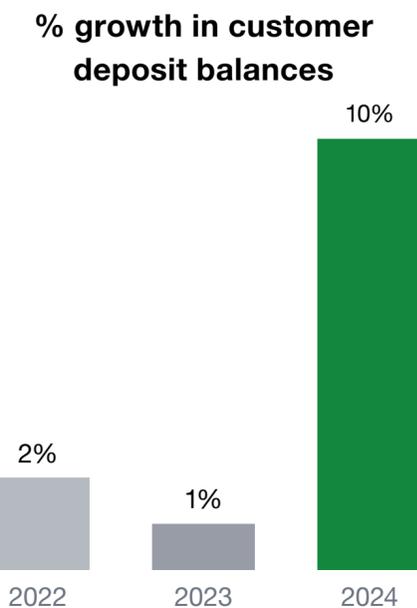
- The balance sheet provision for loan impairment at 31 December 2024 was £9.7m (2023: £9.7m).
- The provision coverage ratio was 0.90% (2023: 0.91%).
- Three write offs for £861k were recorded in the year (2023: three write offs for £102k).

Record growth in funding

Self-generating funding to support our growth ambitions



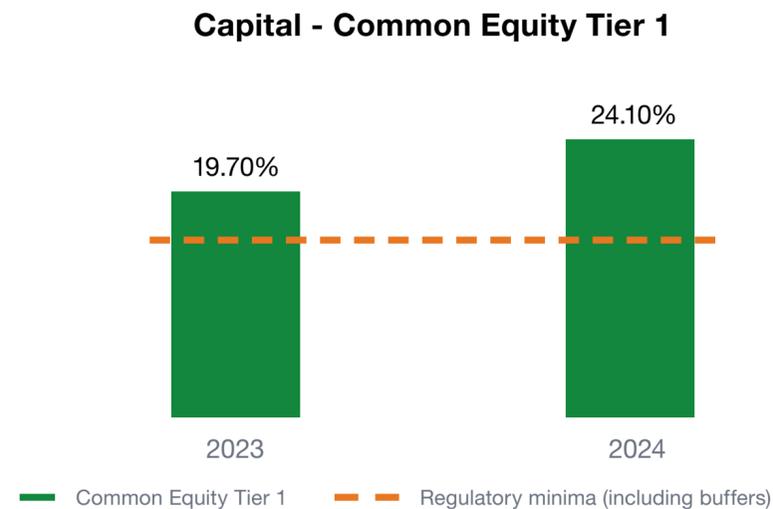
- Our liability products and channels have been enhanced over the year.
- A key success of the year has been our ability to self-generate funding to support our growth ambitions.
- Funding balances increased by £157.8m in 2024.



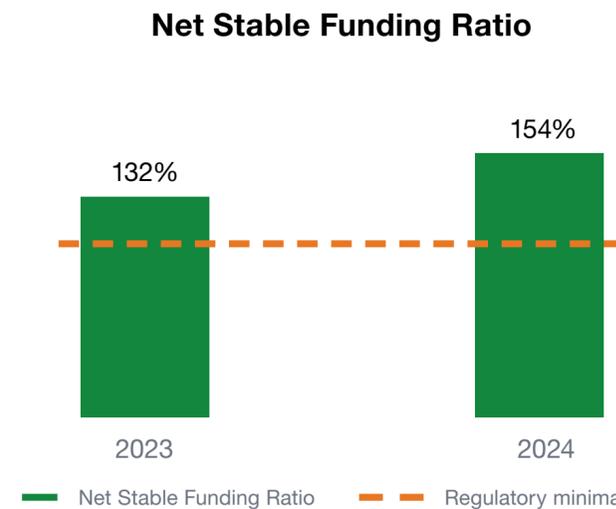
- Unity's funding base is very stable, with deposits attracted to the Bank by good customer service and its commitment to the trade union and core sectors.
- Unity has a stable funding profile consisting entirely of deposits from 10,591 customers (2023: 9,812) across a variety of sectors.

Strong capital, funding and liquidity positions

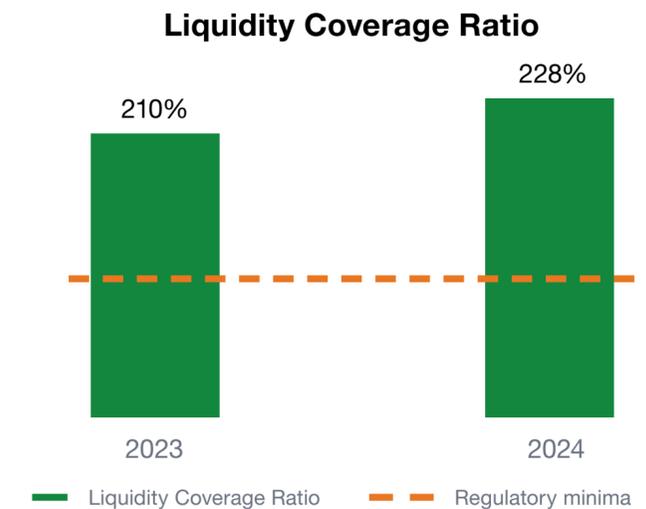
Significantly in excess of regulatory minima



- At the end of 2024, the Common Equity Tier 1 ('CET1') ratio showed a substantial surplus to regulatory requirements at 24.1%.
- Unity's regulatory minima including buffers is 15.19%.



- The Bank's Net Stable Funding Ratio ('NSFR'), a measure of the stability of the funding base, increased to 154% (2023: 134%).
- The loan to deposit ratio decreasing to 59% (2023: 65%) during the year.



- The Liquidity Coverage Ratio ('LCR'), a measure of the Bank's ability to meet short term liquidity obligations, had an average of 228% in the 12 months of 2024 (2023: 220%).

Section 3

Impact Performance

Delivering positive impact in 2024

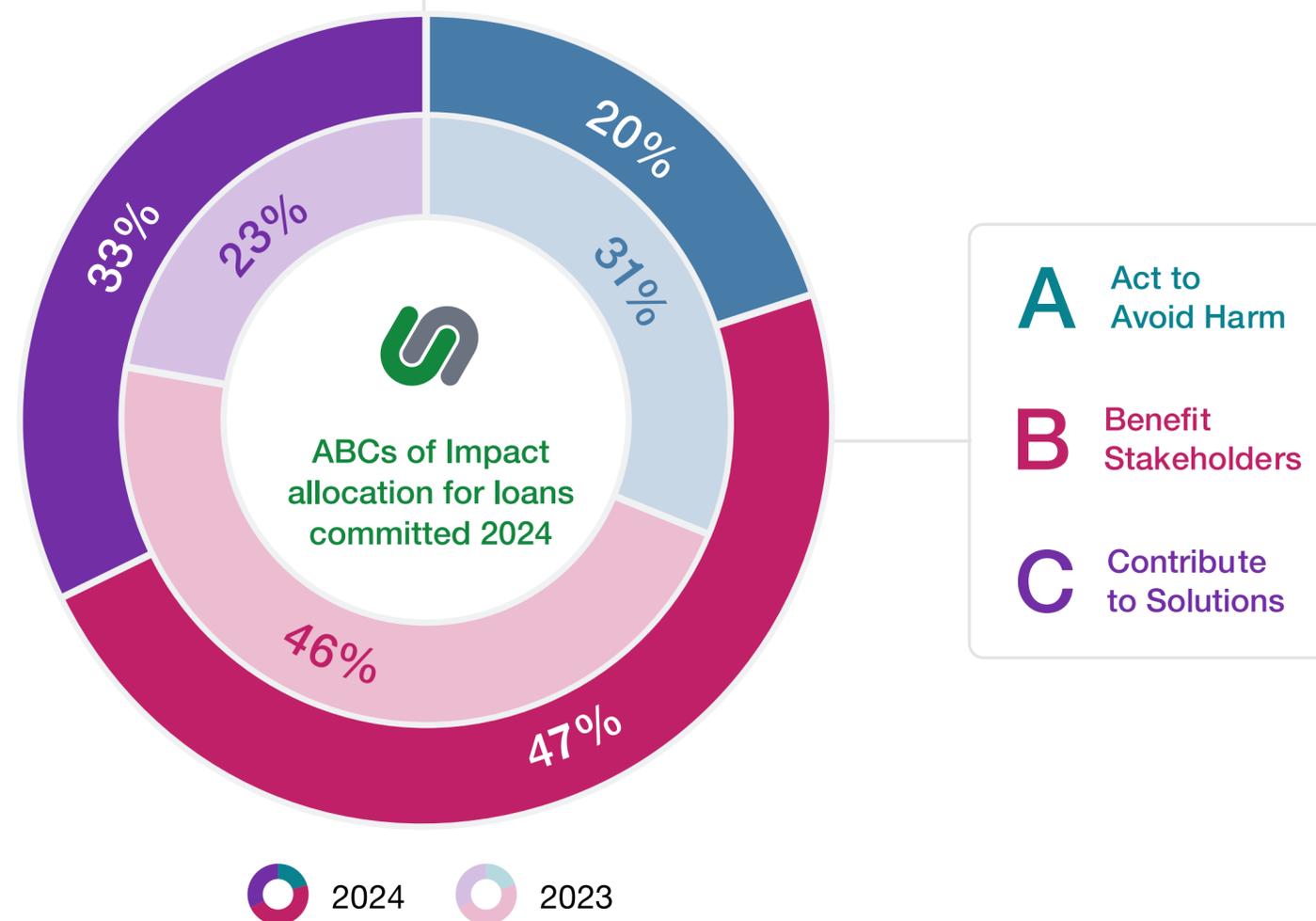
Every loan Unity approves contributes to one or more UN Sustainable Development Goal alongside a wider framework to assess positive impact.

This includes assessing loans against the 'ABCs of Impact' framework and measuring how many people access services in areas of need.

In 2024

£137 million was committed to 117 organisations

Supporting the following:



Reach by outcome area and lending committed to deprived areas 2024



1,806
Day care spaces
2023: 572

1,109
People in supported housing
2023: 1,225

216
Education spaces
2023: 36

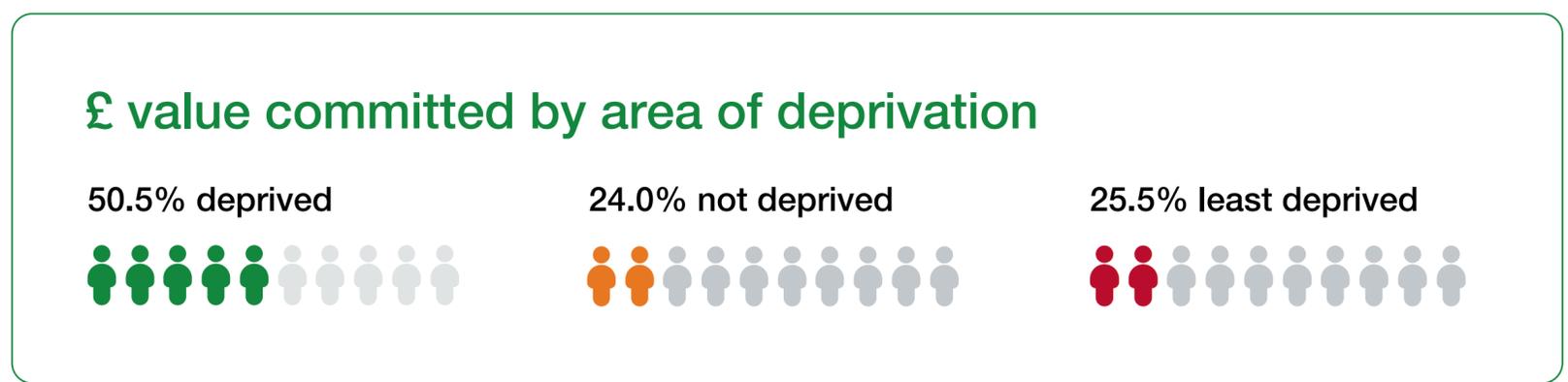
1,798
Bed spaces created and renovated
2023: 1,458

3,194
Jobs supported, created and/or protected
2023: 7,143

3.76m
Prescriptions supported by pharmacies
2023: 2.44m

14.1m
Onward lending into Impact Economy
2023: 18.5m

931
Accommodation and housing and supported to decarbonise
2023: 452

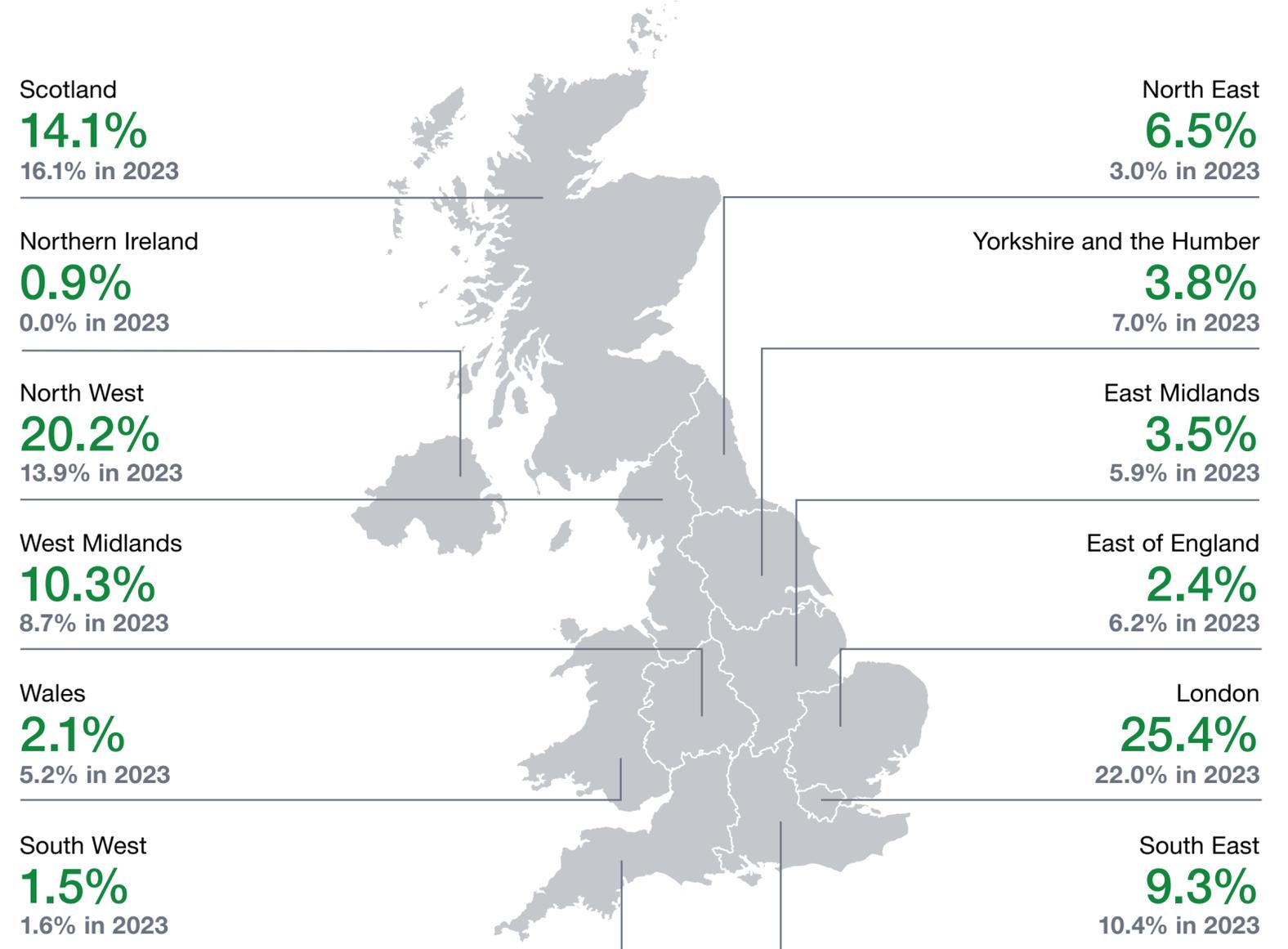
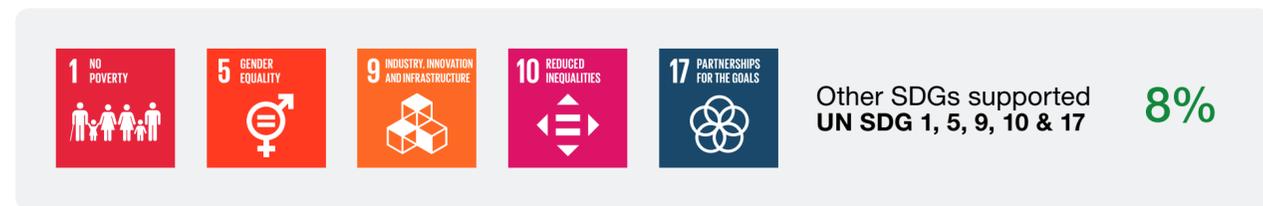


Where Unity delivers impact

Supporting the UN Sustainable Development Goals across the UK

Unity provides lending to every region across the UK with 50.5% of lending in 2024 supporting customers based in areas of high deprivation.

Unity's lending in 2024 directly supported ten of the 17 UN Sustainable Development Goals.



Unity & Me: Living our values

Our employee-led platform for colleagues to propose, develop and deliver initiatives for communities and customers



Equality, Diversity & Inclusion

- ✓ 6 employees on reverse mentoring
- ✓ Multiple speaking events on mental health and resilience
- ✓ Contribute to 'speak up' culture

Health, Wellbeing and Welfare (HWW)

- ✓ 69 employees signed delete blood cancer
- ✓ 13 Mental Health First Aiders
- ✓ 3 peaks challenge and multiple fundraising events

Community Growth

- ✓ 283 days of volunteering to social causes across the UK
- ✓ £4,685 co-sponsorship on impact projects

Donations & Grant

- ✓ £13,862 donated by Unity staff to social and environmental causes
- ✓ Launch of Unity Impact Grants
- ✓ Delivering of £42,625 grants from Unity

Green

- ✓ Signed the Fossil Fuel Non Proliferation Treaty
- ✓ Approved £1,000 of tree planting for staff travel survey
- ✓ Piloted 'TrainHugger' for sustainable travel



Best Companies

Unity achieved 2 stars in our first Best Companies Assessment in 2024, reflecting Unity's commitment to be the best place to work and live our values.

Banking on Sustainability: Unity's 2045 Net Zero Commitment

Our Net Zero commitment aligned to our double bottom line and supporting customers to transition to a low carbon economy

Unity will achieve Net Zero across
our own emissions by 2035.

Target: A 95% reduction in tonnes of CO₂e* per FTE from 2024 baseline by 2035 with residual emissions offset.

Unity will achieve Net Zero across
all emissions by 2045.

Key loan book target: A 95% reduction in Kg of CO₂e per m² of real estate from 2024 baseline by 2045 with residual absolute emissions offset.

Residual emissions (e.g. the 5% leftover) will be 'offset' through carbon negative assets in loan book and treasury meeting Unity's risk appetite and double bottom line.

*CO₂e = carbon dioxide equivalent referring to a range of greenhouse gases which have climate warming effects equalised to the equivalent tonnes of carbon dioxide to create the same warming effect (e.g. methane, nitrous oxide etc.)



Section 4

2025-2029 Strategy Overview

Our priorities for the future: Unity in 2030

Customer driven in everything we do.
Intentionally **human and digital**.

Positively impact society, the environment
and the economy.

Deliver **safe balanced growth**.

Deliver **sustainable returns** to support
growth and dividends.

Be the **best place for our people** to work.

Build **scalable, resilient** operations
for the future.

Investing for growth



**Grow the
business**

Grow balance sheet to increase positive social impact alongside commercial return and capital efficiency.



**Strengthen the
proposition**

Customer driven strategy with diverse product set supporting resilience in financial delivery.



**Strengthen the
business**

Scalable, efficient operations with resilience by design supporting safe balanced growth.



**Ethical bank
of choice**

Strengthen our double bottom line by providing customer first impact propositions to deliver positive impact in communities.



**Best place
to work**

A unique working environment, with highly engaged colleagues supporting the delivery of the Banks core purpose through its values.

Thank you to our shareholders for their support and our people for their commitment and hard work

Our Accreditations



Section 5

Appendix – About us



Who we are

We offer commercial banking to organisations who help to create a better society.

Unity supports a range of sectors that deliver positive social, environmental or economic impact across the UK; from local councils helping to improve the lives of local communities, Trade Unions supporting their members to charities delivering vital services to people in need.

Striving to provide excellent human and digital services to our customers we provide specialist sector knowledge and support that enables our customers to focus on their business and deliver social impact.



Business Savings Account



Business Current Account



Payments

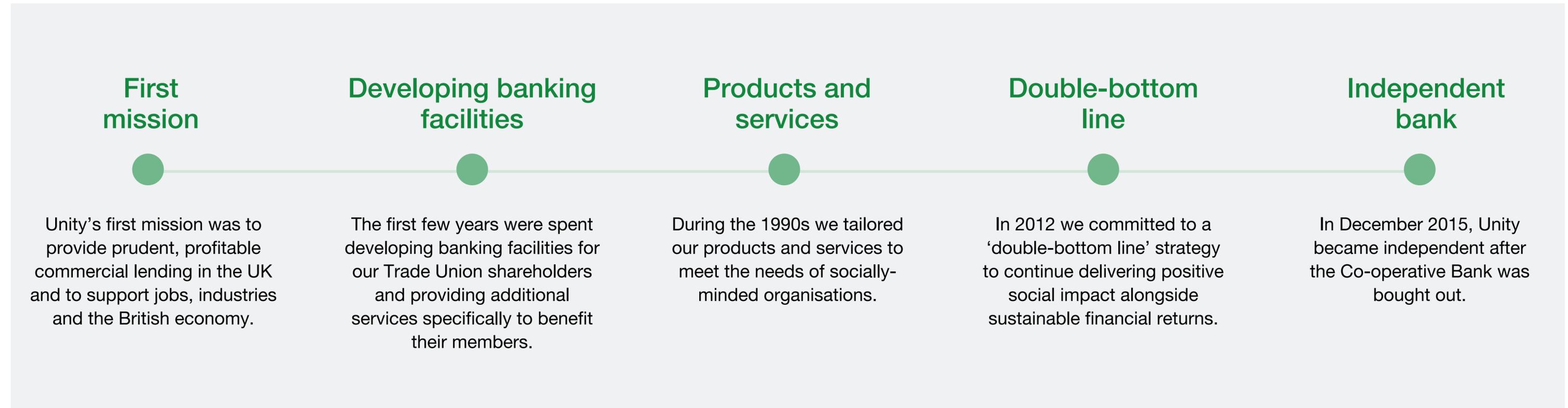


Business Loans

Our proud history

Unity Trust Bank was launched on May 1, 1984 by the Trade Unions and the Co-operative Bank.

It was born out of a vision to create a bank that would embrace the philosophy of serving the common good. Now a thriving commercial bank, Unity continues to embody its founding principles:



Unity Trust Bank

A purpose led bank

Delivering on Purpose

Unity is a purpose led bank, from its establishment 40 years, the establishment of the “double bottom line” and the continued pursuit of commercial return alongside positive social impact.

This purpose is ingrained in Unity’s DNA (through the articles of association) and deeply embedded in culture.

Unity’s purpose is more relevant today than it has ever been and we have demonstrated that banking can be different.

The growth ambition set out within this Plan allows Unity to advance its purpose. Growing our impact alongside delivering sustainable returns.

Purpose (from our articles):

- To be the bank with a social conscience;
- To provide banking services to viable organisations, sole traders or individuals that contribute community, economic, social or environmental benefit to society, including, but not limited to, Trade Unions, co-operatives, charitable and commercial enterprises; and
- To achieve sustainable returns for itself and its members as well as a social benefit. This is described as a “double bottom line” approach to all business the Company does.

Mission

Our mission is to provide customer driven ethical and sustainable banking services to commercial organisations.

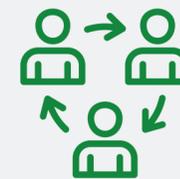
Ambition (vision):

To be the Bank of Choice that empowers organisations to deliver positive impact and achieve commercial success.

Our Values



Bold



Collaboration



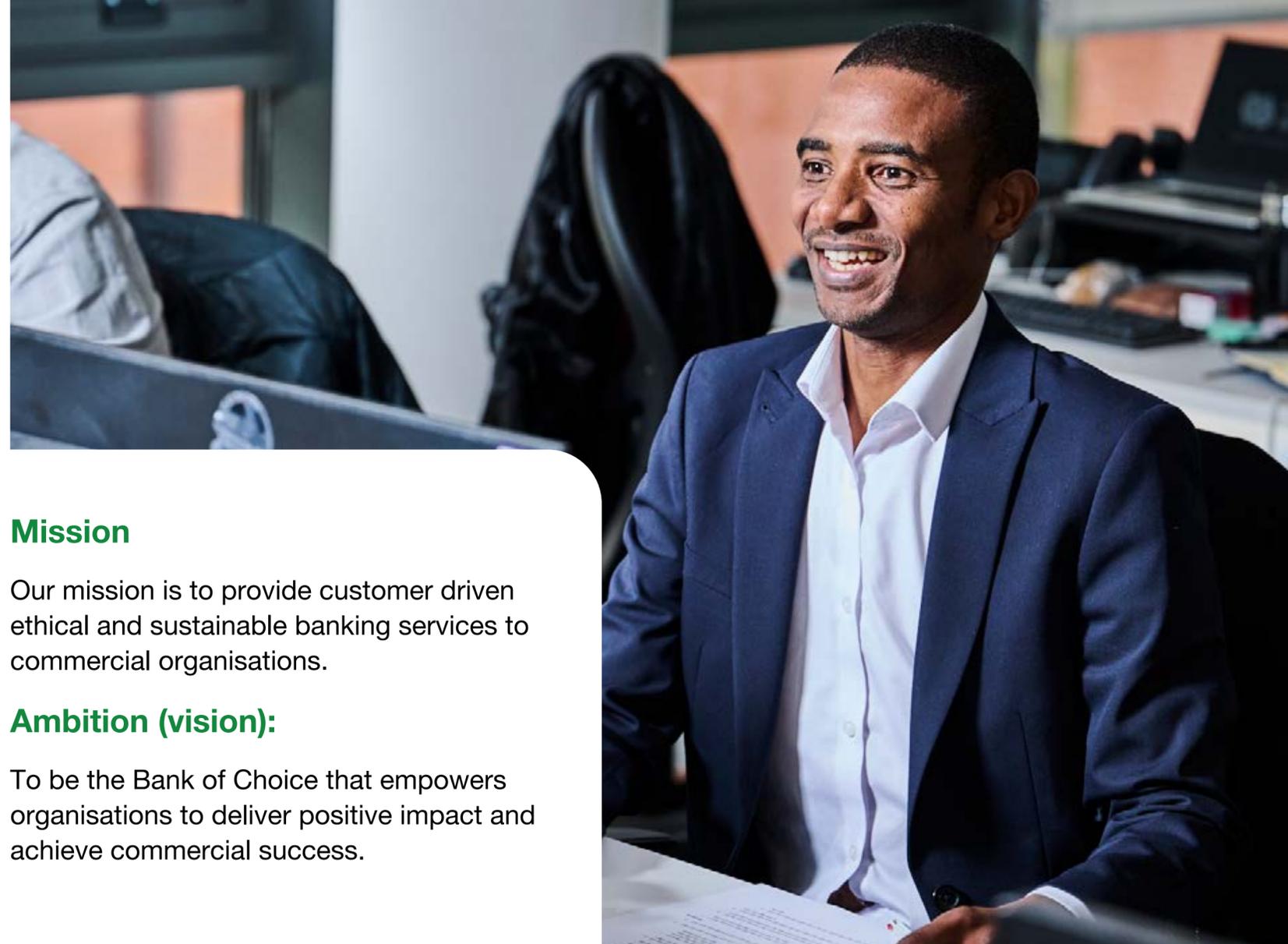
Inclusive



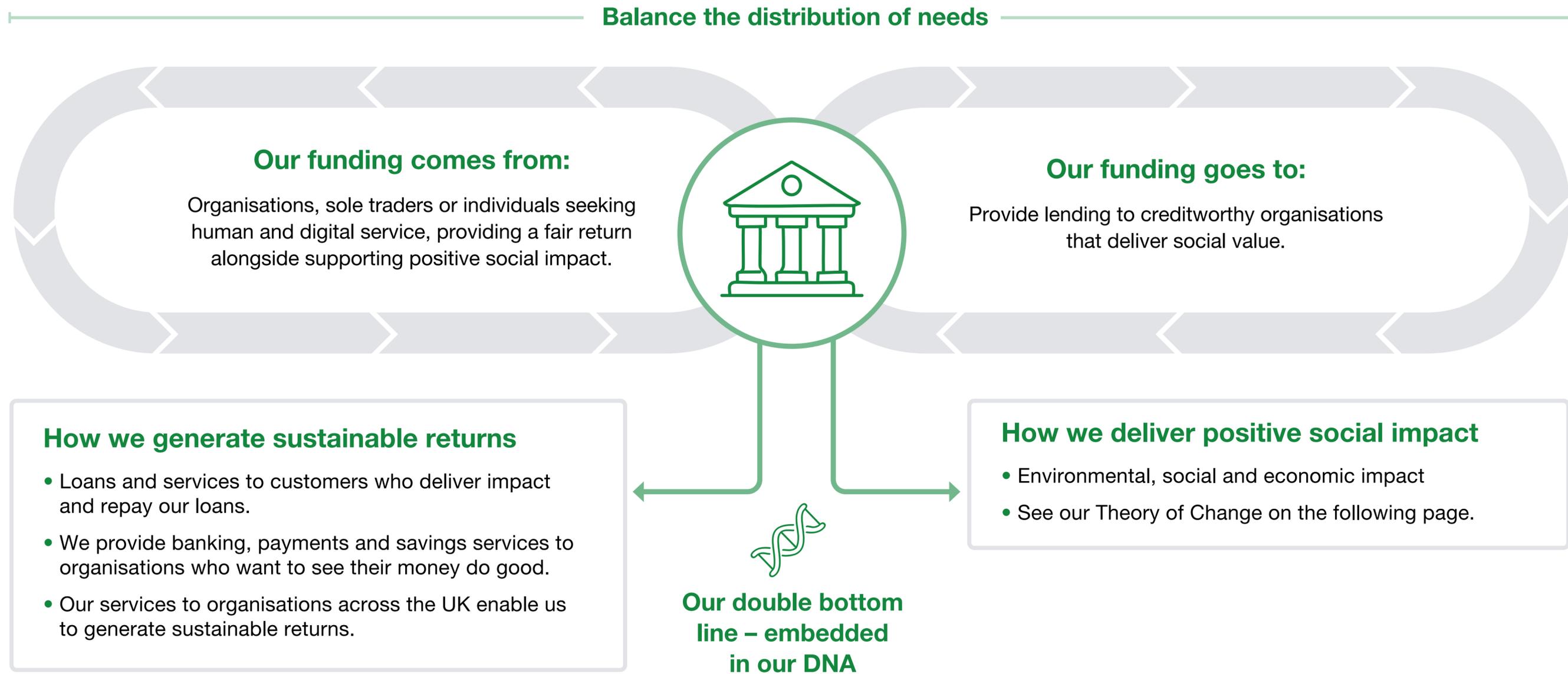
Straightforward



Integrity

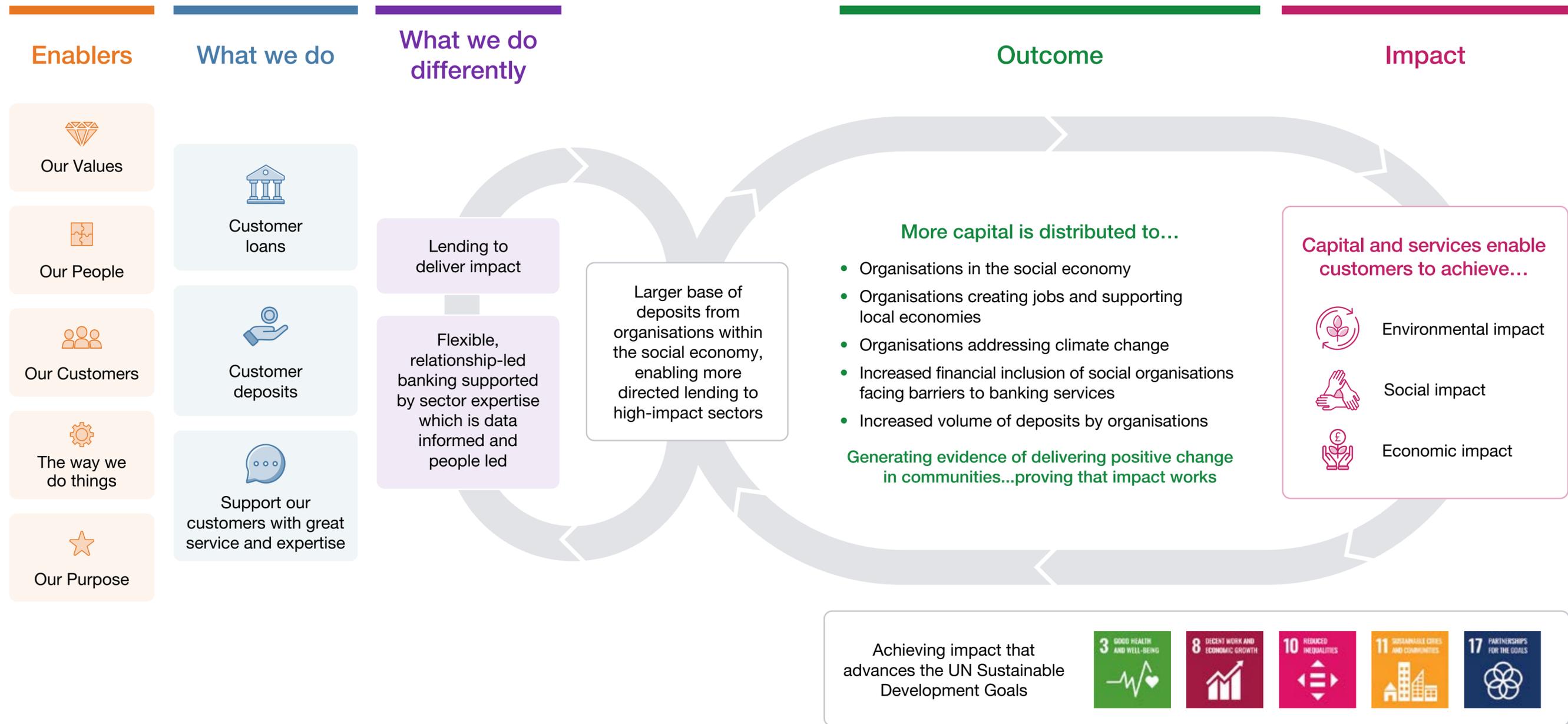


Our business model



Our impact model

Co-developed with **NPC** 



Unity's Risk Management Framework

The Board is responsible for approving the Bank's strategy, its principal markets and the level of acceptable risks articulated through its Risk Appetite Statements.

It is also responsible for overall corporate governance, which includes ensuring that there is an adequate system of risk management and that the level of capital held is consistent with the risk profile of the business.

Specific Board authority is delegated to Board Committees and the Chief Executive Officer (CEO) who may, in turn, delegate elements of discretion to appropriate members of Executive and senior managers. In addition, Board Risk Committee (BRC) have delegated a lending authority to credit underwriting, that is overseen by the Chief Risk Officer (CRO) but executed by Head of Credit Risk (CR) and the team.

The Board Risk Committee (BRC) is a Board Committee. It supports the Board by monitoring the ongoing process of identification, evaluation, and management of all significant risks across the Bank and determining that all risks are being managed appropriately, in line with its Risk Appetite Statement, and that adequate capital and liquidity is maintained.

The Board Audit Committee (BAC) is a Board Committee. It supports the Board in carrying out its responsibilities for internal control and risk assessment and receives reports from the Internal Audit function (outsourced). It monitors the integrity of the financial statements and the effectiveness of the external auditors.

The Remuneration Committee is a Board Committee. It determines remuneration and employment policy, approving appropriate incentive schemes and any payments made under such schemes.

The Nomination Committee is a Board Committee. It makes recommendations on the size, structure and membership of the Board and its committees and keeps under review the leadership needs of the Bank.

The Executive Committee is a management committee and oversees and monitors strategic performance and risks of the business in line with the Board's Risk Appetite Statement.

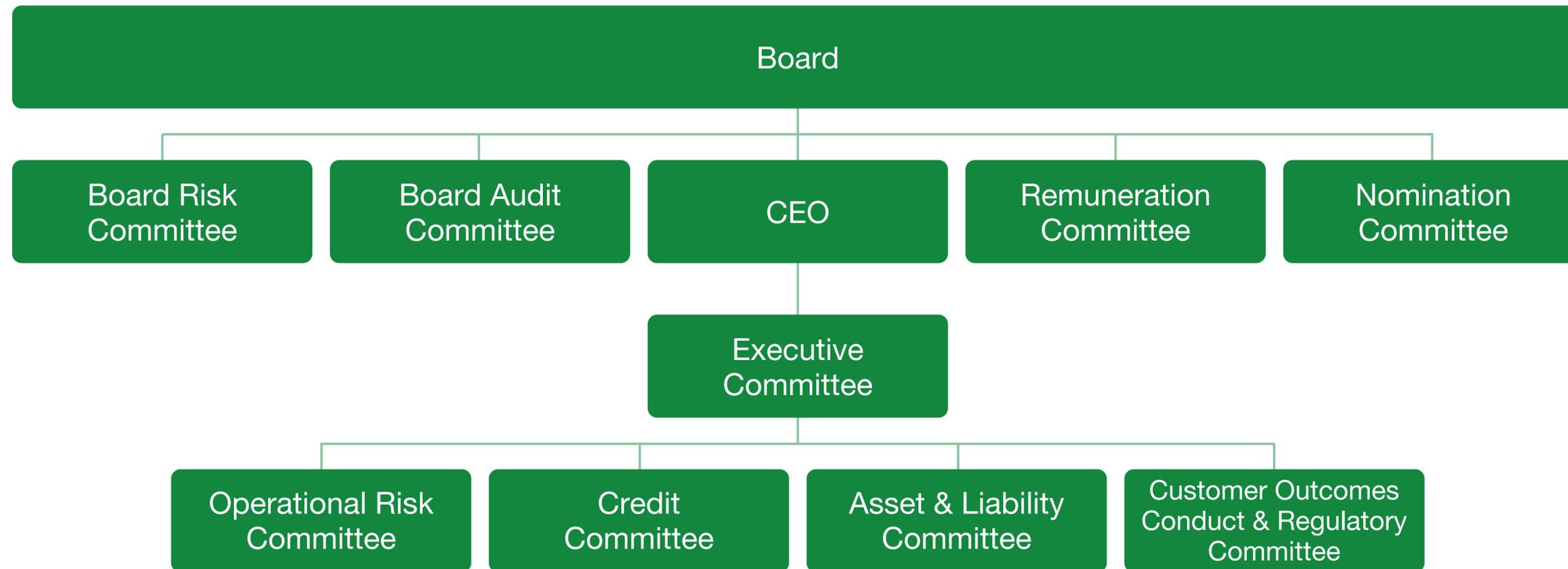
The Asset and Liability Committee (ALCo) is a management committee and is primarily responsible for managing the financial risks, including market, capital, and liquidity (and treasury aspects of credit) that affect the Bank. Specific focus includes the economic outlook, interest rate risk, liquidity and funding, capital risk and treasury credit risk. ALCo met bi-monthly in 2024 with additional e-ALCo's when required and is chaired by the Chief Financial Officer.

The Operational Risk Committee (ORC) is a management committee which is primarily responsible for managing all of the operational and change risks within Unity. ORC met bi-monthly in H1 2024 and monthly in H2 2024 and is chaired by the Chief Operating Officer.

The **Customer Outcomes, Conduct & Regulatory Committee (CoCRC)** is a management committee with responsibility for overseeing conduct and regulatory risks at Unity. CoCRC met quarterly in 2024 and is chaired by the Chief Commercial Officer.

The **Credit Risk and ESG Committee (CC)** is a management committee with responsibility for overseeing all credit and impact risks within Unity. CC met bi-monthly in 2024 and is chaired by the Head of Credit Underwriting.

Unity's Risk Management Framework

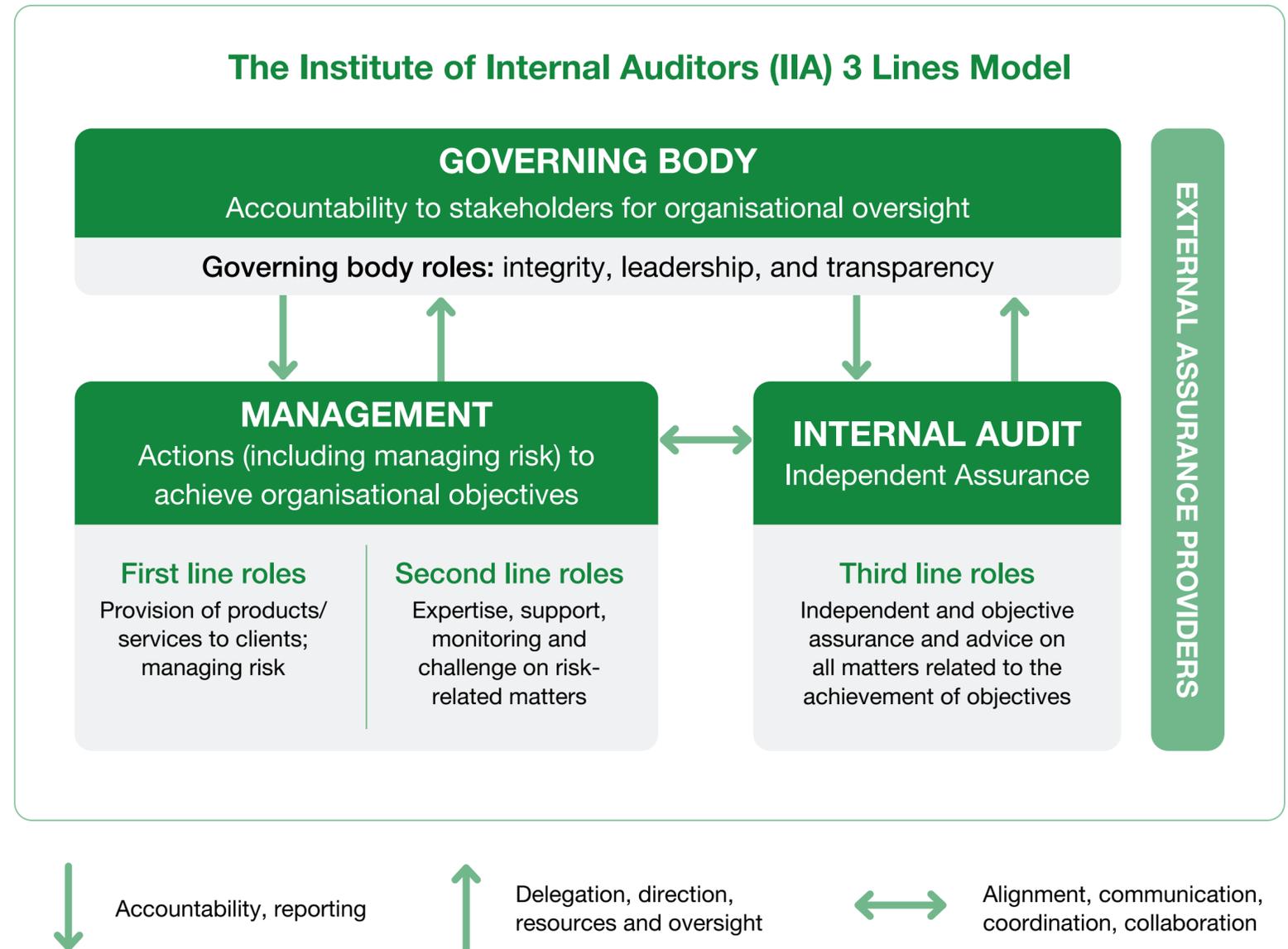


Our approach to risk management

Unity arranges its business areas into, and operates, a three lines model. The three lines model emphasises partnership and promotes the premise that each line works with the others to implement a solid risk strategy.

To help employees manage risk well, Unity has an Enterprise Risk Management Framework (ERMF). The purpose of the ERMF is to:

- Describe and enable the delivery of Unity’s risk strategy and objectives;
- Ensure there is a comprehensive consistent approach to risk management;
- Identify the significant risks to which Unity is exposed;
- Set out how the Board sets risk appetite;
- Define the Three Lines model;
- Explain the roles and responsibilities for risk management;
- Provide an overview of Unity’s key risk management frameworks and policies;
- List the committees that are responsible for risk governance.



Stress testing as a key tool to understand and manage risk

The Bank has a framework that covers stress testing, reverse stress testing and scenario planning.

As well as an understanding of the Bank's resilience to internal and external shocks, regular stress testing provides a key input to the Bank's capital and liquidity assessments and related tests of risk management and measurement assumptions.

ICAAP

The Internal Capital Adequacy Assessment Process (ICAAP) is the Bank's evaluation of its risks, the capital requirements of the business based on these risks, assessed under the CRD V framework, and the adequacy of the Bank's capital resources against these requirements. The ICAAP provides details of the approach to managing risk across the Bank and assesses capital requirements against the Bank's current position, the position against the Business Plan period and during severe but plausible stresses.

ILAAP

The Internal Liquidity Adequacy Assessment Process (ILAAP) is the Bank's documentation of its evaluation of its liquidity and funding risks, the current liquidity position and its requirements, assessed against regulatory requirements and risk tolerance. An integral component of the approach to liquidity risk management is stress testing, using the latest guidance issued within prudential regulations and the Delegated Act for the Liquidity Coverage Ratio (LCR).

Reverse Stress testing

Reverse stress testing informs, enhances, and integrates with the Bank's quarterly stress testing by considering extreme events that could cause the failure of the Bank. As such, it complements the ICAAP and ILAAP approaches, helping to frame the severe but plausible scenarios against complete failure scenarios.

The analysis is formally completed in conjunction with the reviews of the ILAAP and the ICAAP documents.

Recovery Plan and Resolution Pack

The Recovery Plan represents a 'menu of options' for the Bank to deal with firm-specific or market-wide stress which can be rolled out quickly as part of a credible and executable plan. The Recovery Plan is enacted if certain key triggers are breached, or events happen in the market which are likely to affect the Bank detrimentally (e.g. failure of a counterparty or treasury issuer).



Contact details

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Find out more about our continued growth delivering positive social impact in areas where it is needed most in the UK.

 [Our Impact Report](#)

 [Our Annual Report & Accounts](#)

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