

# Annual Report & Accounts

31 December 2025

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25

# Contents

## Unity Trust Bank plc

### Registered Head Office and Customer Services Centre

Four Brindleyplace  
Birmingham  
B1 2JB

Tel: 0345 140 1000  
Fax: 0345 113 0003

Unity Trust Bank plc ('Unity') is a public company limited by shares

Registered in England and Wales  
No. 1713124

Financial Services Register No. 204570

### President

Paul Nowak (appointed on 5 March 2025)

### Board of Directors

Christine Coe, Chair (appointed as Chair 22 May 2025, board member since 3 March 2023)

Colin Fyfe, Chief Executive Officer

Penny Hogan, Chief Financial Officer (appointed 26 March 2025)

Sandy Chen, Independent Non-Executive Director

Professor Lord John Eatwell, Independent Non-Executive Director

Paul Nowak, Non-Executive Director (appointed 5 March 2025)

Alexander Ryan, Non-Executive Director

Keith Smithson, Non-Executive Director (appointed 12 January 2026)

Christopher Sparks, Non-Executive Director (appointed 1 September 2025)

Susan Sternglass Noble, Independent Non-Executive Director

### Company Secretary

Gray Tavener (appointed 1 December 2025)

### Executive Management

Colin Fyfe, Chief Executive Officer

Niki Barker, Chief People Officer

Martin Barrett, Chief Operating Officer

Catherine Douglas, Chief Customer Officer

Penny Hogan, Chief Financial Officer

Joshua Meek, Chief Impact Officer

Anthony Parker Stewart, Chief Transformation Officer

Kiran Samra, Chief Risk Officer

### Auditor

Deloitte LLP  
Statutory Auditor  
Four Brindleyplace  
Birmingham  
B1 2HZ  
United Kingdom

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# Chair's Statement

*“In 2025, we celebrated ten years of achieving an independent banking status, a significant milestone in our journey.”*

**Christine Coe**  
Chair



## Introduction

It was a privilege to accept my appointment as the Chair of the Board in May of 2025, and over the year I've seen firsthand just how successful this bank is. Aligned to our mission, we've remained dedicated to serving businesses and organisations that share our social and commercial values. This, alongside delivering safe and balanced growth, continues to underpin Unity's progress and purpose.

In 2025, we celebrated ten years of achieving an independent banking status, a significant milestone in our journey. For over 40 years, we have delivered positive impact with sustainable returns. This double bottom line objective is shared by our Trade Union founders and remains at the heart of our work.

## Performance

Despite an uncertain external environment, we delivered strong progress against our strategic priorities in 2025, and we achieved a number of milestones throughout the year.

We earned an investment-grade credit rating, testament to the Bank's maturity, strength, and resilience. We received an 'Outstanding' employee engagement rating from Best Companies, reflecting our focus on maintaining a positive and engaging work environment. Unity achieved an independent verification against the Operating Principles for Impact Management standards, strengthening customers' confidence that their choice of bank supports positive impact in their communities.

We are committed to doing the right thing and our positive impact agenda will not change.

Lending and customer deposits reached record levels of £1,133.1m (2024: £1,013.8m) and £1,861.3m (2024: £1,717.2m), respectively.

Profit after tax decreased to £40.8m (2024: £50.5m), reflecting the Bank of England's rate reduction from its post-Covid peak. Despite

the challenges facing the economy, we continue to invest in people, processes, and systems enhancing both digital and human customer service and strengthening the Bank's resilience. Net asset value per share grew to £10.61 (2024: £8.95), and Unity closed the year with a strong capital position, with a Common Equity Tier 1 ('CET 1') ratio of 24.3% (2024: 24.1%).

## Dividend

In line with performance and growth plans, the Board recommends a final dividend of 8.00p per share which takes the total dividends for 2025 to 11.00p per share, including the interim dividend of 3.00p per share paid in December 2025 (2024 total dividend: 9.00p). An interim dividend was issued in recognition of our tenth anniversary of independence, a decade of disciplined growth, value creation, and impact delivery.

## People

On behalf of the Board, I would like to thank my predecessor, Alan Hughes, for the important role he has played since his appointment. We are deeply grateful to Alan for his leadership and stewardship over the past decade.

In 2025, Paul Nowak joined the Board and assumed the role of President, to help us improve our banking service as well as how we work with Trade Unions. Christopher Sparks also joined as a Non-Executive Director, contributing extensive credit and risk management expertise. Keith Smithson joined the Board in early 2026, adding strong financial and risk management experience. Penny Hogan joined the Board as an Executive Director, bringing a wealth of Banking financial management and regulation experience.

Unity continues to grow and invest in talent at all levels. During the year, the Board endorsed the strengthening of the Executive with three appointments and one internal promotion, providing effective leadership to execute our strategic plan.

On behalf of the Board, I thank Martin Coward, who retired as Chief Risk Officer and Executive Director, for his service and contribution.

## Outlook

While external conditions remain uncertain, Unity enters 2026 with a clear strategy, highly capable people, and a resilient business model. The Board remains committed to delivering sustainable returns alongside positive social, economic, and environmental impact.

I would like to thank our customers, people, and shareholders for their continued commitment and support.

**Christine Coe**  
Chair  
5 March 2026

**£1,861.3m**  
Customer deposits

**£10.61**  
Net asset value  
per share

# Highlights

**24.3%**

CET 1 ratio

2024: 24.1%

**£1,133.1m**

loans to customers 

(2024: £1,013.8m)

**£52.4m**

profit before tax

2024: £65.8m

Earnings Per Share

**£1.64**

2024: £2.03

**87%** 

Customer satisfaction score<sup>1</sup>

2024: 88%

**King's Award**

for Enterprise in Sustainable Development<sup>2</sup>

**54%**

lending to areas of high deprivation

2024: 51%

Achieved  
**Investment Grade**

Credit rating

**Outstanding Employer (2 Star) by Best Companies**

## Five year financial performance summary

	2021 £'000	2022 £'000	2023 £'000	2024 £'000	2025 £'000
Profit before taxation	11,053	27,352	63,862	65,751	<b>52,415</b>
Profit after taxation	9,671	22,843	48,858	50,476	<b>40,789</b>
Total loans to customers	723,523	836,576	1,013,646	1,013,816	<b>1,133,097</b>
Shareholders' funds	108,963	123,815	172,617	222,117	<b>263,994</b>

	2021	2022	2023	2024	2025
Net interest margin	1.42%	2.68%	5.25%	5.38%	<b>4.47%</b>
Cost income ratio	54.2%	36.8%	27.1%	32.6%	<b>43.5%</b>
Return on equity	9.7%	19.6%	33.0%	25.6%	<b>16.8%</b>
Dividend per ordinary share <sup>3</sup>	3.85p	5.50p	7.00p	9.00p	<b>11.00p</b>

<sup>1</sup> Based on the unweighted average of responses from 1,679 customers to the question, 'After reflecting on the service from Unity Trust, how satisfied are you with your overall experience with Unity Trust Bank' 87% of respondents indicated they were either 'Satisfied' or 'Extremely Satisfied.'

<sup>2</sup> Unity Trust Bank received the King's Award for Enterprise in Sustainable Development which is valid until 2029.

<sup>3</sup> Dividend per ordinary share is quoted with respect to the financial year to which it relates, not the year of payment. The dividend in respect of the 2025 financial year (which includes the 3p per share interim dividend paid in December 2025) is recommended for approval at the 2026 Annual General Meeting ('AGM').

# Chief Executive's Statement

*"I am incredibly proud of our many achievements and accolades, each reflecting our strategic ambitions and progress."*

**Colin Fyfe**  
Chief Executive Officer



## Introduction

During 2025, I was delighted to welcome Chris Coe as our first female Chair. At the same time, I thanked Alan Hughes for his counsel and leadership of the Board since 2015. Alan's contribution has been instrumental in shaping Unity into the strong, purpose led Bank it is today.

We continue to advance with clarity and confidence on our purpose and double bottom line objective. In 2025, we delivered on sustainable growth and returns, while supporting socially minded organisations in the UK.

Both lending and customer deposits reached record levels, rising 12% and 8%, respectively, in 2025. We provided record levels of lending support to organisations delivering meaningful impact across the UK. The number of current account deposit customers increased by 7% to 11,320 (2024: 10,591), reflecting the value customers place on our service and our model of banking.

Profit before tax remained strong at £52.4 million (2024: £65.8 million). While the reduction in the Bank of England bank rate affected returns across the sector, our continued lending growth and strong customer funding position ensured a resilient performance.

I am incredibly proud of our many achievements and accolades, each reflecting our strategic ambitions and progress. Following the completion of our employee engagement survey with Best Companies in 2025, where we achieved an 'Outstanding' rating, we also retained our Gold Investors in People accreditation. Achievements that demonstrate our commitments to making Unity the best place to work in the UK. We also earned an investment-grade credit rating, an achievement that stands as powerful independent validation of the Bank's creditworthiness.

We continued to strengthen our impact proposition through the launch of new green lending products in the form of loans to local councils to fund projects with positive impact. We also became the first bank to invest in Local Climate Bonds, deploying over £37m in transition and net-zero-aligned finance. Our Impact Report, published on the Bank's website, provides detailed insight into how Unity continues to deliver on its purpose.

Throughout 2025, I valued the opportunity to meet some of our customers across the UK and gain insight into their impact. Equally I enjoyed connecting with colleagues in a variety of ways. A key highlight was spending time with colleagues in our call centre supporting customers' daily needs. Seeing the difference customers make in their communities and the difference colleagues make with our customers is the most rewarding aspect of my role.

## Customers

Placing the needs of our customers at the centre of our strategy remains a defining feature of Unity. Our proposition offers a human approach to banking, combining tailored products and services with real relationships. We continued our investment in digital services throughout 2025, delivering a number of enhancements, including improvements to the account opening experience and greater integration with accounting software.

I am proud of the excellent customer service provided by our national network of Relationship Managers; Sector Service Teams and the Unity Experience Teams to customers.

We also became a member of the Institute of Customer Service, demonstrating the commitment to continuous improvement and the adoption of best practice in customer service delivery. In addition, we continue to embed Consumer Duty across the Bank including additional quality control and assurance resources.

## People

Our people are our greatest asset at Unity. During 2025, we continued to invest in leadership, capability and culture. Headcount increased by 28% to 294 (2024: 230) full-time equivalent staff, ensuring appropriate resourcing across the Bank. In addition 28 positions were filled internally, demonstrating the depth of talent and opportunity for our people to advance their career at Unity.

In the year, we appointed a Chief Customer Officer, Chief Transformation Officer, Chief Operations Officer, and internally promoted our Chief Risk Officer - Strengthening the Bank's ability to deliver its strategic objectives. These appointments provide a strong platform to support safe and sustainable growth.

## Financial performance

Our performance in 2025 delivered sustainable returns with balance sheet growth, and we achieved this inside our risk appetite. Performance was underpinned by record lending, record customer deposits, increased interest rate hedging to protect income, continued investment in growth and resilience and disciplined management of income and costs.

Profit before tax decreased to £52.4m (2024: £65.8m). The resulting Net Asset Value per share grew by 19% to £10.61 (2024: £8.95).

Loans and advances to customers increased to £1,133.1m at the year-end (2024: £1,013.8m), with £317.8m (2024: £144.0m) drawn during the year. The lending pipeline at the end of the year increased by 40% to £185.9m (2024: 132.7m), providing a solid foundation for loan growth.

## Income

Net interest income decreased to £92.2m (2024: £99.3m), reflecting the lower interest rate environment offsetting the positive contribution from balance sheet growth. Net Interest Margin over the year reduced to 4.5% (2024: 5.4%). As Bank rates reduced, reductions in deposit rates were passed on to customers at a slower rate.

Treasury income increased to £43.7m (2024: £42.1m), reflecting a marginally higher proportion of investment securities versus cash within the Bank’s High Quality Liquid Asset portfolio.

Net fee and commission income remained stable at £2.8m (2024: £2.8m), reflecting additional income from higher volumes from increased customer numbers offset by an increase in associated costs.

#### Operating expenses

Operating expenses increased to £41.4m (2024: £33.3m), reflecting strategic investment in safe, balanced growth through people, operational resilience, human and digital service, infrastructure and data. The cost income ratio increased to 43.5% (2024: 32.6%), reflecting these investments together with the impact of the reduction in the Bank of England bank rate.

#### Impairment

Credit quality remained strong throughout the year. An impairment charge of £1.2m (2024: £1.0m) was recognised, reflecting changes in economic outlook. No losses were recognised from credit write-offs during the year (2024: £861k).

The balance sheet provision for loan impairment at 31 December 2025 was £11.4m (2024: £9.7m), representing a coverage ratio of 0.97% (2024: 0.90%). 94% (2024: 93%) of lending customers remained classified as Stage 1 under IFRS 9.

#### Capital position

Unity’s capital position strengthened further during the year. The CET1 ratio marginally increased to 24.3% (2024: 24.1%), driven by profitability and disciplined balance sheet management. Risk-weighted assets increased to £1,065m (2024: £926m) in line with balance sheet growth. The Bank’s defined benefit pension scheme remained in surplus.

The Bank has elected to enter the Small Domestic Deposit Takers (‘SDDT’) regime, with implementation underway. The adoption of the regime is not expected to significantly impact the Bank’s capital position

#### Liquidity position

Unity maintained a robust liquidity profile throughout 2025. Customer deposits increased by 8% to £1.86bn (2024: £1.72bn), with a loan-to-deposit ratio of 60.9% (2024: 59.0%).

The Net Stable Funding Ratio stood at 149% (2024: 154%), and the Liquidity Coverage Ratio averaged 231% (2024: 228%) during the year. Treasury assets at year-end were £1.04bn (2024: £938.7m) representing 47.6% of total assets (2024: 48.0%).

## Social Impact

We continued to deliver against our double bottom line strategy, supporting customers that generate social, economic and environmental value. Our Impact Toolkit, launched in 2025, supports customers to share approaches to measuring the positive impact we create together in our communities.

53.7% (2024: 50.5%) of lending supported organisations based in, or delivering services to, areas of high deprivation. We committed £332.7m in new lending during the year, with 43.2% (2024: 32.5%) classified as “Contribute to Solutions”, an impact classification for organisations providing specialist support for vulnerable groups.

We delivered innovative products. £5.0 million of newly launched Money Market Loans supported local authorities with short term lending. Collaborating with the Green Finance Institute and Abundance, we invested £6.3 million in ten local authorities to support local climate action.

We launched a green tariff, lending to support environmentally friendly projects and initiatives, allocating £100m for retrofit and green buildings. This included supporting housing associations to deliver decarbonisation and energy efficiency measures to over 700 homes, and we deployed £31m to support social housing decarbonisation and high energy efficient buildings aligned to Unity’s Net Zero commitment. We continue to grow our grants and donations; in the year we deployed £80.5k (2024: £56.3k) in grants and donations to over 50 (2024: 42) organisations.

### Strengthening the business

As detailed below, in 2025, we made investments to strengthen the Bank’s capabilities, resilience and readiness for the future. These investments reflect a clear strategic choice: to prioritise service, control and scalability so that growth remains safe, scalable and aligned to our purpose.

#### Digital banking and customer experience

We continued to enhance our digital banking platform to improve customer journeys and reduce friction. Investment during the year included improvements to account opening processes, strengthening customer due diligence processes to support faster onboarding with appropriate controls, and delivering Xero integration to better support customers’ day-to-day financial management.

#### Infrastructure and data capability

We invested in our core digital infrastructure including our network, data handling capabilities and our ability to respond to disruptions.

## Financial crime and transaction monitoring

We made significant progress in strengthening our financial crime framework. We invested in modern transaction monitoring tools and established a dedicated financial crime team, enhancing our ability to detect, prevent and respond to financial crime risks. These changes strengthen our control environment.

### Operational and cyber resilience

We continued to invest in people, processes and technology to improve our ability to prevent, withstand and recover from disruption. This included enhancements to cyber security capabilities. We remain well positioned to manage an evolving threat landscape and meet regulatory expectations.

## Risk management

A description of the principal risks and uncertainties faced by the Bank are set out within the Risk Management section on page 22.

### Strategic Plan priorities

Our strategic plan remains unchanged. It is rooted in our values and will enable us to grow and adapt as necessary with priorities to:

- be 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; and
- build scalable, resilient operations for the future.

I thank our customers, shareholders, Board and staff for their continued support. While 2025 provided a solid foundation of significant milestones and record-breaking achievements, our attention is now fixed on the future. Unity’s purpose remains as relevant today as when the Bank was founded over 40 years ago and this purpose will support communities in the UK for many years to come as we grow.

### Colin Fyfe

Chief Executive Officer  
Unity Trust Bank plc  
5 March 2026

# About Unity Trust Bank



## Our proud history

Unity Trust Bank was launched on May 1, 1984, out of a vision by Trade Unions 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’s first mission was to provide prudent, profitable commercial lending in the UK and to support jobs, industries and the British economy.
- The first few years were spent developing banking facilities for our Trade Union shareholders and providing additional services specifically to benefit their members.
- During the 1990s we tailored our products and services to meet the needs of socially minded organisations.
- In 2012 we committed to a ‘double-bottom line’ strategy to continue delivering positive social impact alongside sustainable financial returns.
- In December 2015, Unity became independent.

Unity’s Impact Reports and Annual Reports evidence our progress and the way we support our customers, shareholders and society as a whole.

## Why we are unique

Unity believes in delivering impact, not simply maximising profits.

We provide banking services to business customers and only lend to creditworthy organisations that deliver social value. Every lending proposal that comes to us is aligned with one or more of the United Nations’ Sustainable Development Goals (‘SDGs’) to ensure that our funding has quantifiable impact.

## Our mission

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

## Our ambition

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

## Our purpose

The purpose of Unity:

- 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.

## Our strategy

Unity’s strategy is to be:

- 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, and
- Build scalable, resilient operations for the future.

## Our values

Our values ensure we act in a way that helps to create a better society. They enable us to be at our best for our customers, stakeholders and society as a whole.



Bold



Collaborative



Inclusive



Integrity



Straightforward



Unity’s Impact Reports and Annual Reports evidence our progress and the way we support our customers, shareholders and society as a whole.

# Key Performance Indicators

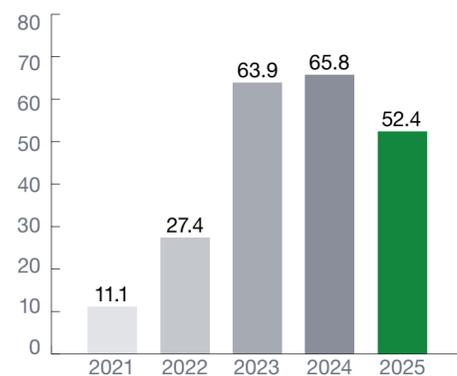
The following Key Performance Indicators ('KPIs') compare the 2025 full year results against full year 2024, 2023, 2022 and 2021 audited financial results.

This report includes a number of APMs<sup>1</sup> which provide useful additional information about Unity.



Key Performance Indicator	Performance
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Profit before Tax (PBT) (£m)

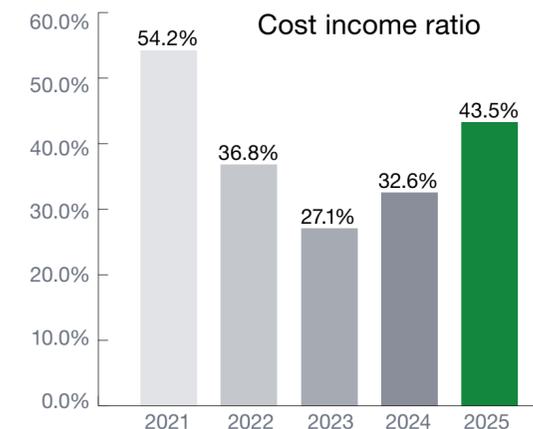


Profit before tax, as reported in the Income Statement for each reporting period shown.

Profit contributes to capital which provides financial resilience and facilitates investment in the future.

Key Performance Indicator	Performance
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Cost income ratio

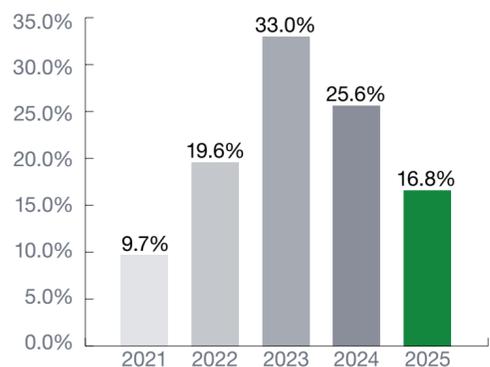


Cost income ratio shows the operational expenses (including exceptional items) as a proportion of 'Total income' as shown on the Income Statement.

The cost income ratio shows Unity's operational efficiency to generate income. A lower ratio indicates higher efficiency.

Key Performance Indicator	Performance
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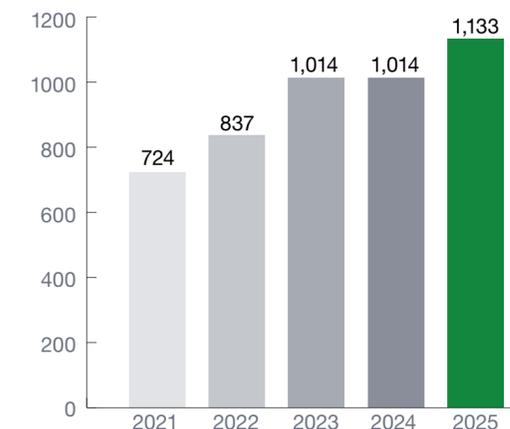
Return on Equity (ROE)



Return on Equity ('RoE') indicates the ratio of profit after tax divided by average shareholder equity. It demonstrates how efficiently equity is utilised to generate profits for our shareholders.

Key Performance Indicator	Performance
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Loans and advances to customers (£m)



Loans and advances to customers are shown net of accounting adjustments including loan loss provisions.

Loans and advances drive Unity's impact, performance and value.

<sup>1</sup> Further information on APMs is available in the glossary on page 82.

# Corporate Responsibility

## Directors' regard to stakeholder interests – Section 172 statement

In accordance with their duties under section 172(1) (a)-(f) of the Companies Act 2006, the Directors have a duty to act in good faith to promote the success of the company for the benefit of its shareholders and in pursuit of its purpose.

Effective engagement with stakeholders is key to understanding diverse views, the impact of the Bank's operations, and support decision making which delivers sustainable success. The Bank's engagement activities support business relationships with customers, suppliers, and other stakeholders. Engagement with stakeholders occurs directly, indirectly, and through business reports, ensuring the Board is informed on key issues and Directors comply with legal duties.

The information below describes how Directors have considered these requirements when performing their duties.

## Strategy and Resilience

The Bank is within the delivery phase of its customer driven 2025 – 2029 strategic plan, which is built on a high-performance culture that delivers on the double bottom line through safe balanced growth.

### Strategy

The Board provides active oversight of the implementation of the strategy, ensuring that the Bank's customer driven approach underpins all activities. The strategy is designed to deliver long-term, sustainable returns while contributing positively to society, the environment and the economy. In doing so, the Board routinely considers the implications of strategic decisions for key stakeholder groups, including customer, shareholder, and colleagues.

As part of this, the Board provides oversight of customer lending and deposits in advancement of the Bank's purpose to deliver positive social impact. The Board also maintains a strong understanding of the commercial context in which the Bank operates, ensuring that commercial awareness supports and enhances the delivery of the customer-driven strategy. In 2025, the Board further oversaw the execution of the treasury strategy, supporting

effective balance sheet management and alignment with the Bank's broader strategic objectives.

### Safe, balanced growth

Considerable work was undertaken throughout 2025 on developing and strengthening Unity's approach to safe, balanced funding. Part of this involved growing customer deposits to support lending and the associated positive impact.

### Operational Resilience

The Board provided oversight and challenge over the successful implementation of Unity's operational resilience framework, ensuring infrastructure was strengthened and that important business services and impact tolerances were thoroughly tested and reviewed. These actions were completed to help protect the Bank's customers from the potential effects of possible unforeseen disruption.

## Customers

During the year, the Board remained acutely aware of the uncertain environment impacting our customers.

### Customer Centric

The Board values the support of our customers, and through the execution of the strategy in 2025, continues to put customers at the heart of decision making. Embracing the principles of the Consumer Duty continues to form an integral part of the strategy, reinforcing the Bank's commitment to delivering good outcomes and fair value for customers.

### Digital and Human Service

The Bank continues to invest in digital proposition alongside intentional investment in human service to ensure that banking with Unity is as easy as possible.

## Shareholders

The Bank welcomes any questions that may arise throughout the year from its shareholders.

### Annual General Meeting ('AGM')

All shareholders are encouraged to attend Unity's AGM. In 2025, the Bank hosted this as a hybrid event, in order to provide different ways for shareholders to engage and share their views with Directors and senior management.

### Engagement

We continue to provide quarterly updates to ensure shareholders are kept well informed. During the CEO's second year at Unity, he and the CFO engaged directly with shareholders to further build and strengthen relationships. Shareholder roadshows provided an opportunity for open dialogue between the Board and its shareholders on key matters.

### Board Succession

In 2025, the succession of the Chair and the appointment of a new Non-Executive Director marked the latest phase in the Board's latest planned succession, completing the current composition and ensuring a strong balance of skills and experience to support the Bank's strategic priorities.

### Shareholder Directors

The appointment of a shareholder Director to the Board, enhances stakeholder engagement by providing direct insights from shareholder perspectives, ensuring balanced consideration during decision making.

### President Role

In 2025 the Board undertook a refresh of the President role profile to ensure continued alignment between shareholder perspective and the Board's strategic direction.

## Employees

The Bank acknowledges the valued contribution of its employees and recognises that employee engagement is at the heart of Unity Trust Bank's operations. The Bank undertakes a number of employee engagement strategies, such as participation in the Best Companies accreditation. In 2025, the Bank was recognised as "Officially an Outstanding Company to Work For", as well as being ranked number five out of 25 in the category "Best Financial Service Company to Work For in the UK". The Bank delivers dedicated initiatives focusing on employee wellbeing which is an integral element of the Bank's People Strategy.

### Culture and values

Unity's unique culture and values remain a key topic of discussion for the Board, with a focus on ensuring that staff recruited as part of a planned growth in headcount in 2025 continued to be well embedded into the organisation.

### Executive Team

The Board oversaw the recruitment of new Executive Committee members, whose appointments have further strengthened the leadership team and breadth of experience. In 2025, this included the appointment of a Chief Customer Officer, Chief Operating Officer, Chief Transformation Officer, and the promotion of an internal Chief Risk Officer ensuring the Bank has the talent in place to deliver the five-year strategy and pursuit of long-term sustainability.

### Learning and development

The Board recognises the value in investing in its people, and building on the resources deployed to strengthen the positive learning and development culture. The Board has identified this as a continuing area for enhancement as the Bank grows.

## Regulators

The Board recognises the importance of building positive relationships and having continuous engagement with its regulators. Members of the Board and Executive Team met with representatives from both the Prudential Regulation Authority ('PRA') and Financial Conduct Authority ('FCA') throughout the year. The Board also worked to ensure that the regulators were kept informed of the execution of the Board succession plan.

<sup>1</sup> [https://thegoodeconomy.co.uk/wpcontent/uploads/2025/12/Case\\_Study\\_Unity\\_Trust\\_Bank\\_FINAL.pdf](https://thegoodeconomy.co.uk/wpcontent/uploads/2025/12/Case_Study_Unity_Trust_Bank_FINAL.pdf)

<sup>2</sup> <https://thegoodeconomy.co.uk/impact-verification-services/>

<sup>3</sup> <https://www.impactprinciples.org/9-principles/>

## Delivering Unity's Double Bottom Line with customers

A key objective of our 2025 to 2029 strategy is to be a leading UK Social Impact Bank. In 2025, we achieved record levels of new lending and delivered new propositions supporting customers to deliver positive social impact in their communities. We became the first institutional investor into Local Climate Bonds; an innovative financial solution supporting Local Authorities to deliver localised net zero and climate resilience projects.

We achieved our **first independent impact verification**<sup>1</sup> conducted by the **Good Economy**<sup>2</sup>. The findings showed that our approach to impact management aligned to and exceeded the Operating Principles for **Impact Management**<sup>3</sup>. This independent verification provides assurance to customers that, when they choose to bank with us, their choice makes a real impact in communities where it's needed. Assurance of our impact management approaches and innovation for climate action strengthen the positive impact we deliver with customers.

### Lending Impact

For every loan we make, we complete an impact assessment which details how the loan will benefit society. The assessment is completed using a range of impact frameworks including; United Nations Sustainable Development Goals (SDGs), Impact Frontiers 'ABCs of Enterprise Impact', and 'English Indices of Deprivation'. The table below shows the impact of our lending in 2025 assessed on these criteria:

	2025	2024
New committed lending over the year	<b>£332.7m</b>	£137.1m
No of loans	<b>191</b>	133
Lending to support organisations based in or providing services in areas of high deprivation	<b>53.7%</b>	50.5%
C-grade loans on the ABC framework	<b>43.2%</b>	32.5%
Largest outcome area: SDG 3 – Good Health and Wellbeing	<b>42.7%</b>	54.9%
Local climate bonds deployed	<b>£6.3m</b>	-

Under the ABC framework 'C grade' (contributes to solutions) lending is the highest level. In 2025, C grade deals ranged from retrofits for climate action in housing associations through to growth finance for charities and specialist care providers.

In addition to the £6.3 million deployed to local climate bonds, we created a £100 million green tariff commitment supporting customers to transition to a low carbon economy. We launched innovative financial solutions supporting local and community solutions to climate change. We also reduced the carbon footprint of scope 3 social lending by 5% to 19.7 thousand tonnes (2024: 20.8).

### Delivering outcomes with customers

We also measure how our support contributes to our customer outcomes and how our funding supports customers to deliver in their communities. Our Impact Model, detailed in the Impact Report 2025, showcases how our lending contributes to social, economic and environmental impact. The table below shows how we are contributing to customer outcomes:

	2025	2024
<b>Social Impact</b>		
Homes supported	<b>2,084</b>	1,109
Specialist provisions supported	<b>1,015</b>	416
Prescriptions	<b>3.1m</b>	3.8m
Care beds	<b>1,625</b>	1,798
Day care spaces	<b>670</b>	1,806
<b>Environmental impact</b>		
Homes supported with retrofit finance	<b>736</b>	931
Communal spaces supported with retrofit works	<b>21</b>	2
<b>Economic impact</b>		
Jobs supported	<b>5,296</b>	3,194
Educational spaces	<b>1,330</b>	216
Businesses accessing onward CDFI lending	<b>252</b>	171
Lending to local authorities	<b>£5.0m</b>	-

Our customers also donated £3.2 million (2024: £1.6 million) to charitable and social causes delivering impact in communities. Environmental impact has been driven by Unity's climate finance and support services.

Through our Community Development Finance Institution (CDFI) lending, we supported onward investment into 252 Small and Medium-sized Enterprises ('SME's) and social enterprises (2024: 171) accessing £16.1m (2024: £14.1m) finance where it's needed.

Our Impact Report, also published today on our website, provides more information on how we support our customers to deliver positive social, economic and environmental change in their communities.

### Unity and Me and delivering on our mission

Unity & Me is an employee led forum supporting initiatives over five pillars. These pillars, detailed below, all deliver initiatives supporting colleagues, customers and communities to benefit from Unity's mission.

#### Grants and donations

Unity doubled the value of the Unity Impact Grants programme launched in 2024, awarding £50k (2024: £25k) to ten customers across the UK in 2025. We donated an additional £30.5k (2024: £31.3k) of which £10k (2024: £8.6k) was made by staff members from other programmes. These donations included £7.1k of match funding of external fundraising led by Unity team members.

#### Unity Green

Unity Green delivered climate education and awareness raising activities aligned to Unity's net zero and just transition commitments. This included working with organisations such as Climate-Fresk, the Energy Savings Trust and Sustainability West Midlands to share approaches to reducing carbon footprints and understanding the impacts of climate-change for our colleagues and customers.

### Equity, Diversity and Inclusion

Facilitated workplace awareness and training for 'Understanding Autism in the Workplace' with the National Autistic Society. Over 100 employees joined the discussions to contribute to making Unity an inclusive and welcoming workplace.

### Community Growth

We continued and extended our partnership with the King's Trust. This has included providing 18 volunteer days supporting 118 young people. Unity completed additional volunteering with 294 days supporting communities in 2025.

### Health, Wellbeing and Welfare

This pillar supports us foster a supportive environment where colleagues can thrive. Key initiatives included launching Unity's Health Wellbeing and Welfare Hub, celebrating Mental Health Awareness Week and the theme of Community with focused events such as wellbeing walks.

Unity & Me continues to align to key priorities of Unity; to be the best place to work and to be a leading UK social impact bank. The support to colleagues, customers and communities delivered in 2025 continues to strengthen Unity's double bottom line and contribute to Unity's recognition of being a great place to work as recognised by Best Companies in 2025.

### Our response to climate change

In our 2024 Impact Report and annual report, we set an intensity target to be Net Zero by 2045 and Net Zero by 2035 for our Scope 1, 2 and business travel emissions. Both targets were set specifically with our customer-first and mission embedded at the heart of our transition plan. In 2025, we engaged in multiple initiatives supporting an inclusive transition to a low carbon economy.

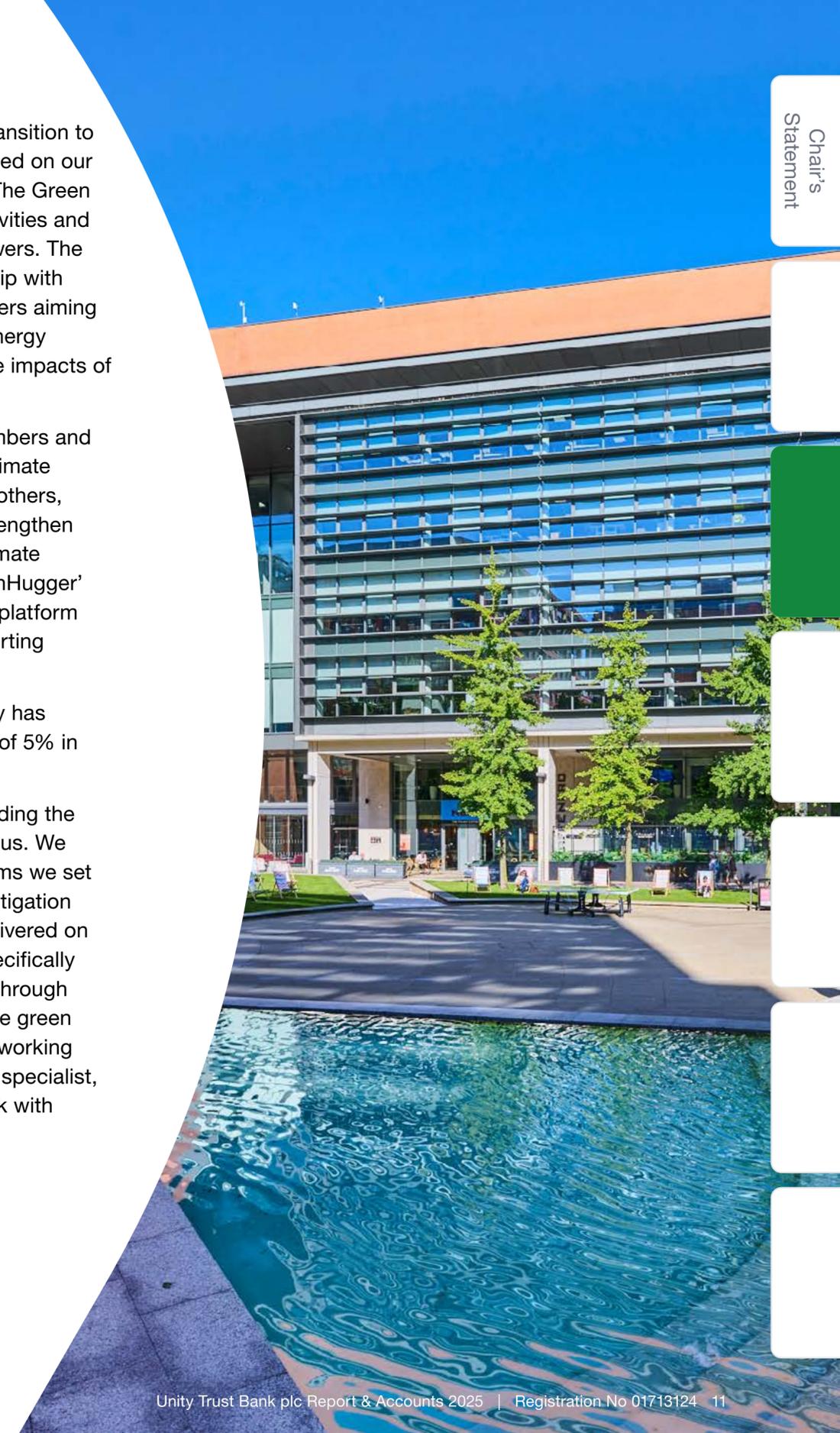
Our Category 15 emissions, those generated through our investments and lending, are our primary source of carbon emissions. Borrowing customers are therefore

a key stakeholder for us to support a Just Transition to Net Zero. Our Green Tariff was designed based on our award winning 'Retrofit Transition Initiative'. The Green Tariff provides lending to support retrofit activities and lending to net-zero aligned real estate borrowers. The Green Tariff is complemented by a partnership with Groundwork UK, providing advice to customers aiming to reduce their carbon emissions, improve energy efficiency of their properties and adapt to the impacts of climate change.

We expanded climate education to staff members and customers. Partnering with Climate Fresk, Climate Outreach, Sustainability West Midlands and others, we delivered multiple training sessions to strengthen community and colleague action towards climate change. Additionally, we partnered with 'TrainHugger' so every train journey booked by us on their platform resulted in native diverse tree planting supporting nature recovery.

Active engagement with our net zero strategy has contributed to absolute emissions reduction of 5% in our category 15 emissions in social lending.

We strengthened our approach to understanding the 'climate-related risks' for our customers and us. We continue to deliver on the two key workstreams we set out in 2024 to support our adaptation and mitigation of climate-related risks. As set above, we delivered on our first workstream to develop financing specifically to support customers transition to Net Zero through initiatives such as local climate bonds and the green tariffs. For the second work stream, Unity is working with South Pole, a physical climate-risk data specialist, to enhance the understanding of physical risk with customer assets.



*Methodologies and data*

We report on all of the emissions sources required under The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 – commonly referred to as Streamlined Energy and Carbon Reporting (SECR).

Our energy and Greenhouse Gas (GHG) emissions data is compliant with SECR requirements and has been calculated in accordance with the GHG Protocol and SECR guidelines. Unity's Category 15 Financed Emissions are reported in line with Partnership for Carbon Accounting Financials ('PCAF') Data Quality Score 5 methodology 3b for listed bonds. Energy and GHG emissions are reported from buildings and transport where operational control is held – this includes electricity, natural gas and business travel in grey fleet (private cars used for Bank business).

All Scope 1 and 2 emissions are reported from measured consumption data. Scope 3 emissions include conservative (i.e. high emissions calculations) where direct measurement data is not complete. Within SECR reported emissions, grey fleet and cash-opt out is based on mileage reported calculated against vehicle type. Additional to emissions in scope for SECR reporting (Scope, 1, Scope 2 and Scope 3 cash opt-out / grey fleet, rail travel, flights and taxis). We report on rail travel, flights, taxis, hotel stays and homeworking, using GHG Protocol recommended methodologies.

*Greenhouse gas ('GHG') emissions*

The table below shows the performance summary of regulated SECR energy and GHG emission sources. Our GHG emissions, which are all based in the UK, were independently calculated by Carbon Footprint Ltd for the year ended 31 December 2025:

	2025	2024
<b>SECR-related Energy (kWh)</b>	<b>281,061</b>	283,524
<b>Emissions (tCO<sub>2</sub>e)</b>		
Scope 1: Natural gas <i>Location and Market Based</i>	<b>28.75</b>	22.56
Scope 2: Electricity <i>Location Based</i>	<b>6.73</b>	17.53
<i>Market Based</i>	<b>1.61</b>	1.40
Scope 3: Grey fleet and cash opt-out <i>Location and Market Based</i>	<b>30.88</b>	26.69
<b>Total SECR emissions</b>		
<i>Location Based</i>	<b>66.36</b>	66.78
<i>Market Based</i>	<b>61.24</b>	50.65
Additional Scope 3		
Water <sup>4</sup> <i>Location and Market Based</i>	<b>0.24</b>	0.00
Well to tank <i>Location Based</i>	<b>4.68</b>	7.61
<i>Market Based</i>	<b>4.68</b>	3.88
Electricity transmission & distribution <i>Location Based</i>	<b>0.70</b>	1.89
<i>Market Based</i>	<b>0.08</b>	0.07
Waste <sup>4</sup> <i>Location and Market Based</i>	<b>4.18</b>	0.00
Wastewater <sup>4</sup> <i>Location and Market Based</i>	<b>0.20</b>	0.00
Homeworking <i>Location Based</i>	<b>43.92</b>	47.71
<i>Market Based</i>	<b>42.32</b>	45.67
Hotel stays <i>Location and Market Based</i>	<b>2.87</b>	3.08

	2025	2024
Rail travel <i>Location and Market Based</i>	<b>15.00</b>	17.66
Flights <i>Location and Market Based</i>	<b>5.01</b>	6.34
Taxi <i>Location and Market Based</i>	<b>0.70</b>	0.00
Bus <sup>4</sup> <i>Location and Market Based</i>	<b>0.30</b>	0.00
Commuting <i>Location and Market Based</i>	<b>125.99</b>	58.92
<b>Total own operations plus business travel</b>		
<i>Location Based</i>	<b>270.15</b>	209.99
<i>Market Based</i>	<b>262.81</b>	186.27
FTE	<b>270</b>	230
<b>Emissions intensity (tCO<sub>2</sub>e / FTE)</b>		
<i>Location Based</i>	<b>1.00</b>	0.91
<i>Market Based</i>	<b>0.97</b>	0.81
PCAF Scope 3 Category 15 – corporate bonds Financed Emissions (Data Quality Score 5)	<b>730</b>	1,064
PCAF Scope 3 Category 15 – social lending	<b>19,690</b>	20,782
PCAF Scope 3 Category 15 – Sovereign Debt <sup>5</sup>	<b>38,786</b>	-
<b>Total CO<sub>2</sub>e Emissions</b>		
<i>Location Based</i>	<b>59,476</b>	22,056
<i>Market Based</i>	<b>59,469</b>	22,032

<sup>4</sup> Measured for the first time in 2025

<sup>5</sup> 2025 was the first year we measured category 15 – Sovereign Debt emission as such there is no prior year comparative.

Emission categories

Category	Description and calculation methods
Scope 1	<p>Direct GHG emissions that originate from assets that Unity owns or controls. This includes heating boilers in two sites where Unity is a lessee. Our contributions are calculated based on office space percentage of total building usage for both sites. The calculation uses UK government conversion factors<sup>6</sup>. There are no company owned vehicles and as such no scope 1 vehicle emissions.</p>
Scope 2	<p>Indirect GHG emissions from the generation of purchased electricity. Under the GHG Protocol, the Bank is required to report Scope 2 emissions of both market and location-based approaches.</p> <p>Market based approach – reflects emissions from electricity that the Bank or our office site managers have purposefully chosen, e.g. renewable energy.</p> <p>Location based approach – reflects the average emissions intensity on the grids upon which energy consumption occurs.</p> <p>Unity’s emissions for two sites are calculated based on percentage of total building kWh usage. Our third (and main site) is based on meter readings and use the UK Government’s conversion factors.</p>
Scope 3	<p>All other material indirect emissions that occur across the Bank’s value chain. For 2025, the Bank’s Scope 3 emissions include SECR emissions, business travel, homeworking and financed emissions. Financed emissions include bond holdings, social lending and sovereign debt.</p> <p>All business travel is calculated based on Carbon Footprint Ltd’s calculation factoring cost of travel using UK Gov emissions calculations. Home working is estimated based on single occupancy and a 60% homeworking rate.</p> <p>Our Scope 3 Category 15 customer loans are calculated using the PCAF European Building emissions factors. 70% (2024: 77%) of our portfolio meets data quality score 3 through methodology 2a and 30% (2024: 23%) is data quality standard 5. Corporate bond holdings are calculated using PCAF methodology 1b data quality score 2. Sovereign debt is calculated using option 1a with a data quality score 1. Therefore, this represents a significant increase in the reporting exposure from Unity aligned with our membership of PCAF.</p>

<sup>6</sup> Greenhouse gas reporting: conversion factors 2025 - GOV.UK

We do not fund industries that have a significant measured negative impact towards climate change, such as coal-fired power stations, mining industries or organisations that burn toxic waste. We reviewed and updated our exclusions policy for lending in 2025 and assessed all lending to ensure that there is no intentional or high risk of unintentional negative impact to society and the environment.

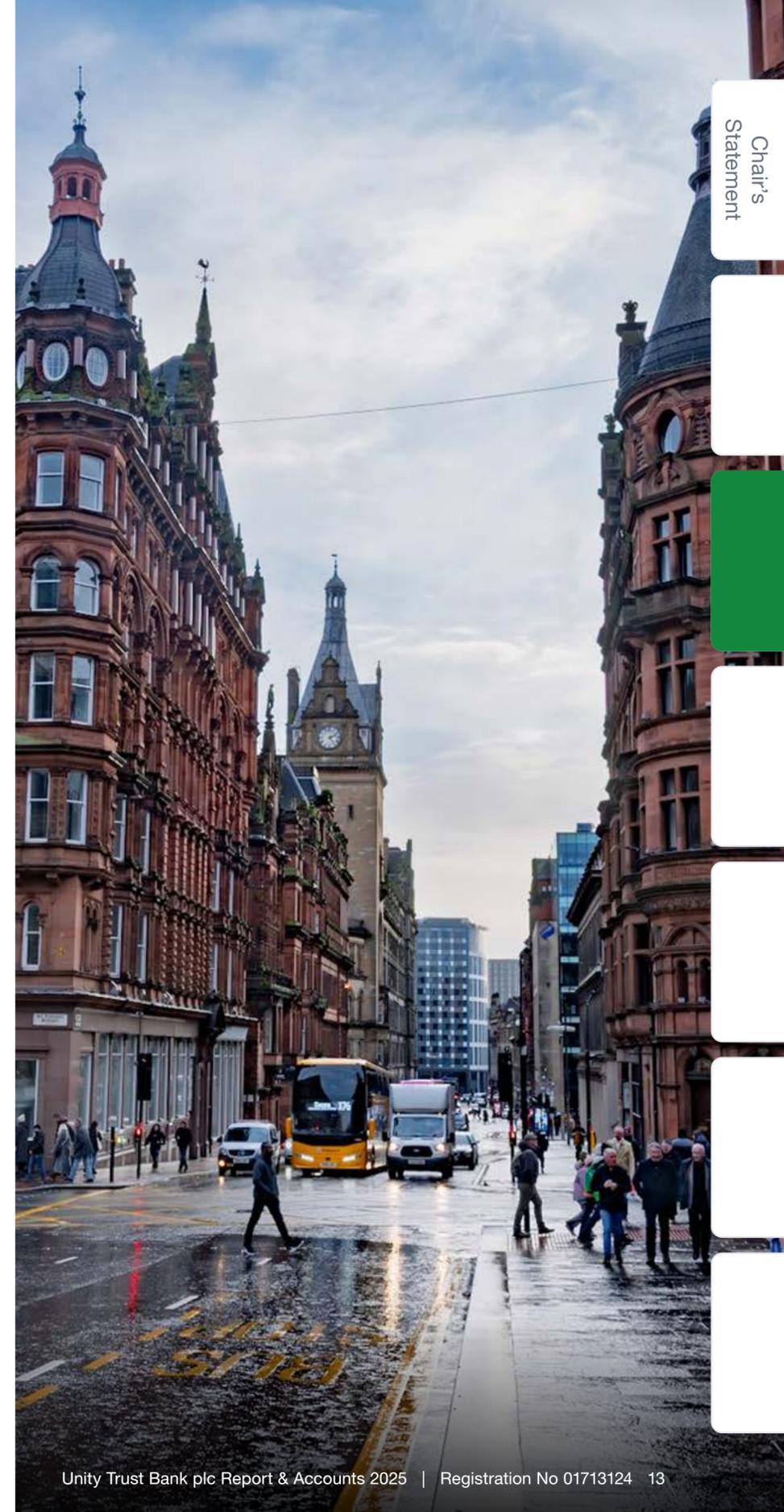
Each of our Sector Credit Policies incorporate detail on the potential risks and opportunities from social, environmental and climate change factors and every loan committed in 2025 was subject to an impact assessment. Stress tests, using scenarios published by the Network of Central Banks and Supervisors for Greening the Financial System (‘NGFS’) and strengthened with Unity-specific stress testing have been included within our Internal

Capital Adequacy Assessment Process (‘ICAAP’) to inform the capital held for climate change risks.

Our Supplier and Procurement Procedures include social and environmental criteria covering both selection of new suppliers and ongoing management of existing partners.

Approved by the Board of Directors and signed on behalf of the Board by:

**Colin Fyfe**  
 Chief Executive Officer  
 Unity Trust Bank plc  
 5 March 2026



# Directors' Biographies



**Christine Coe**  
Independent  
Non-Executive Chair

Appointed to the Board in March 2023.

Skills brought to the Board: Commercial banking, credit and Enterprise Risk Management, banking regulation, SME lending, financial crime, and anti-fraud experience.

Chris chairs the Board and the Board Nominations Committee and is a member of the Board Remuneration Committee.

Chris has over 40 years' global credit and risk experience which she gained through a variety of roles at HSBC. Since leaving HSBC she provided advisory and expert witness support to the HSBC legal team on regulatory matters arising from the 2008 financial crisis. Prior to this she served as HSBC's Managing Director and Global Head of Funds' Due Diligence and Control, their Global Head of Funds Risk, and was Chief Risk Officer at HSBC Securities Services.

Chris serves on the Board of Atom Bank plc, a retail digital mortgage and savings bank. She is the owner and Practice Director of The George Road Clinic, a multi-disciplinary Private Medical Practice providing a range of out-patient services. Chris is also a Director and Charity Trustee of the British Pig Association and UK Tag, a non-profit concerned with the development of livestock exports.

Chris has a BA in Politics and Economics and a Finance Houses Association Diploma.



**Paul Nowak**  
Non-Executive Director  
and President

Appointed to the Board in March 2025.

Skills brought to the Board: Knowledge of Trade Unions, leadership and stakeholder engagement

Paul Nowak is General Secretary of the TUC, which represents 47 Trade Unions and 5.3 million working people. He has been a trade union activist and official for over 35 years, first joining a union at the age of 17 while working part-time at Asda.

Paul joined the TUC in 2000 and held a number of regional and national roles before being elected as General Secretary, a post he took up in January 2023.

In his previous roles at the TUC, Paul led the TUC's work on issues including public services, union organisation and recruitment and transport. He played a key role in shaping the government's safe working guidance during the COVID-19 pandemic.

Paul has represented the TUC and unions on a range of external bodies including the Acas Council, Strategic Trade Advisory Group and Green Jobs Task Force. He is a member of the ITUC General Council.



**Colin Fyfe**  
Chief Executive Officer

Appointed to the Board: January 2024

Skills brought to the Board: Strategic leadership and delivery in financial services, change management, sales and marketing, governance, stakeholder engagement and risk management.

Colin has led financial services firms for 11 years through his roles as Chief Executive Officer at Hinckley & Rugby Building Society and Darlington Building Society. This followed a 29-year banking career with the National Australia Bank Group, with the majority of this time spent at Clydesdale and Yorkshire Bank. His experience covered corporate, commercial, private, and retail banking and leadership positions spanning marketing, people, sales, and risk teams across these sectors.

Colin is a Non-Executive Director of Shine Trust, a charity dedicated to improving educational opportunities for disadvantaged children. Colin is also a member of the Greater Birmingham Chambers of Commerce Council who are helping to shape the region's business landscape.

Colin is a Fellow of the Institute of Bankers in Scotland.



**Sandy Chen**  
Independent  
Non-Executive Director

Appointed to the Board in November 2015.

Skills brought to the Board: Leading financial analyst, deep knowledge of bank accounting, reporting and regulation, macro-economics and the economic environment, regulatory & central bank policy, UK banking innovation.

Sandy chairs the Board Audit Committee and is a member of the Nomination Committee and the Board Risk Committee.

Sandy has over 20 years of experience in the financial services industry, as analyst and executive. He has published a book titled 'Integrated Bank Analysis and Valuation: A Practical Guide to the ROIC Methodology' (Palgrave, 2013) and has advised the UK government on banking issues.

Sandy is the Chief Executive Officer and Co-Founder of Graphene Composites Ltd.

Sandy holds a BA 'magna cum laude et cum honoribus' in International Relations and a BA in Economics from Brown University (US) and was awarded Phi Beta Kappa academic honours; he also attended Phillips Academy Andover (US).



**Professor Lord  
John Eatwell**  
Independent  
Non-Executive Director

Appointed to the Board: November 2024

Skills brought to the Board: Leading economist, financial policy and regulation, banking and finance.

John is a member of the Board Audit Committee, the Board Nominations Committee and Board Remuneration Committee

John taught economics at Cambridge where he was Professor of Financial Policy. He was President of Queens' College 1997-2020.

John's earliest interests were in economic theory. However, from the early 1980s onwards his work included policy issues related to employment, growth and finance. From 1985 to 1992 he was an economic adviser to Neil Kinnock, then Leader of the Labour Party. In 1992 he entered the House of Lords and has served several terms as Principal Opposition Spokesman on Treasury and Economic Affairs.

He has also been a financial services regulator in London and was chair of the Jersey Financial Services Commission (2010-2020).

He was a member of the Board of the Royal Opera House (1998-2006) and Chair of the British Library (2001-2006).

John is a member of the House of Lords Committee on Financial Regulation, a House of Lords Peer and Chair of the Advisory Board for the Institute for Policy Research at the University of Bath.



**Penny Hogan**  
Chief Financial Officer

Appointed to the Board in March 2025.

Skills brought to the board: Banking regulation, financial transformation, financial planning and reporting, commercial pricing, pensions, risk and control. Penny has over 25 years in financial services, having previously held senior positions at the Co-operative Bank and Deloitte. Penny joined Unity in 2021, bringing a wealth of experience. She has continued to build her distinguished career at Unity and was appointed to Chief Financial Officer in 2024, before being appointed to the Board in March 2025.

Penny is also a Non-Executive Director at Fair Tax Foundation, and a Director of Unity Employee Benefits Trust.

Penny has a degree in Mathematics and is a Member of Women in Banking & Finance, and a Fellow of the Institute of Chartered Accountants in England & Wales.



**Alexander Ryan**  
Non-Executive Director

Appointed to the Board in November 2020.

Skills brought to the Board: Knowledge of Trade Unions, corporate governance, investor relations, pensions, and non-executive experience.

Alex is a member of the Nomination Committee, the Remuneration Committee, and the Board Risk Committee. He is also the Chair of the Unity Trust Bank pension scheme.

Alex has over 20 years' experience working in the Trade Union sector and has worked with a number of FTSE 100 companies. In his role as Head of Pensions at Unite the Union, Alex is responsible for the operation of a £1billion defined benefit pension scheme and is an active voice within the pensions industry, particularly around Environmental, Social and Governance issues.

Alex is a professional member of the Association of Accounting Technicians, a member of the Pensions Management Institute and completed a certified MBA with the London School of Economics & Political Science (LSE).



**Keith Smithson**  
Independent  
Non-Executive Director

Appointed to the Board in January 2026.

Keith is a member of the Risk Committee and the Board Audit Committee.

Skills brought to the Board: extensive experience in finance and treasury, including banking operations and strategic finance, audit and risk management, with a strong track record in governance, oversight, and regulatory engagement. Keith has a significant amount of board level experience in regulated banking and has over 35 years of experience in banking and finance, spanning across asset finance, retail banking, insurance, wealth management, corporate banking and capital markets in the UK and internationally. He is a Chartered Accountant and holds a Bachelor of Commerce degree.

Keith serves as Non-Executive Director and Chair of Audit and Governance Committees at TD Global Finance, and as Non-Executive Director and Chair of Audit and Remuneration Committees at RCI Bank.



**Christopher Sparks**  
Independent  
Non-Executive Director

Appointed to the Board in September 2025.

Chris Chairs the Risk Committee and is a member of the Audit Committee.

Skills brought to the Board: extensive expertise in risk management and UK retail banking, Significant leadership expertise with extensive experience in finance, data and risk management at major UK institutions. Chris has an excellent understanding of the financial, operational, commercial and risk considerations gained from his experience in retail and Small to Medium Enterprise.

Chris serves as a Non-Executive Director and Chair of the Risk Committee at the Nottingham Building Society.

Chris is a Professor in Practice in the Departments of Mathematical Sciences and Computer Science at Durham University and a member of the Research Advisory Board for the Credit Research Centre at the University of Edinburgh Business School.



**Susan Sternglass Noble**  
Independent  
Non-Executive Director

Appointed to the Board: November 2017

Skills brought to the Board: Financial services business models, accounting, and regulation; investment management, impact analysis and start-up experience.

Susan is Chair of the Remuneration Committee and a member of the Board Risk and Board Nomination Committees.

Susan joined the Bank with a 30-year career as an analyst and investor in financial services. She was an early board member of the Swedish internet stockbroker Avanza AB. She served as a Commissioner on the Dormant Assets Commission, tasked with unlocking money for the charitable sector, and was a Specialist Adviser to the Treasury Select Committee of the House of Commons.

Susan serves on the board of Invesco Asia Dragon Trust plc, a listed investment trust. She is Commissioner of the US-UK Fulbright Commission and Chair of the Finance Committee and a Director of The Fulbright Foundation. Susan is an active angel investor, particularly in women-founded tech companies.

Susan has a B.A. from Cornell University and an MSFS. from the Georgetown School of Foreign Service. She is a Member of Chapter Zero and a Member of the Director's Circle of Women on Boards UK.

# Corporate Governance Report

## Corporate Governance statement

Unity Trust Bank is an unlisted company and therefore is not required to comply with the UK Corporate Governance Code (2024) ('the Code'). The Board considers the Code as an important benchmark for good corporate governance practice and takes account of its principles and provisions when reviewing and enhancing the Bank's corporate governance arrangements. The Board has adopted a proportionate approach to the application of the Code, which supports and aligns with the Bank and its objectives.

## Board leadership and company purpose

**Business Model** – The Bank's business model is set out on page 7. This describes how Unity provides banking services to commercial organisations that contribute economic, environmental or social benefit.

**Culture** – The Board recognises that a healthy and supportive culture is fundamental to the Bank's long-term success and to the trust placed in it by its customers, colleagues and stakeholders. The Board monitors the Bank's culture through regular reporting, direct employee engagement activities and discussions with the Executive Directors, the Chief People Officer, and other members of management, to ensure that conduct and decision-making align with the Bank's purpose, values and strategic objectives. The Bank supports initiatives which connect colleagues to the Bank's achievement of social impact and pursuit of the double bottom line. The Board has also designated a Non-Executive Director responsible for ensuring the interests of Unity's workforce are represented in the boardroom. The Board is committed to leading by example and by promoting the desired culture which is aligned to the values. Our values, set out on page 7, guide us in the delivery of our purpose to be the bank with a social conscience. They underpin the Bank's ability to deliver exceptional services to customers, make meaningful contributions to the community and wider society, and create sustainable value for all stakeholders.

**Engagement with Stakeholders** – Significant time and effort is invested in providing detailed and transparent information to shareholders and in maintaining regular and effective dialogue with them. The Chair, Chief Executive Officer ('CEO') and Chief Financial Officer ('CFO') engage directly with investors on a regular basis throughout the year in order to understand their views on governance and performance, as well as on other significant matters. Page 9 explains how the Directors have had regard to shareholder and wider stakeholder needs, including employees when performing their duty under s.172 of the Companies Act 2006.

## Division of responsibilities

The Board comprises two Executive Directors and eight Non-Executive Directors. The Non-Executive Directors include the independent Chair, five independent Directors and two shareholder Directors. There is a clear division of responsibilities between the offices of Chair and CEO. The Chair is responsible for promoting the highest standards of integrity, probity, and corporate governance throughout the Bank and particularly at Board level. The Chair also ensures that the Board demonstrates objective judgement and fosters a culture of openness and constructive debate. The CEO is responsible, with support from the executive team, for implementing the decisions of the Board and its Committees. The CEO has established the Executive Committee to assist in the management of the business and deliver against the approved strategic plan in an effective and controlled manner.

## The Board

The Board is collectively responsible for the long-term sustainable success of Unity Trust Bank. It provides strategic direction and guidance to the Executive and management, and monitors performance against financial and non-financial measures and risk appetite.

Specific Board authority is delegated to Board Committees and the CEO who may, in turn, delegate elements of discretion to appropriate members of the Executive and senior managers.

## Board Committees

**Board Audit Committee** – Oversight of matters relating to financial reporting and financial controls including reviewing and monitoring the integrity of the financial statements and formal announcements and disclosures relating to financial performance. The Board Audit Committee also has oversight of the independence and effectiveness of the internal and external audit functions and the effectiveness of internal financial controls.

**Board Risk Committee** – Oversight of enterprise risk governance and management as well as supporting a culture that emphasises and demonstrates the benefits of a proportionate approach to risk management and internal controls.

**Nomination Committee** – Oversight of the composition of the Board and its Committees, leading the process for nominations and responsible for ensuring plans are in place for the orderly succession of Board members.

**Remuneration Committee** – See page 18 for details.

# Remuneration Report

## Introduction – Fair and proportionate pay

Unity Trust Bank is committed to adhering to regulatory requirements on remuneration and aims to provide reward packages that attract, motivate, and retain appropriately experienced and capable individuals. Fair and proportionate pay is a priority at all levels within the Bank. Unity has proudly held the Real Living Wage accreditation for over 10 years, has maintained certification as an Investor in People (Gold standard), and was named by Best Companies as an outstanding place to work. In recognition of our employee engagement scores the Bank went on to be named by Best Companies in 2025 as 17th Best Large Company to work for, 12th Best West Midlands Company to work for and 5th Best Financial Services Company to work for, reflecting its collaborative culture and responsible employer practices.

A full pay review is conducted annually, ensuring that colleague pay continues to be a fair reflection of market rates with particular focus on our lower paid colleagues.

The components of remuneration are set out below. This includes Employee Profit Share and Share Incentive Plan awards, both of which are also awarded to all eligible employees and Executive Directors at the same percentage of basic pay up to any relevant tax limits (as set out below).

Unity remains committed to maintaining a diverse and inclusive workplace. The Board’s diversity policy is available on the Bank’s website. This also provides an indication of the Board’s approach to diversity in Executive and senior management positions for the purpose of succession planning. Unity is an accredited Disability Confident employer and has made a commitment to the Women in Finance Charter.

### Gender pay gap

In previous years the Bank adopted a simplified methodology in calculating its gender pay gap, using only gross salaries of all employees at a set date. For 2025 the Bank has aligned its calculation methodology to the approach published by the Government Equalities Office.

On aligning methodology, alongside key changes in the Bank’s personnel over the staging date and a higher volume of male hires throughout the reporting period, the Bank reports gender pay gap as shown in the table below:

	April 2025	April 2024 <sup>7</sup>
Mean gender pay gap	19%	9%
Median gender pay gap	19%	17%

<sup>7</sup> Comparative aligned to methodology applied in 2025.

Significant headcount growth at the Bank in 2025 and the timing of senior management appointments have impacted the gender pay gap. Investment in key roles within predominantly male-dominated sectors of technology, commercial leadership and data have contributed to the increase. Changes within the executive team resulted in a shift in gender split and pay range at the relevant calculation date for gender pay reporting of April 2025.

In 2025, subsequent to the calculation date, the female Chief Risk Officer and Chief Customer Officer were appointed. The Bank is committed to achieving a target of 45-55% in senior management female representation. With these appointments, the Bank is pleased to have reached 45% in 2025. The Bank aims to reduce its gender pay gap by identifying any potential barriers for females progressing their careers and has action plans in place to achieve these aims, which the Board monitors.

At the date of signing the 2025 accounts 30% of the Directors are female (2024: 22%). Unity has committed to support the progression of women into senior roles by targeting to have at least 40% female Directors from 2026. Christine Coe was appointed as Chair of the Board in May 2025, as the Bank’s first female Chair.

### Remuneration Committee

- The Remuneration Committee annually reviews and recommends the Remuneration Policy to the Board, which is aligned to the Bank’s values, long term strategy and risk appetite. When setting remuneration for directors, the Committee reviews and has regard to pay and employment conditions across the Bank, especially when determining annual salary increases. The Remuneration Committee is accountable to the Board and its remit includes:

- To propose the over-arching principles of remuneration policy and practices across the Bank.
- To recommend Executive Director pay, Employee Profit Share and Employee Share Scheme awards to the Board for approval; and
- To determine the remuneration of the other members of the Executive.

### Remuneration policy

The Bank’s remuneration policy aims to ensure that:

- The Bank can attract, develop and train high-performing and motivated employees.
- Employees are offered a competitive and externally aligned remuneration package that supports our fair pay principles with external benchmarks aligned across comparable sectors, sized organisations, and relevant regions.
- Fixed pay makes up a significant component of remuneration.
- Employees feel encouraged to create sustainable results with alignment of interests among stakeholders.
- The Bank’s general incentive structures ensure sound and effective risk management to prevent excessive risk taking.
- Meets the Real Living Wage.

Remuneration supports the Bank’s culture and is a key driver of employee behaviour. Implementing effective remuneration policies and practices help ensure appropriate outcomes and demonstrates good governance.

### Remuneration Components: Employees (including Executive Directors)

The Bank recognises the need to recruit and retain motivated people to work for the Bank. How employees are engaged, appraised, trained and motivated plays a key part in the Bank’s culture of fairness and consequently, the fair treatment of customers. To achieve this aim, the Bank provides a competitive remuneration package commensurate with businesses of a similar size and nature. In setting remuneration, the Bank consults with its recognised Trade Union representatives.

### Fixed remuneration

Base salary – Unity seeks to pay basic salaries which attract and retain employees. Salary levels are set with reference to independent salary benchmarking data. The Bank’s remuneration principles ensure that it is a Real Living Wage employer.

Benefits – Benefits include life assurance, income protection and healthcare plans. Paid to all employees including Executive Directors.

Pension – The Bank operates a company pension scheme which is suitable for auto-enrolment purposes. Pension benefits are the same for all employees, regardless of seniority, supporting our inclusive culture. All employees are encouraged to invest for their future. All employees, Executive Committee Members and Executive Directors are eligible to participate in the defined contribution scheme or alternatively may choose to receive a cash allowance in lieu of pension. This cash allowance is set as a percentage of salary and is subject to taxation and national insurance deductions. A small number of employees retain benefits from the Co-operative PACE Defined Benefit scheme, which was the Co-operative Group pension scheme. This scheme closed in June 2015.

#### Variable remuneration

The Bank does not pay individual cash bonuses.

Profit share – Subject to the Bank's overall performance, an annual profit share award may be paid to eligible employees at the discretion of the Remuneration Committee and the Board. The profit share is set as a percentage of basic salary, with the same percentage applied to all employees including Executive Directors. The profit share for 2025 was 9% (2024: 9%).

Share based remuneration – The Bank operates three share-based schemes, the Share Incentive Plan ('SIP'), the Company Share Option Plan ('CSOP'), and the Key Person Share Option Plan ('KSOP'), details of each are provided below.

#### Share based schemes operated by Unity (Audited)

The Bank has established several share-based schemes designed to encourage employee ownership and increase retention whilst also aligning employee interests with those of shareholders, customers and other stakeholders. Shares and Share Options may be awarded at the sole discretion of the Board, as recommended by the Remuneration Committee. The total employee shareholding at the end of the year was 0.9% (2024: 0.8%). Key highlights of the schemes are set out below with further detail provided in Note 27.

The key points in the life of share-based schemes are as follows:

- Grant – The initial award. The Grant date is when holders start to earn the rights to the award.

- Vesting – This is when the holders have earned the rights to their award, however for option schemes such as the CSOP and KSOP, holders may not access the benefits until the exercise date, and
- Exercise – This is when, for option schemes, holders can access the benefits of the award.

#### Share Incentive Plan

All employees who meet the service requirements (including Executive Directors) are eligible to participate in the SIP. The SIP is a tax advantaged cash-settled plan under which employees are entitled to Free shares, subject to £3,600 per annum cap. Employees can also purchase partnership shares, up to the value of £1,800 per annum cap and these may be matched by the Bank up to a maximum ratio of 2:1. The Free and Matching shares vest over a 3 year period contingent on continuing employment with the Bank.

#### Company Share Option Plan

The CSOP is intended for selected employees (including Executive Directors) across the Bank. Options are awarded, entitling the option holder the right to acquire shares at a pre-determined exercise price after the end of the vesting period. Subject to the option holder remaining in employment with the Bank, the shares vest over 5 years, with one third vesting in year 3, one third vesting in year 4 and the residual portion vesting in year 5.

As a tax-advantaged scheme, an individual can hold CSOP options over shares with a maximum value of £60,000, based on the market value of the shares on the grant date. This is a total limit on all subsisting CSOP options held at any one time, not an annual limit.

#### Key Person Share Option Plan

The KSOP is intended for selected employees (including Executive Directors) across the Bank, with inclusion based on an annual assessment and recommendation from the Remuneration Committee for Board approval. Fair and proportionate pay to all staff is an essential principle for Unity and the KSOP scheme is designed to strike a balance between being appropriate to motivate and retain essential skills within the Bank, whilst not distorting the pay ratio of the highest earner and others in the organisation. Options are awarded, entitling the option holder the right to acquire shares at their nominal value after the end of the vesting period. Vesting is subject to the option holder remaining in employment with the Bank and certain performance conditions.

The Board retains an overriding discretion over the final level of vesting and can scale back if the value has been unduly influenced by external circumstances or determine that a claw-back shall apply within two years of the date the option is exercisable. No awards were outstanding in respect of the KSOP at the end of the year (2024: nil).

#### Directors' emoluments (Audited):

	2025 £'000	2024 £'000
Non-Executive Directors - emoluments	381	320
Executive Directors - emoluments		
Remuneration as a Director	889	672
Remuneration as an employee	100	-
<b>Total</b>	<b>1,370</b>	<b>992</b>

Emoluments of three Executive Directors are reported for 2025 in the table above, with two Executive Directors in office in 2024.

The highest paid Director during the year was the CEO, who received a total remuneration package of £463k (2024: CEO, £375k). This includes salary, employer's pension contributions, profit-sharing payments and car allowance. The aggregate value of company pension contributions paid, or treated as paid, to directors for the year was £68k (2024: £17k). The number of directors who accrued retirement benefits during the year was two (2024: one).

The Bank is mindful of the 'fair approach to remuneration' of the High Pay Centre and we aim for the highest paid person to be paid no more than 20 times the median pay of the median quartile of the workforce. The CEO median pay ratio for 2025 was 7:1 (2024: 8:1).

Independent Non-executive Directors received fees of £245k per annum in aggregate for their services (2024: £216k).

During the year, Christine Coe succeeded Alan Hughes as Chair of the Bank. Annual fees received for as the role of Chair in the year was £135k (2024: £104k). Shareholder Non-Executive Directors were not paid a fee by the Bank. The number of Independent Non-Executive Directors paid during the year was five (2024: four).

# Report of the Directors

for the year ended 31 December 2025

## Results and Dividends

The results for the year, before taxation, amounted to a profit of £52.4m (2024: £65.8m). The Directors recommend a final dividend of 8.00p per share which takes the total dividends for 2025 to 11.00p per share (£2.7m, 2024 total dividend of £2.2m), including the interim dividend of 3.00p per share paid in December 2025 (2024 total dividend: 9.00p, interim dividend of nil).

## Directors

The Directors at the date of signing the accounts are:

### Non-Executive Directors

Christine Coe, Chair

Sandy Chen, Independent

Professor Lord John Eatwell, Independent

Paul Nowak

Alexander Ryan

Keith Smithson, Independent (appointed 12 January 2026)

Christopher Sparks, Independent (appointed 1 September 2025)

Susan Sternglass Noble, Independent

### Executive Directors

Colin Fyfe, Chief Executive Officer

Penny Hogan, Chief Financial Officer (appointed 26 March 2025)

## Taxation

The Bank participates in the Community Investment Tax Relief ('CITR') scheme which encourages investment in disadvantaged communities by giving tax relief to companies who invest in Community Development Finance Institutions ('CDFIs'). Deductions from Corporation Tax totalling £1,518k (2024: £1,169k) were made regarding the CITR scheme.

The following table shows a breakdown of the Bank's tax contributions:

	2025 £'000	2024 £'000
Corporation tax	25,649	14,668
VAT	2,393	1,882
Employment tax		
• Employer NIC	2,502	1,722
<b>Total taxes paid</b>	<b>30,544</b>	<b>18,272</b>
Employment taxes collected		
• Employee PAYE and NIC	5,397	4,176
<b>Total tax contributions</b>	<b>35,941</b>	<b>22,448</b>

## Statutory disclosures

Insurance and indemnities – The Bank purchased and maintains Directors and Officers liability insurance cover. In addition, the Bank indemnifies each of its Directors and the Directors of its subsidiary, Unity EBT Limited, against liability for wrongful or negligent acts. This arrangement constitutes a qualifying third-party indemnity provision for the purposes of the Companies Act 2006 and applied to each of the Bank's Directors serving in 2025 and as at the date of approval of this report.

Information on exposure to, and management of credit risk and financial risk can be found in the Strategic Report and the Risk Management section. Climate-related Financial Disclosures can be found on pages 11 to 13. Disclosures relating to how the Directors have engaged with stakeholders, including employees and suppliers, are set out on page 9. Information regarding colleague policies and practices are included on page 18.

## Going Concern

The financial statements have been prepared on the going concern basis as the Directors have a reasonable expectation that the Bank has adequate resources to continue in business for the foreseeable future.

In making this assessment, the Directors have considered a wide range of information relating to present and future conditions including future projections of profitability, cash flows and capital resources, the potential risks affecting these, including those arising from changes in interest and

inflation environments, and climate change. A range of different plausible scenarios have been modelled, considering possible mitigating management actions, in addition to capital and liquidity stress and reverse stress testing.

In addition, the Risk Management section includes the Bank's policies and processes for managing its capital, its financial risk management and its exposures to credit risk and liquidity risk. The Bank has elected to enter the Small Domestic Deposit Takers regime, with implementation underway. The adoption of the regime is not expected to significantly impact the Bank's capital position.

The Bank has considerable financial resources, and the Directors believe that the Bank is well placed to manage its business risks successfully. For this reason, they continue to adopt the going concern basis in preparing the Bank's financial statements. Further information relevant to the assessment is provided within the basis of preparation of the financial statements on page 52.

## Disclosure of information to the Auditor

The Directors who held office at the date of the approval of the Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware. Each Director has taken all the steps that they ought to have taken as a Director, to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The Directors consider that the Annual Report, taken as a whole, is fair, balanced, and understandable, and provides the necessary information to assess the company's position and performance, business model and strategy.

## Auditor

The Board will recommend the re-appointment of Deloitte LLP to shareholders at the 2026 AGM.

Approved by the Board of Directors and signed on behalf of the Board by:

**Gray Tavener**  
Company Secretary  
5 March 2026

# Directors' Responsibility Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements also comply with International Financial Reporting Standards ('IFRSs') as adopted by the UK.

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 Bank and of its profit or loss for that period.

In preparing the financial statements, the Directors are required to:

- Properly select and apply accounting policies.
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable, and understandable information.
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- Make an assessment of the Bank's ability to continue as a going concern.

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

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

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

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with IFRSs as adopted by the UK, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Bank and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Bank, and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

**Gray Tavener**  
Company Secretary  
5 March 2026

# Risk Management

## Approach to Risk Management

Unity maintains an Enterprise Risk Management Framework ('ERMF') which encourages a structured and consistent approach to existing and emerging risks. Unity's principal risk categories are overseen through specific risk committees. This allows close management attention to individual risks and provides clear focus for Unity to remain within its agreed risk appetite and quickly identify changes in risk profile.

Current and recent economic conditions, including geo-political tensions, the continuing cost-of-living crisis and changes in regulations are factored into our approach to risk management. Whilst the level of inherent risk for some of Unity's principal risks and uncertainties has changed; Unity's risk controls continue to provide appropriate mitigation in accordance with our risk appetite.

The principal risks, many of which are inherent in all banking businesses, are mitigated and managed through the ERMF and the policies and processes within Unity that adhere to it. Further information on risk management and the governance structure of the Bank can be found in the Pillar 3 disclosures on Unity's website.

The Board of Unity sets a risk appetite statement representing the aggregate level and types of risk that Unity is willing to take in pursuit of its objectives. The business operates within this appetite; actively monitoring exposures using key risk indicators and early warning indicators. The Bank operates a 'three lines' risk management model, as described in the ERMF, whereby:

- The first line comprises the business functions, who identify, assess, and manage risks arising from their day-to-day activities. They pursue Unity's corporate objectives and run the business in line within agreed risk appetite (risk ownership). The functions are supported by the first line Business Risk & Controls team.
- The second line comprises the Risk function, which specialises in risk and compliance management. It supports and guides the first line of defence to manage risk within risk appetite and provides independent oversight to senior management. The second line helps develop risk policies, frameworks, tools and techniques (risk oversight).

- The third line is provided by an independent internal audit function. The third line reviews how the first and second lines operate and reports to the Board Audit Committee on the internal control environment (risk assurance). Unity outsources the internal audit function.

Four management risk committees and an executive risk committee are in place to provide governance and oversight to the principal risks and uncertainties for Unity. Each risk committee monitors current and emerging risk exposures versus risk appetite, and the effectiveness of Unity's control environment, in the context of the principal or sub-risks assigned to it.

The management committees comprise members who are first line management, with second line in attendance. The committees undertake a number of responsibilities as part of their risk governance role, including monitoring performance against key risk indicators, monitoring risk incidents and remedial action plans, and ensuring the management information it receives is sufficient to enable it to exercise oversight over risk exposures and related controls.

## Principal risks and uncertainties

Unity's risk landscape continues to change, for example, volatility in the macroeconomic environment, rapid technology advancement and ongoing regulatory changes. Continued investment in the Bank's infrastructure, technology and resources supports the Bank's risk mitigation strategies and resilience. However, in order to accurately reflect Unity's organisational structure and how risk is managed, some changes have been made to the way risks are categorised for Unity. These changes are highlighted in the following table where relevant, along with any relevant changes over the last year.

<b>Principal Risk</b>	<b>Strategic</b>
<b>Risk Definition</b>	The risk of failures in decision making in relation to internal or external events that impact growth and performance to the business.

Key Mitigation	Key Impacts	Year on Year Change Summary
<ul style="list-style-type: none"> <li>• Appropriate policies and training and monitoring is in place to ensure Unity’s culture and staff behaviour aligns with our values and beliefs.</li> <li>• Stress testing on climate related financial risks have been completed, assessing supply chain, labour disruption as well as increasing costs of valuation reductions to support ICAAP and to inform the capital held for climate change risks.</li> <li>• Unity does not provide banking services to organisations involved in fossil fuels extraction and refinement, environmentally harmful chemicals, or unsustainable harvest of natural resources. This includes a strict exclusions policy approved by the Board.</li> <li>• The defined benefit pension scheme aims to hold assets that display broadly similar interest rate and inflation sensitivity to the scheme’s liabilities, and the scheme’s funding position is monitored on a regular basis.</li> <li>• Regularly (at least monthly) reporting against budget.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced ability to report and manage impact and Environmental, Social and Governance (‘ESG’) considerations of portfolio.</li> <li>• Damaged reputation, leading to financial loss for Unity.</li> <li>• Financial loss due to not meeting budgetary and strategic goals.</li> <li>• Customer and firm detriment due to a poor culture of behaviours and practices not being aligned to Unity’s values.</li> <li>• Risk of impacts of climate change affecting ability of customers to repay based on transition risks or physical risks.</li> </ul>	<p>Unity’s Strategic risk exposure is influenced by the complex macro-economic and geopolitical environment. The elevated international tensions and continued conflicts combined with high costs of living, presents a challenging outlook. Unity’s Strategic Risk has seen the following movements in 2025:</p> <ul style="list-style-type: none"> <li>• Achievement of investment grade credit rating.</li> <li>• The last pension triennial actuarial valuation as at 30 June 2024 revealed a funding surplus of £856k. Accordingly, no contributions are currently required from Unity. In the current year the International Accounting Standard (‘IAS’) 19 surplus increased due to changes in assumptions driven by bond market activity.</li> <li>• Unity strengthened climate-related risk management capabilities in 2025. The bank designed bespoke climate scenario ICAAP stress testing combining scenarios from the Network for Greening the Financial System (NGFS) with Unity portfolio specific climate scenarios.</li> <li>• Unity has also strengthened the data collection and analysis of transition and physical risk factors for the bank’s borrowing customers and created new propositions for customers including the Unity Green Tariff to support customers transition to Net Zero.</li> </ul>

<b>Principal Risk</b>	<b>Credit</b>
<b>Risk Definition</b>	The potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms.

Key Mitigation	Key Impacts	Year on Year Change Summary
<ul style="list-style-type: none"> <li>• Experienced Credit Underwriting team which assesses and reviews all lending requests against the Credit Committee approve lending and sector policies.</li> <li>• Credit Risk team conduct ad hoc portfolio and sector reviews to provide early warning of deteriorating exposures.</li> <li>• Specialist internal resource dedicated to those few customers experiencing financial distress; providing support and close monitoring.</li> <li>• Relationship Management model enables prompt conversations with those customers showing early signs of financial distress.</li> <li>• Relationship Managers and Credit team integrate impact and ESG requirements to loan reviews to ensure borrowers meet our sector policies.</li> <li>• Relationship Managers work with all borrowing customers to monitor our individual exposure and assess the impact of our lending on climate change.</li> <li>• Stress testing and reverse stress testing is completed quarterly considering the probability of default, loss given default and Risk Grade changes.</li> <li>• The ICAAP document completes scenario analysis on market wide, idiosyncratic and combined scenarios for severe yet plausible assumptions.</li> </ul>	<ul style="list-style-type: none"> <li>• Losses if a customer fails to make repayments.</li> <li>• Losses if an investment fails to perform.</li> <li>• Increased provisions for credit losses whilst heightened economic uncertainty remains.</li> <li>• Increased management time/costs.</li> </ul>	<p>Overall, Unity’s Credit risk exposure has remained stable in 2025, notwithstanding the current economic outlook remaining challenging with consumer optimism declining and business rates rising.</p> <p>Unity implemented an internal restructure with the segregation of Credit Risk and Credit Underwriting, strengthening clarity of roles and responsibilities and enhance monitoring capabilities.</p> <p>Key factors that have impacted Credit Risk across the year include:</p> <ul style="list-style-type: none"> <li>• 2025 was characterised by an elevated risk environment driven by global geopolitical tensions, macroeconomic volatility, rapid technological shifts, and regulatory changes.</li> <li>• The Bank continues to be well capitalised, maintaining its robust liquidity levels and healthy management of the lending book, with proactive measures on servicing of our customers.</li> <li>• The on-going capture of emerging credit risks is a focus of the Bank, allowing to navigate a landscape of persistent volatility and challenges that our customer base is facing</li> </ul>

<b>Principal Risk</b>	<b>Financial</b>
<b>Risk Definition</b>	The risk that Unity is unable to fulfil its financial obligations.

Key Mitigation	Key Impacts	Year on Year Change Summary
<ul style="list-style-type: none"> <li>• Manage interest rate risk using both Economic Value and Earnings metrics and understanding the trade-offs between them. Use the most efficient balance sheet items e.g. customer assets/liabilities, interest rate swaps or Treasury cash instruments to hedge risks.</li> <li>• Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP).</li> <li>• Stress/scenario/IFRS 9 testing and modelling to reflect ongoing economic uncertainty, disruption events, climate change and impacts of regulatory change.</li> <li>• Regular dialogue between senior management and prudential regulatory bodies.</li> <li>• Close control of lending portfolio mix to avoid capital or business type distortion.</li> <li>• Business plan focussing on growing non-interest income contribution.</li> <li>• Regular shareholder communications.</li> <li>• Liquidity is managed through an independent Treasury function.</li> <li>• Intra-day liquidity monitoring.</li> <li>• Principles of liquidity pricing set and monitored through Asset and Liability Committee ('ALCo').</li> <li>• Alternative funding options are kept under constant review.</li> <li>• Structural equity hedges to complement the Bank's strategy.</li> </ul>	<ul style="list-style-type: none"> <li>• Value risks to specific shocks that puts the capital position within the buffers.</li> <li>• Earnings risk beyond a specified position that endangers the business strategy.</li> <li>• Treasury investments return.</li> <li>• Growth and investment plans not achieved leading to financial loss for Unity.</li> <li>• Regulatory capital buffers could require utilisation.</li> <li>• Damaged reputation leading to financial loss for Unity.</li> <li>• Customer detriment.</li> <li>• Additional regulatory scrutiny and financial penalties.</li> <li>• Unsustainable funding.</li> <li>• Uncompetitive liability pricing leading to liquidity shortfalls.</li> <li>• Regulatory liquidity requirements being breached.</li> </ul>	<p>Unity's mitigation of Financial risk exposure has continued to strengthen during 2025 supported by the investment grade rating received during the reporting period.</p> <p>A key strength is the approach taken in respect of regulatory liquidity and funding requirements which Unity continues to exceed.</p> <p>Influencing factors that have impacted Financial Risk across the year include:</p> <ul style="list-style-type: none"> <li>• Unity has introduced new notice products to provide diversification to its funding base.</li> <li>• Average rate decreases were applied consistently to our savings accounts following each Bank Rate change, ensuring we deliver a fair and competitive return to our customers.</li> <li>• Quantitative tightening, unwind of Term Funding for SMEs and the lower interest rate environment has resulted in greater competition for customer deposits.</li> <li>• Capital resources have increased due to the financial performance of the Bank over the last year.</li> <li>• Retained structural hedges and obtained approval to increase the size of the hedge programme to complement the Bank's strategy.</li> </ul>

<b>Principal Risk</b>	<b>Regulatory</b>
<b>Risk Definition</b>	The risk that Unity fails to meet legal and regulatory obligations leading to financial loss and enforcement action. Regulatory risk includes the risks associated with financial crime (which include, but are not limited to money laundering, bribery and sanctions), tax evasion, privacy, market conduct, consumer protection, business conduct, as well as prudential.

Key Mitigation	Key Impacts	Year on Year Change Summary
<ul style="list-style-type: none"> <li>• Unity is committed to reducing risk exposure and ensure it continues to meet regulatory expectations on anti-money laundering (AML) and wider financial crime control frameworks.</li> <li>• Staff screening and enhanced due diligence for those certified under the Senior Managers Regime.</li> <li>• Extensive staff mandatory training on both AML and anti-bribery and corruption (ABC).</li> <li>• Tiered authorities and segregation of duties within departments releasing payments and funds.</li> <li>• Customer risk assessment model for onboarding and periodic reviews. KYC, customer due diligence and enhanced due diligence procedures updated with external industry input.</li> <li>• Provision of dual and triple authorities for customer business banking</li> <li>• Fraud awareness and support for customers</li> <li>• Values are clearly defined, regularly communicated and measured in business processes.</li> <li>• Regulatory Conduct Rules embedded in our business practices and procedures.</li> <li>• Legal and Compliance expertise maintained in-house.</li> </ul>	<ul style="list-style-type: none"> <li>• Breach of AML or ABC regulations, leading to regulatory censure.</li> <li>• Customer detriment and reputational damage.</li> <li>• Poor customer outcomes, jeopardising our business plan.</li> <li>• Reputational damage from poor customer service and outcomes, leading to financial loss for customers</li> <li>• Additional regulatory scrutiny and financial penalties.</li> <li>• Unacceptable operational financial losses.</li> </ul>	<p>Unity’s Regulatory risk exposure is subject to the changing regulatory landscape particularly with the adoption of the SDDT regime and heightened focus on Financial Crime. The SDDT regime comes into effect on 1 January 2027.</p> <p>Key factors that have impacted Regulatory risk across the year include:</p> <ul style="list-style-type: none"> <li>• The continued headwinds facing the economy, financial pressures on individuals and changes in working practices continue to lead to increases in motivation and opportunity for financial crime across the sector and within our own business.</li> <li>• The global geopolitical conflicts expose Unity to greater Sanctions and Terrorist Financing risks.</li> <li>• Technology advancements increase the risk of fraud; however, Unity continues to invest in people and technology to combat financial crime.</li> <li>• Increased resource within the Compliance team means assurance activity and the control framework is better equipped to focus on priorities arising from the evolving regulatory landscape.</li> <li>• Increased resource within the Legal team has increased the capacity and availability of support to the business.</li> </ul>

<b>Principal Risk</b>	<b>Conduct</b>
<b>Risk Definition</b>	The risk that inadequacies within Unity’s behaviours, culture, products or services could lead to poor outcomes or harm for customers.

Key Mitigation	Key Impacts	Year on Year Change Summary
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- Regular monitoring to ensure we are delivering good customer outcomes. Compliance risks and controls assessed using the judgement of a specialist Compliance function.
- Appropriate and established policies and procedures; employee training and oversight from first and second line.
- Product development and supporting processes designed to deliver fair outcomes for customers.
- Customer understanding of products and services measured independently against good outcomes. Products and services developed to meet the needs of all customers.

- Poor customer outcomes, jeopardising our business plan.
- Reputational damage from poor customer service and outcomes, leading to financial loss for customers.
- Additional regulatory scrutiny and financial penalties.

Overall, Unity’s Conduct risk profile continues to evolve. Key factors that have impacted Conduct risk across the year include:

- With the continued embedding of Consumer Duty, Unity focuses to deliver good outcomes through enhancing the vulnerable customers framework, accessibility and support, fair value pricing and assessments and governance for decision making.
- Unity continues to ensure compliance and embedding of the Consumer Duty in day-to-day processes so that they are customer need focused.
- Unity developed an Accountability Framework which sets out responsibilities, what a good customer outcome is, how it is measured and what any potential harm may look like.

<b>Principal Risk</b>	<b>Operational</b>
<b>Risk Definition</b>	The risk of operational losses to the Bank caused by inadequacies or failures within processes, systems, people or external events.

Key Mitigation	Key Impacts	Year on Year Change Summary
<ul style="list-style-type: none"> <li>• Dedicated Learning &amp; Development resource, enhancing succession and development plans for key roles. Shortening recruitment lead time to increase resourcing resilience.</li> <li>• Data centralisation and control, to provide one source, with a Business Insight team providing one version of data.</li> <li>• Third party providers' resilience assessed at contract initiation and as a minimum annually depending on materiality. Contract reviews completed in accordance with PRA outsourcing guidelines.</li> <li>• Due diligence undertaken toward all third-party suppliers regarding their cyber defences; their supplier due diligence and their approach towards climate change.</li> <li>• Review, approval and monitoring at Operational Risk Committee.</li> <li>• Delivery of Cyber resilience programme to strengthen infrastructure and control environment.</li> <li>• Increased automation used to manage both the change process and data loss prevention.</li> <li>• Tiered authorities and segregation of duties within departments releasing payments and funds.</li> </ul>	<ul style="list-style-type: none"> <li>• Unacceptable operational losses.</li> <li>• Financial loss or loss of customer data.</li> <li>• Inability to maintain our important business services within acceptable tolerances, causing harm to our customers or our business.</li> <li>• Continuity of service disruption from the introduction of inappropriate system changes.</li> <li>• Incomplete or inaccurate regulatory reporting due to poor data quality.</li> <li>• Customer detriment.</li> <li>• Regulatory censure.</li> <li>• Negative publicity leading to reputational damage for Unity.</li> <li>• Fraud causing the loss of customer funds or data, leading to regulatory scrutiny and financial penalty.</li> </ul>	<p>Unity's Operational risk exposure remains stable as it responds to the changing regulatory environment and customer expectations.</p> <p>Key factors that have influenced this are:</p> <ul style="list-style-type: none"> <li>• Unity continued to invest in recruitment in 2025, in terms of both capacity and capability, with additional investment and implementation of a new HR system to support employees.</li> <li>• Operational resilience continues to be a key focus for Unity, with continued infrastructure investment to support resilience and disaster recovery capabilities. Further developments in scenario testing and operational resilience embedding continued in 2025.</li> <li>• Implementation of new systems and tools and enhancements of policies and standards, addressing vulnerabilities throughout 2025.</li> </ul>

<b>Principal Risk</b>	<b>Change</b>
<b>Risk Definition</b>	There is a risk that the Bank implements change that may result in reputational damage, financial loss or exposure, major breakdown in IT systems, significant incidents of regulatory non-compliance or high potential risk of injury to staff.

Key Mitigation	Key Impacts	Year on Year Change Summary
<ul style="list-style-type: none"> <li>External professionals and subject matter experts used to validate key projects before and during execution.</li> <li>Change management framework and associated procedures to ensure change is prioritised, managed and implemented effectively.</li> <li>Regular monitoring and reporting to Risk Committee and Steering Committee of progress on change activity, including escalation of issues as required.</li> </ul>	<ul style="list-style-type: none"> <li>Unacceptable operational losses.</li> <li>Inability to maintain our important business services within acceptable tolerances, causing harm to our customers or our business.</li> <li>Continuity of service disruption from the introduction of inappropriate system changes.</li> <li>Regulatory censure and potential fines.</li> <li>Negative publicity leading to reputational damage for Unity.</li> </ul>	<p>Unity’s Change risk exposure has not materially changed in 2025. Key factors that have impacted Change risk across the year include:</p> <ul style="list-style-type: none"> <li>Change risk management was enhanced in 2025 through structured planning, controlled release scheduling, and tighter alignment between delivery activity and resilience outcomes across the year.</li> <li>Change activity focussed on major strategic and resilience related projects to enhance risk management in these areas.</li> <li>Regulatory and financial crime change remained a primary driver of change risk, with delivery activity spanning Consumer Duty and Financial Crime / Transaction Monitoring.</li> <li>Enhancements to change runway improved coordination between delivery teams and assurance activities to reduce implementation and compliance risk.</li> </ul>

### Emerging risks

Unity’s risk register summarises both active and emerging risks. Emerging risks arise from external and internal factors and are reported through the five risk committees to inherently assess material risk impact to our customers, strategy or bank wide objectives. They are monitored through governance to ensure remedial action is taken to strengthen or enhance controls where decisions have been made to class the risk as active and proceed with mitigation. Principal emerging risks which are managed as part of the ERMF include:

- data strategy, addressing multiple touch points as data moves between legacy systems and reporting requirements evolve;
- resource planning, employee capacity and capability, to better anticipate the impact of Unity’s growth strategy;
- regulatory change; continued embedding and maintenance of new guidance in delivering fair and balanced customer outcomes;
- financial crime risks impacted by exposing the Bank to different customer types and sectors;

- geopolitical volatility, impacted by domestic and international pressures;
- cyber risk, sophistication of ‘bad actors’ and advancement of artificial intelligence; and
- talent and workforce risk, advancing rapid technological change creating challenges in workforce capability alignment and skills retention.

### Financial risk management

The principal risks arising from the bank’s exposure to financial instruments are credit risk, liquidity risk and market risk, particularly interest rate risk. The nature and extent of these risks are discussed in the following subsections.

The Board is responsible for approving the level of acceptable risk articulated through its Risk Appetite statements. Specific Board authority is delegated to Board committees and the CEO, who in turn delegates elements of discretions to the Executive Committee, a management Committee that oversees and monitors performance and risks of the business in line with the Board’s Risk Appetite Statement.

All authority to take risk derives from the Board. The ‘Credit Risk and ESG Committee’ (CC) and ‘Asset and Liability Committee’ (ALCo) are sub-committees of the Executive Committee, which manage and oversee financial risks disclosed in this section. CC oversees all credit and impact risks within Unity. ALCo is primarily responsible for managing the financial risks, including market, capital, and liquidity risks that affect the Bank. Specific focus includes the economic outlook, interest rate risk, liquidity and funding, capital risk and treasury credit risk.

## A. Credit risk (Audited)

Credit risk is a fundamental aspect of the Bank's operations, inherent in both traditional banking products and additional lending transactions. The authority to manage credit risk is governed by the Bank's Board, with delegation based on seniority, experience, and the quality of counterparties or collateral. The Bank's Credit Risk Policy, aligned with the Board's risk appetite, outlines criteria for corporate exposure approvals and credit management standards. Individual assessments of credit exposures are conducted annually, and overall portfolio quality is monitored using a

credit scorecard system. The Bank's Treasury framework establishes limits for wholesale market counterparties based on credit ratings, with due diligence and investment information reviewed regularly. Reports on credit performance, sector exposures, and non-performing loans are presented to the Board and Board Risk Committee ('BRC').

Credit risk mainly arises from loans and advances to customers and other banks (including related commitments to lend such as loan or credit card facilities), investments in debt securities and derivatives that are an asset

position. The credit risk relating to cash and cash equivalents is minimal. The Bank considers all elements of credit risk exposure such as counterparty default risk, geographical risk and concentration risk for risk management purposes.

The table below details the Bank's assets exposed to credit risk, including the maximum exposure and the measurement bases used to determine expected credit losses.

### Maximum exposure to credit risk (Audited)

	Gross balance		Credit commitments		2025 Credit risk exposure		Gross balance		Credit commitments		2024 Credit risk exposure	
	£'000	Pipeline <sup>1,8</sup> £'000	Other £'000	£'000	£'000	£'000	£'000	Pipeline <sup>1</sup> £'000	Other £'000	£'000	£'000	
Cash balances at central banks	218,684	-	-	-	218,684	621,898	-	-	-	-	621,898	
Loans and advances to banks	2,059	-	-	-	2,059	2,689	-	-	-	-	2,689	
Loans and advances to customers	1,148,873	78,926	57,904		1,285,703	1,023,498	53,775	43,635			1,120,908	
Investment securities measured at fair value	587,691	-	-		587,691	314,130	-	-			314,130	
Investment securities measured at amortised cost	232,673	-	-		232,673	-	-	-			-	
Derivative financial assets at fair value	579	-	-		579	-	-	-			-	
<b>Total</b>	<b>2,190,559</b>	<b>78,926</b>	<b>57,904</b>		<b>2,327,389</b>	<b>1,962,215</b>	<b>53,775</b>	<b>43,635</b>			<b>2,059,625</b>	
Impairment allowance for:												
Loans and advances					(11,353)						(9,682)	
Treasury investments					(188)						(82)	
EIR and accrued income					(4,423)						(4,995)	
					<b>2,311,425</b>						<b>2,044,866</b>	

<sup>1</sup> As detailed in Note 12, irrevocable undrawn commitments to lend are within the scope of IFRS 9 provision requirements. These commitments represent authorised overdraft balances and separately identifiable commitments for loan pipeline, where the facilities remain undrawn. The commitments are not recognised on the balance sheet. Other credit commitments relate to the undrawn portion of facilities where a borrower has made a partial drawdown. A provision against these commitments is recognised within Stage 1 of the Expected Credit Losses ('ECL'). The Bank's concentration exposure for treasury investments is outlined in Note 13.

<sup>8</sup> The pipeline numbers included in the table above are committed values and does not include the whole pipeline as shown on page 6.

**Credit risk analysis (Audited)**

As discussed in the accounting policy (Note 1), in assessing credit quality the bank uses a credit scoring method where loans are allocated to the following Stages (subject to other qualitative triggers not being met):

internal Risk Grades 1-5 are classified as Stage 1, Risk Grades 6-7 are Stage 2 and Risk Grades 8-9 are Stage 3. The definitions of these Risk Grades are as follows:

RG	Short Description	Detail
1	Very strong credit risk	Greater than 3-year history with Unity, excellent Relationship Manager ('RM') relationship, experienced management, robust debt service capacity, high liquidity, diverse client base, consistently 'Good' or higher ratings from third-party monitors for more than 3 years.
2	Strong credit risk	Greater than 3-year history at Unity, maintains excellent RM relationship. Strong management, debt service, liquidity, and diverse client base, consistently rated 'Good' or higher by third-party monitors for more than 3 years.
3	Good credit risk	Greater than 3-year history at Unity, satisfactory RM relationship, capable management with clear strategy and succession plan, satisfactory debt service capacity and liquidity, diverse client base, consistently 'Good' or higher ratings from third-party monitors for more than 3 years.
4	Acceptable credit risk	Satisfactory RM relationship, experienced management with clear business plan but lacking succession plan, acceptable debt service capacity and liquidity, less diverse client base, consistently 'Good' or higher ratings from third-party monitors for more than 2 years.
5	Weak credit risk	Limited RM relationship, weak management lacking succession plan, weak debt service capacity, poor liquidity and financial ratios, less diverse or poor client base, inconsistent or less than 'Good' ratings from third-party monitors.
6	Poor credit – Watchlist	Exhibits signs of unsatisfactory performance but expected to continue trading. Triggers for Watchlist status may include deteriorating balance sheet, deteriorating profitability and/or material losses, creditor pressure and/or poor account conduct, trading difficulties, covenant breaches, loan repayment reversal, loan repayments that are a minimum of 60 days past due, material reduction in value of security, or any other reason requiring closer control by the Bank. Management responsibility shifts to the Business Restructuring Team (part of Credit Risk team).
7	Sub standard	Further deterioration beyond Watchlist triggers, but full repayment is expected where an account is sufficiently secured to the extent that a loss is not anticipated but the loan performance does not meet the definition of default.
8	Default	Risk of business failure and potential risk of loss to the Bank, meets definition of default detailed in Note 1 to the financial statements.
9	Realisation	Realisation status is applied where a formal insolvency process has commenced (Bankruptcy, Liquidation, Administration or Appointment of a Law of Property Act ('LPA') Receiver). Realisation cases will be managed by the Business Restructuring Team (part of Credit Risk team), with occasional Credit Underwriting team involvement as necessary.

Loans that increase by three Risk Grades, such as from Risk Grade 1 to Risk Grade 4, are classified as Stage 2 loans. Overall, credit quality and performance have remained broadly stable over the period, with arrears and defaults remaining at a low level.

The carrying value of the bank's investment securities analysed by their credit ratings are set out below.

31 December 2025	Aaa	Aa1	Aa3	A1	Total
Investment securities measured at amortised cost	30,613	7,162	174,240	20,566	232,581
Investment securities measured at fair value	439,720	-	147,875	-	587,595
	<b>470,333</b>	<b>7,162</b>	<b>322,115</b>	<b>20,566</b>	<b>820,176</b>

31 December 2024	Aaa	Aa1	Aa3	A1	Total
Investment securities measured at fair value	148,662	-	165,468	-	314,130
	148,662	-	165,468	-	314,130

The Bank's cash balances are held in sterling at the Bank of England and at highly rated banks in current accounts.

The following table analyses the significant changes in the gross carrying amount of financial assets during the period that contributed to changes in the loss allowance which is shown in Note 12. This analysis shows changes in loans and advances including pipeline balances.

**Gross balance movements in the year (Audited)**

31 December 2025	Stage 1 12 month ECL	Stage 2 Lifetime ECL - SICR <sup>2,3</sup>	Stage 3 Lifetime ECL – credit impaired <sup>3</sup>	Total
	£'000	£'000	£'000	£'000
<b>Impairment provision at 1 January 2025</b>	2,626	1,457	5,599	9,682
<b>Gross carrying amount as at 1 January 2025</b>	1,006,844	42,399	29,358	1,078,601
Individual financial assets transferred to Stage 1	2,305	(2,305)	-	-
Individual financial assets transferred to Stage 2	(10,622)	14,908	(4,286)	-
Individual financial assets transferred to Stage 3	(3,221)	(4,235)	7,456	-
New financial assets originated or purchased	269,243	-	-	269,243
Financial assets that have been derecognised	(137,142)	(8,660)	(486)	(146,288)
Other changes <sup>1</sup>	27,702	(3,196)	(2,686)	21,820
<b>Gross carrying amount as at 31 December 2025</b>	1,155,109	38,911	29,356	1,223,376
<b>Impairment provision at 31 December 2025</b>	2,856	1,592	6,905	11,353

<sup>1</sup> Other changes include contractual repayments in year.

<sup>2</sup> 'SICR' is an abbreviation of Significant Increase in Credit Risk.

<sup>3</sup> Included in Stage 2 and Stage 3 columns above are accounts that are greater than 30 days past due and 90 days past due respectively.

In 2025, the table has been updated to align the asset composition between risk management section and Note 12. As a result, treasury investments are no longer included in the table above.

**Gross balance movements in the year (Audited) (continued)**

31 December 2024	Stage 1 12 month ECL	Stage 2 Lifetime ECL - SICR <sup>2</sup>	Stage 3 Lifetime ECL – credit impaired <sup>3</sup>	Total <sup>4</sup>
	£'000	£'000	£'000	£'000
<b>Impairment provision at 1 January 2024</b>	4,118	2,313	3,233	9,664
<b>Gross carrying amount as at 1 January 2024</b>	996,676	43,080	24,903	1,064,659
Individual financial assets transferred to Stage 1	9,709	(9,709)	-	-
Individual financial assets transferred to Stage 2	(13,420)	18,431	(5,011)	-
Individual financial assets transferred to Stage 3	(13,842)	(1,545)	15,387	-
New financial assets originated or purchased	130,092	-	-	130,092
Financial assets that have been derecognised	(94,176)	(3,240)	(6,554)	(103,970)
Other changes <sup>1</sup>	(8,195)	(4,618)	633	(12,180)
<b>Gross carrying amount as at 31 December 2024</b>	1,006,844	42,399	29,358	1,078,601
<b>Impairment provision at 31 December 2024</b>	2,626	1,457	5,599	9,682

<sup>1</sup> Other changes include contractual repayments in year.

<sup>2</sup> 'SICR' is an abbreviation of Significant Increase in Credit Risk.

<sup>3</sup> Included in Stage 2 and Stage 3 columns above are accounts that are greater than 30 days past due and 90 days past due respectively.

<sup>4</sup> The 2024 table has been re-presented excluding treasury investments to enhance comparability.

**Collateral (Audited)**

The Bank takes security (secondary sources of repayment) to mitigate credit risk. Loans and advances to customers are generally secured on residential or commercial property, the market value of which is assessed on a regular basis. Any shortfall of security for an exposure is generally regarded as unsecured and credit assessments include this element of residual risk. As at 31 December 2025, £35.0m (2024: £37.2m) within loans and advances was unsecured. Where the security, post any market value haircuts (as discussed in Note 12), is greater than the loan exposure, no impairment allowance is recognised. As at 31 December 2025, £377.4m (2024: £329.7m) within loans and advances and pipeline required no provision.

At the reporting date, the fair value of collateral held as security against credit impaired (Stage 3) assets was £47.5m (2024: £48.8m).

**Geographical concentration (Audited)**

The nominal geographical split of Investment Securities is detailed in the table below:

Country	Repayable within 30 days	Repayable within 1 year but more than 30 days	Repayable in over 1 year	Credit risk mitigation	Total exposure 31 December 2025
	£'000	£'000	£'000	£'000	£'000
<b>United Kingdom</b>	-	63,700	609,093	-	672,793
<b>Rest of Europe</b>	-	63,700	609,093	-	672,793
<b>Germany</b>	-	-	23,000	-	23,000
<b>Rest of the World</b>	-	-	23,000	-	23,000
<b>Australia</b>	-	38,000	12,000	-	50,000
<b>Canada</b>	10,000	9,950	28,000	-	47,950
<b>Supranational</b>	-	7,718	13,200	-	20,918
	10,000	55,668	53,200	-	118,868

Country	Repayable within 30 days	Repayable within 1 year but more than 30 days	Repayable in over 1 year	Credit risk mitigation	Total exposure 31 December 2024
	£'000	£'000	£'000	£'000	£'000
<b>United Kingdom</b>	6,215	20,000	199,600	-	225,815
<b>Rest of Europe</b>	6,215	20,000	199,600	-	225,815
<b>Germany</b>	-	4,900	-	-	4,900
<b>Rest of the World</b>	-	4,900	-	-	4,900
<b>Australia</b>	-	-	8,000	-	8,000
<b>Canada</b>	-	5,000	26,000	-	31,000
<b>Supranational</b>	-	37,500	5,600	-	43,100
	-	42,500	39,600	-	82,100

### Concentration of exposure

The Bank's exposure is all within the United Kingdom. The following industry concentrations of Bank advances before provisions are considered significant.

	2025	2024
Administrative bodies and non-commercial	320,228	257,037
Property (excluding hotels and leisure)	411,441	376,313
Healthcare and social services	404,772	381,019
Hotels & leisure	1,061	1,489
Other	6,948	7,640
	<b>1,144,450</b>	1,023,498

### B. Liquidity risk

Liquidity risk is the risk that the Bank does not have sufficient financial resources to meet its obligations as they fall due or will have to do so at an excessive cost. This risk arises from mismatches in the timing of cash flows which is inherent in all banking operations and can be affected by a range of bank-specific and market-wide events.

The Bank's funding and liquidity management processes and limits are set out in the Treasury Policy which is reviewed and approved annually by BRC and Board. Liquidity forecasting is monitored daily by the Bank's Treasury function to ensure the level of High-Quality Liquid Assets continue to meet the guidelines set in the Individual Liquidity Adequacy Assessment Process (ILAAP). The Bank holds overnight funds in the Bank of England Reserve Account and invests in high quality debt issued by financial institutions. Stress testing is reported quarterly in accordance with the framework set out in the ILAAP.

The Liquidity Coverage Ratio, which measures a bank's ability to meet short-term obligations, remained strong at the end of the year at 226% (2024: 228%).

The following table analyses the undiscounted cash flows of assets and liabilities into relevant maturity groupings. Maturity buckets are based on the remaining period from the balance sheet date to the contractual maturity date.

## Liquidity gap analysis (Audited)

31 December 2025	Repayable on demand	3 months or less but not repayable on demand	1 year or less but over 3 months	5 years or less but over 1 year	Over 5 years	Non-cash items	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Assets</b>							
Cash and balances at central banks	218,684	-	-	-	-	-	218,684
Loans and advances to banks	2,059	-	-	-	-	-	2,059
Loans and advances to customers	-	13,838	26,113	492,847	600,299	-	1,133,097
Investment securities measured at fair value	-	42,586	123,846	416,517	4,646	-	587,595
Investment securities measured at amortised cost	-	-	46,308	128,921	57,352	-	232,581
Derivative financial assets	-	-	47	532	-	-	579
Other assets	-	-	-	-	-	13,158	13,158
<b>Total assets</b>	<b>220,743</b>	<b>56,424</b>	<b>196,314</b>	<b>1,038,817</b>	<b>662,297</b>	<b>13,158</b>	<b>2,187,753</b>
<b>Liabilities</b>							
Customer deposits	1,621,664	95,122	144,344	150	-	-	1,861,280
Central bank facilities	-	50,145	-	-	-	-	50,145
Derivatives	-	20	4	27	-	-	51
Other liabilities	-	-	-	-	-	12,283	12,283
Total equity	-	-	-	-	-	263,994	263,994
<b>Total liabilities and equity</b>	<b>1,621,664</b>	<b>145,287</b>	<b>144,348</b>	<b>177</b>	<b>-</b>	<b>276,277</b>	<b>2,187,753</b>
<b>Net liquidity gap on contractual basis</b>	<b>(1,400,921)</b>	<b>(88,863)</b>	<b>51,966</b>	<b>1,038,640</b>	<b>662,297</b>	<b>(263,119)</b>	<b>-</b>

## Liquidity gap analysis (Audited) (continued)

31 December 2024	Repayable on demand	3 months or less but not repayable on demand	1 year or less but over 3 months	5 years or less but over 1 year	Over 5 years	Non-cash items	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Assets</b>							
Cash and balances at central banks	621,898	-	-	-	-	-	621,898
Loans and advances to banks	2,689	-	-	-	-	-	2,689
Loans and advances to customers	-	9,116	10,498	418,319	575,883	-	1,013,816
Investment securities	-	46,204	12,376	15,117	240,433	-	314,310
Other assets	-	-	-	-	-	4,756	4,756
<b>Total assets</b>	<b>624,587</b>	<b>55,320</b>	<b>22,874</b>	<b>433,436</b>	<b>816,316</b>	<b>4,756</b>	<b>1,957,289</b>
<b>Liabilities</b>							
Customer deposits	1,548,521	48,737	97,650	22,296	-	-	1,717,204
Derivatives	-	3	85	1,586	-	-	1,674
Other liabilities	-	-	-	-	-	16,294	16,294
Total equity	-	-	-	-	-	222,117	222,117
<b>Total liabilities and equity</b>	<b>1,548,521</b>	<b>48,740</b>	<b>97,735</b>	<b>23,882</b>	<b>-</b>	<b>238,411</b>	<b>1,957,289</b>
<b>Net liquidity gap on contractual basis</b>	<b>(923,934)</b>	<b>6,580</b>	<b>(74,861)</b>	<b>409,554</b>	<b>816,316</b>	<b>(233,655)</b>	<b>-</b>

**Contractual cash flows (Audited)**

The total undiscounted amounts, inclusive of estimated interest, which would be payable in respect of the borrowings of the Bank, should those balances remain outstanding until the contracted repayment date, or the earliest date on which repayment can be required, are set out below:

<b>31 December 2025</b>	<b>Carrying value</b>	<b>Gross nominal outflow</b>	<b>Less than 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Over 5 years</b>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Liabilities</b>							
Deposits from customers	1,861,280	1,871,501	1,621,664	96,380	153,291	166	-
Central bank facilities	50,145	50,947	-	-	50,947	-	-
Derivatives	51	51	-	20	4	27	-
Other liabilities	8,032	8,033	1,545	1,930	3,771	787	-
<b>Total recognised liabilities</b>	<b>1,919,508</b>	<b>1,930,532</b>	<b>1,623,209</b>	<b>98,330</b>	<b>208,013</b>	<b>980</b>	<b>-</b>
Unrecognised loan commitments	136,830	136,830	17,491	31,550	87,789	-	-
<b>Total</b>	<b>2,056,338</b>	<b>2,067,362</b>	<b>1,640,700</b>	<b>129,880</b>	<b>295,802</b>	<b>980</b>	<b>-</b>

<b>31 December 2024</b>	<b>Carrying value</b>	<b>Gross nominal outflow</b>	<b>Less than 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Over 5 years</b>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Liabilities</b>							
Deposits from customers	1,717,204	1,717,204	1,548,521	48,737	97,650	22,296	-
Derivatives	1,674	1,674	3	-	85	1,586	-
Other liabilities	16,294	16,294	16,294	-	-	-	-
<b>Total recognised liabilities</b>	<b>1,735,172</b>	<b>1,735,172</b>	<b>1,564,818</b>	<b>48,737</b>	<b>97,735</b>	<b>23,882</b>	<b>-</b>
Unrecognised loan commitments	97,410	97,410	97,410	-	-	-	-
<b>Total</b>	<b>1,832,582</b>	<b>1,832,582</b>	<b>1,662,228</b>	<b>48,737</b>	<b>97,735</b>	<b>23,882</b>	<b>-</b>

### C. Market risk

Market risk is the risk that changes in market rates or prices negatively impact our earnings or the market value of our assets and liabilities. The majority of the risk arises from changes in interest rates. The Bank does not have any foreign exchange exposure.

#### Interest rate risk (Audited)

Interest rate risk is the current or prospective risk to capital or earnings arising from adverse movements in interest rates. The Bank's exposure to this risk is a natural consequence of its lending, deposit-taking and other borrowing activities, as some of its financial assets and liabilities bear interest at rates which float with various market rates, principally Sterling Overnight Index Average ('SONIA'), some at variable rates, controlled by the Bank, subject to market pressures, while others are fixed, either for a term or for their whole lives. The Bank does not seek to generate income from taking interest rate risk and aims to minimise exposures that occur as a natural consequence of carrying out its normal business activities.

#### Interest rate sensitivity

To provide a broad indication of the Bank's exposure to interest rate movements, the notional impact of a 0.25% change in UK interest rates on the equity of the Bank at 31 December 2025, and the notional annualised impact of such a change on the operating profit of the Bank, based on the year-end balance sheet have been calculated.

As a simplification this calculation assumes that all relevant UK interest rates move by the same amount in parallel and that all repricing takes place at the balance sheet date.

On this basis, a 0.25% increase in UK interest rates would increase profit before tax by £2.1m (2024: increase by £2.4m).

These calculations allow only for the direct effects of any change in UK interest rates. In practice, such a change might have wider economic consequences which would themselves potentially affect the Bank's business and results. It should be noted that these sensitivities are illustrative only, and much simplified from those used to manage interest rate risk in the banking book ('IRRBB') in practice.

The 2025 interest rate sensitivity includes the impact of adding derivatives of which additional information can be found in Note 11. Other interest rate risk exposures, such as basis risk (the risk of loss arising from changes in the relationship between interest rates which have similar but not identical characteristics – such as SONIA and Bank of England Bank Rate) and prepayment risk (the risk of loss arising from early repayments of fixed rate loans) are also monitored closely and regularly reported to ALCo.

### D. Capital risk

Capital risk is the risk that we do not meet minimum regulatory capital requirements under normal and stressed conditions. The Bank continuously monitors its capital levels through forecasting and stress/scenario modelling.

The Bank's policy is to maintain adequate capital so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Bank has complied with all externally imposed capital requirements throughout the period.

#### Regulatory capital

Regulatory capital stood at £259.1m (2024: £222.7m). CET 1 stood at 24.3% (2024: 24.1%) significantly in excess of the minimum (including regulatory buffers) required by the Prudential Regulation Authority of 15.2%.

Regulatory capital analysis		2025	2024
		£'000	£'000
<b>Tier 1</b>			
Share capital		24,881	24,825
Share premium account		18,360	18,263
Reserves:	Capital redemption reserve	4,511	4,511
	Retained earnings <sup>9</sup>	212,360	176,336
	Financial asset revaluation reserve	1,115	(617)
	ESOP reserve	-	(60)
	Cash flow hedge reserve	777	(1,141)
Common Equity Tier 1 (CET1) capital before adjustments		262,004	222,117
		2025	2024
Adjustments to CET1			
Intangible assets		(446)	-
Prudent additional valuation adjustment		(588)	(313)
Cash flow hedge reserve		(777)	1,141
Net pension asset		(1,066)	(842)
IFRS 9 transitional adjustment		-	637
CET1 and Total Tier 1 capital resources		259,127	222,740
Tier 2 Adjustment for collective provisions		-	-
Total Tier 2 Adjustments		-	-
<b>Total regulatory capital</b>		<b>259,127</b>	<b>222,740</b>
<b>Common Equity Tier 1 ratio</b>		<b>24.3%</b>	<b>24.1%</b>

<sup>9</sup> For capital reporting purposes, proposed dividend of £1,990k has been excluded from Retained Earnings.

# Independent auditor's report to the members of Unity Trust Bank plc

## Report on the audit of the financial statements

### 1. Opinion

In our opinion the financial statements of Unity Trust Bank plc (the 'Company'):

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

We have audited the financial statements which comprise:

- the Income Statement;
- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity;
- the Statement of Cash Flows;
- the related notes 1 to 30; and
- the information identified as 'audited' within the Risk Management and Remuneration report.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards.

### 2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Company for the year are disclosed in note 3 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 3. Summary of our audit approach

<b>Key audit matters</b>	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"> <li>• Revenue recognition – effective interest rate ("EIR") accounting; and</li> <li>• Allowance for losses on loans and advances to customers.</li> </ul> <p>Within this report, key audit matters are identified as follows:</p> <ul style="list-style-type: none"> <li>ⓘ Newly identified</li> <li>⚠ Increased level of risk</li> <li>⊕ Similar level of risk</li> <li>⚡ Decreased level of risk</li> </ul>
<b>Materiality</b>	The materiality that we used in the current year was £2,600,000 which was determined on the basis of 1% of net assets.
<b>Scoping</b>	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team with involvement of specialists where appropriate.
<b>Significant changes in our approach</b>	There have been no significant changes in our approach.

#### 4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- with involvement of our prudential regulation specialists, assessing capital and liquidity requirements linked to the business model by evaluating management's regulatory documentation, stress testing and key regulatory ratios;
- challenging key assumptions used in the forecasts based on historic trends and future outlook, including the impact of the current macro-economic uncertainty, and assessing the amount of headroom and the impact of sensitivity analysis;
- testing the clerical accuracy of those forecasts and our assessment of the historical accuracy of forecasts prepared by management; and
- assessing the appropriateness of the going concern disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

#### 5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### 5.1. Revenue recognition – effective interest rate (“EIR”) accounting

<b>Key audit matter description</b>	<p>The Company recognised interest income of £75.2m (2024: £80.7m) and an EIR liability of £4.9m (2024: £5.6m) in relation to interest receivable on loans and advances to customers. We identified a key audit matter that revenue may be inappropriately recognised whether due to fraud or error.</p> <p>The Company holds loans and advances to customers which meet the criteria of financial assets under IFRS 9 <i>Financial Instruments</i> ('IFRS 9'). The recognition of interest income and directly attributable fees and costs on loans under IFRS 9 requires the use of an EIR method in which management makes various assumptions, including the behavioural life of each loan. There is therefore judgement involved in the determination of interest income under the EIR method.</p> <p>The key assumption in the EIR model is the derivation of the cash flow run-off profiles which determine the behavioural life of the loans and timing of the expected future cash flows.</p> <p>The Company's accounting policies are detailed in note 1.3 to the financial statements, with note 4 quantifying interest income under the EIR method recognised during the year.</p>
<b>How the scope of our audit responded to the key audit matter</b>	<p>We obtained an understanding of relevant controls that the Company has in place to manage the risk of inappropriate behavioural life assumptions being applied in the EIR model.</p> <p>In conjunction with our IT specialists, we tested the general IT controls over the loan administration system and evaluated the manner in which data is extracted from these systems to determine interest income and the EIR liability.</p> <p>We challenged the appropriateness of the behavioural lives adopted by management by reference to historical customer redemptions which informs the cash flow run-off profiles. We also tested the accuracy and completeness of a sample of the underlying customer redemption data.</p> <p>Additionally, we challenged amendments made to the behavioural lives by management during the course of the year, based on the impact of product changes and recent customer redemption activity. Our evaluation also considered the potential influence of forward-looking factors on future redemption behaviour.</p> <p>Working with our data analytics specialists we independently recalculated the EIR liability in order to evaluate the accuracy of management's model.</p> <p>We also assessed the treatment of fees and charges arising on loans and advances to customers and the appropriateness of their inclusion or exclusion in the Company's EIR model.</p> <p>We tested the inputs which are used to determine the EIR liability by agreeing a sample of key customer input data back to underlying source.</p>
<b>Key observations</b>	<p>We concluded that the behavioural lives used within the Company's revenue recognition process were reasonable and the EIR model to be working as intended.</p> <p>We determined the accounting for interest income in relation to interest receivable on loans and advances to customers and the EIR liability to be appropriate and materially in line with the requirements of IFRS 9 <i>Financial Instruments</i>.</p>

## 5.2. Allowance for losses on loans and advances to customers

<p><b>Key audit matter description</b></p>	<p>The Company held an impairment provision of £11.4m (2024: £9.7m) against loans and advances to customers of £1,144.5m (2024: £1,023.5m). We identified a key audit matter that the impairment provisions may be inappropriately recognised whether due to fraud or error.</p> <p>For financial assets held at amortised cost, IFRS 9 requires the carrying value to be assessed for impairment using unbiased forward-looking information. The measurement of expected credit losses is complex and involves a number of judgements and estimates relating to customer default rates, exposure at default, loss given default, assessing significant increases in credit risk and macro-economic scenario modelling.</p> <p>These assumptions are informed using historical behaviour and management's experience and judgement. They are also affected by management's consideration of the future economic environment.</p> <p>The most significant assumptions and judgements applied in the impairment model are:</p> <ul style="list-style-type: none"> <li>• the determination and application of staging criteria;</li> <li>• the appropriateness of macro-economic scenarios ('MES') and related weightings including how the scenarios impact the overall impairment provision; and</li> <li>• the accuracy of collateral valuations.</li> </ul> <p>The Company's accounting policies are detailed in note 1.3 to the financial statements while the significant judgements involved in the impairment provisioning process are outlined in note 2, with note 12 quantifying the impairment provisions at year-end.</p>
<p><b>How the scope of our audit responded to the key audit matter</b></p>	<p>We obtained an understanding of relevant controls that the Company has in place to manage the risk of inappropriate staging, MES assumptions and collateral valuations being used within the impairment provisioning model.</p> <p>In conjunction with our IT specialists, we tested the general IT controls over the loan administration systems and evaluated the manner in which data is extracted from these systems to determine the impairment provision.</p> <p>Where a significant increase in credit risk had been observed, and for customers that had been placed on a watchlist by management, we challenged the determination of staging criteria with reference to both quantitative and qualitative criteria including our knowledge of the industry, historical data and through comparing to peers.</p> <p>We also independently reviewed a sample of cases across all three IFRS 9 stages to assess whether we agreed with the staging conclusions reached by management.</p> <p>Working with our credit risk specialists, we evaluated the appropriateness of the MES methodology, including the sources used as the basis for deriving economic inputs. We also evaluated judgements applied in assessing how economic variables correlate to the Company's default history.</p> <p>Working with our internal economics specialists, we independently assessed the economic assumptions adopted within the MES scenarios.</p> <p>With involvement of our valuation specialists, we independently assessed collateral valuations for a sample of stage 2 and stage 3 cases as they represented the greatest risk of material misstatement. For a sample of collateral valuations from the remaining population of loans and advances to customers, we reconciled the recorded values to independent, third-party valuation reports.</p> <p>In conjunction with our credit risk specialists, we challenged the implementation of management's impairment provisioning methodology, by assessing the impairment provisioning model code and evaluating its mathematical accuracy.</p> <p>We assessed the rationale for management overlays through our understanding of the Company's loan book, the external environment and the current macro-economic uncertainty.</p> <p>We also challenged the appropriateness of other assumptions used within the determination of impairment provisions. Procedures performed included comparing to peers, performing independent recalculations and evaluating data sourced by management from external third parties.</p> <p>We also tested the accuracy and completeness of the inputs which were used to determine the impairment provision back to underlying source data.</p>
<p><b>Key observations</b></p>	<p>We concluded that the Company's assessment of staging judgements, MES assumptions and collateral valuations is appropriate, with the overall provision level being acceptable.</p> <p>Overall, we concluded the impairment provisioning model to be working as intended and to be materially recorded in line with the requirements of IFRS 9.</p>

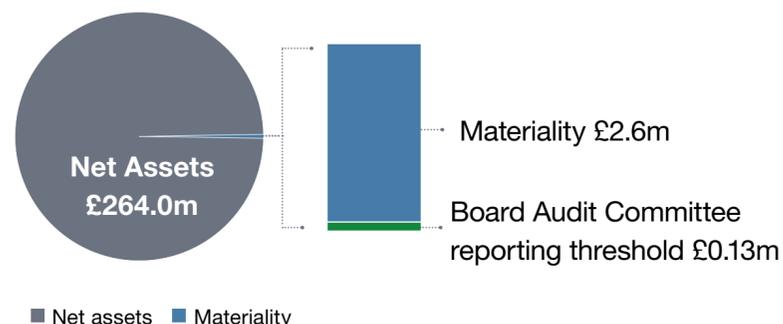
## 6. Our application of materiality

### 6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<b>Materiality</b>	£2,600,000 (2024: £2,237,000)
<b>Basis for determining materiality</b>	1% of net assets (2024: 1% of net assets)
<b>Rationale for the benchmark applied</b>	Net assets is considered to be an appropriate basis for materiality for the Company due to the importance of regulatory capital to its supervision as an authorised deposit-taker, the Company's strategy being centred around maintaining a stable capital base, and net assets being considered a stable base.



### 6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2025 audit (2024: 60%). In determining performance materiality, we considered the following factors: the quality of the control environment, the results of our risk assessment procedures performed, and the level of corrected and uncorrected misstatements identified in the prior year audit.

### 6.3. Error reporting threshold

We agreed with the Board Audit Committee that we would report to the Committee all audit differences in excess of £130,000 (2024: £111,850), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

## 7. An overview of the scope of our audit

### 7.1. Scoping

Our audit was scoped by obtaining an understanding of the Company, its environment including entity-wide controls, and assessing the risks of material misstatement relevant for the Company. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

### 7.2. Our consideration of the control environment

We identified key IT systems for the Company in respect of the financial reporting system and lending and customer deposits system. We tested the general IT controls ('GITCs') associated with these systems and relied upon IT controls across the systems identified.

We were able to adopt a controls reliance approach across the lending and customer deposits cycles, with relevant automated and manual controls being tested across these cycles.

### 7.3. Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the Company's business and its financial statements. The Company continues to develop its assessment of the potential impacts of environmental, social and governance ('ESG') related risks, including climate change, as outlined on pages 11 to 13.

As a part of our audit, we have obtained management's climate-related risk assessment and held discussions with the Company to understand the process of identifying climate-related risks, the determination of mitigating actions and the impact on the Company's financial statements as disclosed in note 2, as well as the impact on the Company's going concern assessment as disclosed in note 1.

We performed our own risk assessment of the potential impact of climate change on the Company's account balances and classes of transactions and did not identify any additional risks of material misstatement.

In conjunction with our ESG specialists, we evaluated the sustainability disclosures included in the strategic report and considered whether the information is materially consistent with the financial statements and/or knowledge obtained during the audit.

## 8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

## 9. Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## 10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## 11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

### 11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Company's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, the Directors and the Board Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Company's sector;
- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud, including the Company's internal fraud risk assessment for the current financial year;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
  - the matters discussed among the audit engagement team and relevant internal specialists, including tax, valuations, economics, credit risk, prudential regulation, pensions, financial instruments, share based payments, financial crime, data analytics and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: revenue recognition EIR accounting, and allowance for losses on loans and advances to customers. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included the requirements set by the Financial Conduct Authority and Prudential Regulatory Authority.

### 11.2. Audit response to risks identified

As a result of performing the above, we identified revenue recognition – EIR accounting, and allowance for losses on loans and advances to customers as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Board Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the Financial Conduct Authority, Prudential Regulation Authority and HMRC as appropriate; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

## Report on other legal and regulatory requirements

### 12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

### 13. Opinion on other matter prescribed by the Capital Requirements (Country-by-Country Reporting) Regulations 2013

In our opinion the information given in note 25 to the financial statements for the financial year ended 31 December 2025 has been properly prepared, in all material respects, in accordance with the Capital Requirements (Country-by Country Reporting) Regulations 2013.

### 14. Matters on which we are required to report by exception

#### 14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

#### 14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made.

We have nothing to report in respect of this matter.

### 15. Other matters which we are required to address

#### 15.1. Auditor tenure

Following the recommendation of the Board Audit Committee, we were appointed by the Board of Directors on 20 May 2019 to audit the financial statements for the year ending 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is seven years, covering the years ending 31 December 2019 to 31 December 2025.

#### 15.2. Consistency of the audit report with the additional report to the Board Audit Committee

Our audit opinion is consistent with the additional report to the Board Audit Committee we are required to provide in accordance with ISAs (UK).

### 16. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### Neil Reed FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP  
Statutory Auditor  
Birmingham, United Kingdom  
5 March 2026

# Income Statement

for the year ended 31 December 2025

All amounts are stated in £'000 unless otherwise indicated

	Notes	2025	2024
Interest receivable and similar income	4	118,236	122,813
Interest expense and similar charges	5	(26,011)	(23,561)
<b>Net Interest Income</b>		<b>92,225</b>	99,252
Fee and commission income		4,362	4,205
Fee and commission expense		(1,561)	(1,360)
<b>Net fee and commission income</b>		<b>2,801</b>	2,845
<b>Total income</b>		<b>95,026</b>	102,097
Operating expenses	6	(41,377)	(33,314)
Losses on financial instruments held at fair value	7	(28)	(2,015)
Impairment charge	12	(1,206)	(1,017)
<b>Profit before taxation</b>	3	<b>52,415</b>	65,751
Taxation charge	9	(11,626)	(15,275)
<b>Profit for the year attributable to shareholders</b>		<b>40,789</b>	50,476

The accounting policies and notes on pages 52 to 81 form part of these financial statements

# Statement of Comprehensive Income

for the year ended 31 December 2025

All amounts are stated in £'000 unless otherwise indicated

	Notes	2025	2024
Profit for the year - equity shareholders		40,789	50,476
<b>Other comprehensive income:</b>			
<b>Items that may subsequently be reclassified to profit or loss</b>			
Movement in cash flow hedge reserve:			
Gains/(losses) taken to reserves		1,460	(1,521)
Reclassification to profit or loss		1,097	-
Taxation	20	(639)	380
Movement in financial asset revaluation reserve (investment securities)			
Valuation gains taken to equity <sup>10</sup>	13	2,309	3,232
Taxation	20	(577)	(808)
<b>Items that will not subsequently be reclassified to profit or loss</b>			
Actuarial gains/(losses) on defined benefit obligations	21	590	(1,047)
Taxation	20	(148)	258
Other comprehensive income for the year, net of tax		4,092	494
<b>Total comprehensive income for the year - equity shareholders</b>		<b>44,881</b>	50,970
Attributable to:			
Equity shareholders		44,881	50,970
Dividend paid in the year		(2,979)	(1,734)
		41,902	49,236

<sup>10</sup> Net changes in the fair value of investment securities held by the Bank at year end are recognised within equity.

# Statement of Financial Position

for the year ended 31 December 2025

All amounts are stated in £'000 unless otherwise indicated

	Notes	2025	2024
<b>Assets</b>			
Cash and balances with the Bank of England	10	218,684	621,898
Loans and advances to banks	10	2,059	2,689
Investment securities – fair value through other comprehensive income	13	587,595	314,130
Investment securities – amortised cost	13	232,581	-
Derivative financial instruments	11	579	-
Loans and advances to customers	12	1,133,097	1,013,816
Right of use assets	16	782	1,025
Pension scheme net assets	21	1,423	1,122
Other assets		815	56
Prepayments and accrued income		2,403	1,448
Current tax assets	9	5,936	-
Deferred tax assets	20	-	235
Property, plant and equipment	15	1,353	870
Intangible assets	14	446	-
<b>Total assets</b>		<b>2,187,753</b>	<b>1,957,289</b>
<b>Liabilities</b>			
Central bank facilities	17	50,145	-
Customer deposits		1,861,280	1,717,204
Derivative financial instruments	11	51	1,674

	Notes	2025	2024
Other liabilities	18	4,211	3,404
Accruals and deferred income		3,821	2,814
Provisions for liabilities and charges	19	3,207	1,992
Current tax liabilities	9	-	8,084
Deferred tax liabilities	20	1,044	-
<b>Total liabilities</b>		<b>1,923,759</b>	<b>1,735,172</b>
<b>Capital and reserves attributable to the Bank's equity shareholders</b>			
Ordinary share capital	22	24,881	24,825
Share premium account	22	18,360	18,263
Capital redemption reserve		4,511	4,511
Retained earnings		214,350	176,336
Financial asset valuation reserve		1,115	(617)
Cash flow hedge reserve	11	777	(1,141)
Employee share ownership plan ('ESOP') reserve	28	-	(60)
<b>Total equity</b>		<b>263,994</b>	<b>222,117</b>
<b>Total liabilities and equity</b>		<b>2,187,753</b>	<b>1,957,289</b>

The accounting policies and notes on pages 52 to 81 form part of these financial statements

Approved by the Board on 5 March 2026 and signed on its behalf by:

**Colin Fyfe,**  
Chief Executive Officer

**Christine Coe,**  
Chair

# Statement of Changes in Equity

for the year ended 31 December 2025

All amounts are stated in £'000 unless otherwise indicated

2025	Share capital	Share premium	Capital redemption reserve	FVTOCI <sup>2</sup>	Retained earnings	Cash flow hedge reserve	ESOP reserve	Total equity
At 1 January 2025	24,825	18,263	4,511	(617)	176,336	(1,141)	(60)	222,117
Profit for the financial year	-	-	-	-	40,789	-	-	40,789
Issue of share capital – Share Incentive Plan (Note 22)	50	77	-	-	-	-	(40)	87
Adjustment for equity-settled share-based payments (Note 27)	6	20	-	-	(320)	-	100	(194)
Actuarial gain on Defined Benefit pension (Note 21)	-	-	-	-	590	-	-	590
Fair value on cash flow hedges	-	-	-	-	-	1,460	-	1,460
Recycling of cash flow hedge reserve	-	-	-	-	-	1,097	-	1,097
Deferred Tax movements (Note 20)	-	-	-	(577)	(66)	(639)	-	(1,282)
Net movement in Fair value through other comprehensive income (Note 13)	-	-	-	2,309	-	-	-	2,309
Total	56	97	-	1,732	40,993	1,918	60	44,856
Dividend paid <sup>1</sup>	-	-	-	-	(2,979)	-	-	(2,979)
At 31 December 2025	24,881	18,360	4,511	1,115	214,350	777	-	263,994

# Statement of Changes in Equity (continued)

for the year ended 31 December 2024

All amounts are stated in £'000 unless otherwise indicated

2024	Share capital	Share premium	Capital redemption reserve	FVTOCI <sup>2</sup>	Retained earnings	Cash flow hedge reserve	ESOP reserve	Total equity
At 1 January 2024	24,792	18,205	4,511	(3,041)	128,229	-	(79)	172,617
Profit for the financial year	-	-	-	-	50,476	-	-	50,476
Issue of share capital – Share Incentive Plan (Note 22)	33	58	-	-	-	-	(23)	68
Adjustment for equity-settled share-based payments (Note 27)	-	-	-	-	154	-	42	196
Actuarial loss on Defined Benefit pension (Note 21)	-	-	-	-	(1,047)	-	-	(1,047)
Fair value on cash flow hedges	-	-	-	-	-	(1,521)	-	(1,521)
Deferred Tax movements (Note 20)	-	-	-	(808)	258	380	-	(170)
Net movement in Fair value through other comprehensive income (Note 13)	-	-	-	3,232	-	-	-	3,232
<b>Total</b>	<b>33</b>	<b>58</b>	<b>-</b>	<b>2,424</b>	<b>49,841</b>	<b>(1,141)</b>	<b>19</b>	<b>51,234</b>
Dividend paid <sup>1</sup>	-	-	-	-	(1,734)	-	-	(1,734)
<b>At 31 December 2024</b>	<b>24,825</b>	<b>18,263</b>	<b>4,511</b>	<b>(617)</b>	<b>176,336</b>	<b>(1,141)</b>	<b>(60)</b>	<b>222,117</b>

<sup>1</sup> Dividend paid in 2025 in respect of the 2024 financial year at 9.00p per share (paid in 2024 respect of the 2023 financial year at 7.00p per share). An interim dividend of 3.00p in respect of the 2025 financial was paid and is not included in the balance above.

<sup>2</sup> 'FVTOCI' is Fair Value through Other Comprehensive Income shown as 'Financial asset valuation reserve' in the Statement of Financial Position.

The accounting policies and Notes on pages 52 to 81 form part of these financial statements.

# Statement of Cash Flows

for the year ended 31 December 2025

All amounts are stated in £'000 unless otherwise indicated

	Notes	2025	2024
Profit before taxation		52,415	65,751
Adjustments for:			
Finance costs on lease liabilities		58	73
Finance costs on central bank facilities		145	-
Impairment losses, net of reversals, on financial assets		1,206	1,017
Non-cash movements in relation to investment securities		(24,580)	(10,770)
Depreciation of property, plant and equipment		368	280
Depreciation of right-of-use assets		262	266
Amortisation of intangible assets		15	6
Increase in provisions		1,642	1,441
Fair value loss on derivatives		1,106	153
Share-based payment expense		853	174
Pension administration expense		289	172
		33,779	58,563
<b>Operating cash flows before movements in working capital</b>			
(Decrease)/Increase in prepayments and accrued income		(955)	87
(Increase)/Decrease in other operating assets		(759)	69
(Increase) in derivatives		(770)	-
Increase in loans and advances to customers		(120,381)	(1,187)
Decrease in Bank of England mandatory reserve	10	-	3,448
Increase in accruals and deferred income		1,007	984
Increase in customer deposits		144,076	157,895
(Decrease) in other operating liabilities		(251)	(361)
<b>Cash used in operations</b>		55,746	219,498
Income tax paid		(25,649)	(14,668)
<b>Net cash generated from operating activities</b>		30,097	204,830

	Notes	2025	2024
<b>Net cash generated from/(used in) operating activities</b>		30,097	204,830
<b>Investing activities</b>			
Purchase of property, plant and equipment		(852)	(565)
Intangible asset additions		(461)	-
Interest received from investment securities <sup>1</sup>		23,945	7,798
Purchase of investment securities		(576,821)	(159,028)
Proceeds from sale and redemption of investment securities <sup>1</sup>		73,615	98,516
<b>Net cash used in investing activities</b>		(480,574)	(53,279)
<b>Financing activities</b>			
Dividends paid		(2,979)	(1,734)
Repayment of lease liabilities		(474)	(285)
Proceeds on issue of share capital, net of transaction costs		86	91
Drawdown on central bank facilities		50,000	-
<b>Net cash generated/(used) in financing activities</b>		46,633	(1,928)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(403,844)	149,623
<b>Cash and cash equivalents at beginning of year</b>		624,587	474,964
<b>Cash and cash equivalents at end of year</b>		220,743	624,587
Cash and balances with the Bank of England	10	218,684	621,898
Loans and advances to banks		2,059	2,689
		220,743	624,587

<sup>1</sup> Interest received from investment securities has been presented separately to Proceeds from sale and redemption of investment securities. The comparative information has been re-presented for comparability.

Interest received from customers was £72.6m (2024: £79.3m) and interest paid to customers was £24.6m (2024: £19.4m). The accounting policies and Notes on pages 52 to 81 form part of these financial statements.

# Notes to the Financial Statements

All amounts are stated in £'000 unless otherwise indicated

## 1 Basis of preparation and significant accounting policies

The Bank's 2025 report and accounts have been prepared and approved by the Directors in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards as adopted by the UK. All amounts are stated in £'000 unless otherwise indicated.

The financial information has been prepared under the historical cost convention as modified by the revaluation of certain financial assets and financial liabilities held at fair value.

Unity Trust Bank plc does not have an ultimate parent company. The Bank formed and commenced operating a subsidiary company, Unity EBT Limited on 2 January 2013. The Bank holds 100% of the issued share capital of Unity EBT Limited comprising one, £1 ordinary share. Unity EBT Limited is the trustee of the Employee Share Ownership Plan (closed plan) and the Share Incentive Plan (SIP, for which own shares held are reflected in the Statement of Financial Position within other liabilities). Unity EBT Limited is registered in England and Wales and has the same registered address as the Bank. See Note 27 for further details of share-based payments. The results and position of this subsidiary and those of Unity Trust Bank plc have not been presented on an IFRS 10 consolidated basis, on the grounds of materiality under Companies Act 2006, s405 (2). An election has been made to present the combined results and position on an extended entity basis. Under the extended entity basis, the results and position of Unity Trust Bank plc and Unity EBT Limited are combined in an equivalent way to a consolidation with any intercompany balances eliminated. References to 'the Bank' reflect combined results and position on an extended entity basis, unless otherwise stated.

## Going Concern

The report and accounts have been prepared on the going concern basis. Accounting standards require the Directors to assess the Bank's ability to continue to adopt the going concern basis of accounting. In performing this assessment, the Directors consider all available information about the future, the possible outcomes of events and changes in conditions and the realistically possible responses to such events and conditions that would be available to them, having regard to the 'Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks' published by the Financial Reporting Council in February 2025.

In order to assess the appropriateness of the going concern basis the Directors considered the Bank's financial position, the cash flow requirements laid out in its forecasts, its access to funding, the assumptions underlying the forecasts and the potential risks affecting them, including those arising from emerging issues arising from a changing interest and inflation environment, and climate change. Scenario planning considers impacts to interest income and loan impairment, due to deterioration in the wider economy. A range of different plausible scenarios have been modelled, considering possible mitigating management actions, in addition to capital and liquidity stress and reverse stress testing. After performing this assessment, the Directors have a reasonable expectation that the Bank has adequate resources to remain in operation for at least 12 months from the signing date of the Report and Accounts. They therefore consider it appropriate to continue to adopt the going concern basis in preparing the Report and Accounts.

## Changes in accounting policies

### 1.1 Revised IFRS Standards that are effective for the current year

The revised IFRS standards that are effective for the current year do not have a material impact on the Bank.

### 1.2 New IFRS Standards and annual improvements in issue but not yet effective

The standards and amendments in issue but not yet effective relevant to the Bank are listed below. Each will be adopted on their effective date. The Directors do not expect that their adoption will have any / a material impact on the financial statements of Unity in future periods, unless specified below:

#### IFRS 18 – Presentation and Disclosure in Financial Statements

The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The standard will require defined subtotals in the statement of profit or loss, disclosure about management-defined performance measures; and will add new principles for aggregation and disaggregation of information. It is applied retrospectively for annual periods beginning on or after 1 January 2027, with early application permitted. The Bank is considering the impact and will provide further disclosure next year.

#### Annual improvements to IFRS standards

The annual improvements relevant to Unity include amendments to IFRS 1, IFRS 7, and IFRS 9. The amendments are effective for annual reporting periods beginning on or after 1 January 2026.

The Bank will apply the above standards and interpretations on the date they become effective.

### 1.3 Material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) Interest income and expense

Interest income and expense are recognised for all financial instruments measured at amortised cost or FVTOCI using the Effective Interest Rate Method (EIRM). The EIRM calculates the amortised cost of a financial asset or financial liability and allocates the interest income or interest expense over the relevant period. The Effective Interest Rate 'EIR' is the rate that exactly discounts estimated future cash flows to the net carrying amount, over the shorter of the contractual or behavioural life of the financial instrument.

When calculating the EIR, the Bank considers the behavioural life of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the EIR, transaction costs and all other premiums or discounts.

#### (b) Fees and commissions

Fee and commission income is predominantly made up of fees received for banking services and do not meet the criteria for inclusion in the EIRM. These fees are recognised in income on an accruals basis as services are provided. Fees and commissions payable to brokers in respect of obtaining lending business, where these are direct and incremental costs related to the issue of a loan, are included in interest income as part of the EIR.

## 1 Basis of preparation and significant accounting policies (continued)

### (c) Classification and measurement of financial assets and liabilities

Classification is dependent on two tests, a contractual cash flow test (named SPPI: Solely Payments of Principal and Interest) and a business model assessment. If the cash flows from the instrument are only principal and interest, then the business model assessment determines whether the instrument is classified as amortised cost or FVTOCI:

- If the instrument is being held to collect contractual cash flows, it is measured at amortised cost.
- If the intention for the instrument is to both collect contractual cash flows and potentially sell the asset, it is reported at FVTOCI.

FVTOCI assets are measured at fair value based on quoted market prices or prices obtained from market intermediaries. Unrealised gains and losses arising from changes in fair value are recognised directly in other comprehensive income, except for impairment, which is recognised in the Income Statement. Gains and losses arising on the sale of FVTOCI assets, including any cumulative gains or losses previously recognised in other comprehensive income, are reclassified to the Income Statement.

If the cashflows from the instrument are not solely principal and interest (for example, linked to inflation) or the instruments are held for trading purposes, the asset is reported at FVTPL with differences in fair value being recognised in profit or loss. Assets are only reclassified if the business model for holding those assets changes. There are no instances of this in the year.

The bank has two portfolios for investment securities which are held under different business models and classified accordingly. The first portfolio has assets held at FVTOCI, where the business model objective is both to collect contractual cash flows and sell financial assets for liquidity reasons or periodic asset realisation. The second portfolio has assets held at amortised cost where assets are held to collect contractual cashflows.

Loans and advances to customers and customer deposits are both classified as held at amortised cost, as the business model intention is to collect contractual cash flows. Assets are recognised when the funds are advanced, and liabilities recognised when funds are received from customers. The carrying value of these financial instruments at initial recognition includes any directly attributable transactions costs.

### (d) Impairment of financial assets and loan commitments

The Bank assesses, on a forward-looking basis, the ECL associated with its financial assets carried at amortised cost and FVTOCI and that associated with the exposure arising from pipeline loan commitments. Changes in impairment provision are reported in profit and loss.

ECLs are calculated based on information relating to:

1. An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
2. The time value of money; and
3. Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

When an asset is originated, the ECL is measured as the present value of credit losses from default events over its lifetime. The provision recognised is either the amount expected over the next 12 months (the lifetime cash shortfalls that would be expected to occur if a default occurs in the 12 months after the reporting date, weighted by the probability of that default occurring), or the amount expected over its lifetime. The standard requires the Bank to identify assets that have been subject to a SICR since initial recognition. The Bank's approach to staging criteria is based around a well-established process through assessment of credit risk at inception of each loan, and through periodic review. Movements in Risk Grade provide the basis for the assessment of SICR on a loan-by-loan basis. The credit quality of all counterparties is reviewed and rated at least annually. In addition, the Bank's focus

on relationship management, receipt of management information, monitoring of financial covenants and loan degradation reporting, supports the identification of early warning signs and the risk gradings allocated. The Bank has allocated the assets to the following three Stages, aligning to internal credit risk management processes:

- Stage 1 – Loans and commitments with a Risk Grade of 1 to 5 on the internal scorecard are assumed not to have seen a SICR since initial recognition. Loans which meet certain criteria are subject to a quarterly management review as a backstop to assess the appropriateness of this assumption. The loss allowance applied to these assets is equal to 12 months ECL. PDs are calculated with reference to internal and external data. Investment securities are also allocated to this Stage due to their credit quality.
- Stage 2 – These are loans with a Risk Grade of 6 or 7, or loans that deteriorate by more than 3 Risk Grades, demonstrating that certain early warning indicators have been evidenced. It is considered that these assets have experienced a SICR. The Stage 2 assessment is also supported by an objective 'back stop' measure of arrears, being 30 days past due. The loss allowance applied to these assets is equal to the loan's lifetime ECL.
- Stage 3 – These are loans with a Risk Grade of 8 or 9 and are in default or realisation and considered to be credit impaired (i.e. events which cause a negative impact on estimated future cashflows have arisen). The loss allowance for these assets is equal to the loan's lifetime ECL. This is also supported by an objective 'back stop' measure of arrears, being 90 days past due.

'Expected loss' is estimated considering a broad range of information, including:

- Past events, such as experience of historical losses for similar financial instruments;
- Current conditions; and
- Reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the financial instrument.

### Default

Default is considered to have occurred when at least one of the following events have taken place: where the Bank considers that the borrower is unlikely to repay its credit obligations without recourse by the Bank to actions such as realising security (if held); the borrower is past due more than 90 days on any material credit obligation; a borrower is classed as forborne and non-performing; or the customer enters bankruptcy, administration, liquidation etc.

### Probability of default ('PD')

12-month PD% estimates defaults arising over the next 12 months. These PDs are applied to Stage 1, Risk Grade (RG) 1-5. This has been calculated by considering, for all historic defaults, the Risk Grade of the loan 12 months prior to the date of default, as a proportion of total loans in that Risk Grade. In addition, external 12-month PD data has been obtained for a proportion of customers across each Risk Grade. The final PD percentages are informed by a combination of both internal and external data and expert judgement.

Lifetime PD% estimates defaults over the life of the loan. For all historic defaults, the RG at initial recognition has been identified. This is transformed into a lifetime PD% through a survival rate analysis across all grades and applied to the ECL calculation to accounts in RG 6 and 7 (Stage 2). PDs for Stage 3 remain at 100% as these loans are considered to be in default.

### Loss given default ('LGD')

LGD is determined by considering the value of the trading business and security for all drawn and committed loan balances. This is adjusted for historical and forward-looking indexation, forced sale discounts ('FSD') and time value of money.

### Exposure at default ('EAD')

EAD reflects the attrition profile over the remaining behavioural life of the loan. This is based on expected exposure profile accounting for interest and payments. This is adjusted for undrawn loan commitments and the time value of money. Exposure for accounts in Stage 3 is the carrying amount on reporting date.

## 1 Basis of preparation and significant accounting policies (continued)

### Curing

If the credit risk reduces, after a curing period of a minimum of six months, the loan can move from Stage 3 to 2 or Stage 2 to 1. In the instance where a loan is deemed to have decreased by more than 3 Risk Grades from initial recognition (see above for SICR), the curing period is a minimum of 12 months, before the loan can move back to Stage 1, and the allowance can be reduced from lifetime to the 12-month ECL.

### Write off

The Bank writes off financial assets when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Assets are derecognised when the contractual cash flows expire. If terms and conditions of loan contracts are substantially modified, the Bank considers whether this results in derecognition of the existing loan and recognition of a new loan. If the changes are not deemed to be substantial, then the current financial asset is retained and assessed for modification gains or losses.

Investment securities are considered to have low credit risk at both the origination and reporting dates; therefore, these assets are allocated to Stage 1 with an impairment allowance equal to 12-month ECL. External investment grades of the assets are regularly monitored.

### (e) Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured monthly at their fair value. Derivative financial instruments are stated at fair value using valuation techniques such as discounted cash flow models. The need for credit valuation adjustments is considered in the determination of the fair value of derivatives. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. The derivatives are subject to International Swaps and Derivatives ('ISDA')

Master Netting Agreements with the counterparties, which create a legally enforceable right of offset that comes into effect only on specific events, e.g., in the case of a default of any party. As the agreements are not "unconditional", the derivative assets and derivative liabilities cannot be netted on the Statement of Financial Position for accounting purposes.

All derivatives are entered into by the Bank for the purpose of providing an economic hedge, and when transactions meet the required criteria for documentation and hedge effectiveness, the Bank applies fair value hedge accounting or cash flow hedge accounting, as appropriate to the risks being hedged.

If derivatives are not designated in an accounting hedge, then changes in fair values are recognised immediately in the Income Statement.

Where cash collateral is received, to mitigate the risk inherent in amounts due to the Bank, it is included as a liability within Amounts owed to banks. Similarly, where cash collateral is given, to mitigate the risk inherent in Amounts due from the Bank, it is included as an asset in Loans and advances to banks.

#### Hedge Accounting

The Bank designates certain derivatives as hedging instruments in respect of earnings volatility and interest rate risk in cash flow hedges or fair value hedges as appropriate. The Bank applies the requirements of IAS 39 Financial Instruments: Recognition and Measurement for hedge accounting purposes.

For all hedges, the Bank documents the relationship between the hedging instruments and the hedged items at inception, as well as its risk management strategy and objectives for undertaking the transaction. The Bank also documents its assessment, both at hedge inception and on an ongoing basis, of whether the hedging arrangements put in place are considered to be 'highly effective' as defined by IAS 39.

#### Fair value hedge accounting

For a fair value hedge, as long as the hedging relationship is deemed 'highly effective' and meets the

hedging requirements of IAS 39, any gain or loss on the hedging instrument recognised in income can be offset against the fair value loss or gain arising from the hedged item for the hedged risk.

#### Macro cash flow hedge

For qualifying cash flow hedges, the fair value gain or loss associated with the effective portion of the cash flow hedge is recognised initially in other comprehensive income and then recycled to the income statement in the periods when the hedged item will affect profit or loss. This recycling occurs when the underlying asset or liability being hedged impacts the Income Statement, for example when interest payments are recognised. Any ineffective portion of the gain or loss on the hedging instrument is recognised in the Income Statement immediately. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to the Income Statement.

### (f) Property, plant and equipment

Items of property, plant and equipment are stated at cost less any accumulated depreciation or impairment. Depreciation is provided on a straight-line basis at the following rates, which are estimated to write down the assets to realisable values at the end of their useful lives.

Equipment and fittings 10% per annum

Computer equipment 33% per annum

All items of property, plant and equipment are regularly reviewed for indications of impairment. Any impairment identified would be charged to the Income Statement. Consultancy costs incurred in acquiring and developing software for internal use which is directly attributable to the functioning of computer hardware are capitalised as tangible fixed assets where software supports a significant business system, and the expenditure leads to the creation of an identifiable durable asset. Capital work in progress is not depreciated until the asset is available for use; i.e. it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

### (g) Intangible assets

Costs directly associated with the development of identifiable and unique software products that will generate benefits exceeding costs beyond one year, are recognised as intangible assets. Software licenses grant a right of use for the Bank. In accordance with IAS 38 the development and acquisition cost for software licences are treated as an intangible asset separate from the tangible asset (computer) on which it is installed. Costs which are determined as a Software as a Service are not capitalised.

Amortisation is provided on a straight-line basis at the following rates, which is estimated to write down the assets to realisable values at the end of their useful lives.

Computer software 33% per annum

Amortisation is recognised within operating expenses in the Income Statement. The banking system is regularly reviewed for indications of impairment. Any impairment identified would be charged to profit and loss.

### (h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, balances with the Bank of England, Loans and advances to Banks and balances with an original maturity of three months or less, which are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value.

### (i) Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided

## 1 Basis of preparation and significant accounting policies (continued)

for is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Bank has a tax conduct statement which is available on the website [www.unity.co.uk/financial-profile](http://www.unity.co.uk/financial-profile)

### (j) Pension costs

The Bank operates a defined benefit pension scheme and a defined contribution scheme for employees. Contributions to the defined contribution pension scheme are recognised as an expense in the Income Statement as incurred, on an accruals basis.

From initial recognition, the Bank's net obligation under the defined benefit pension scheme is assessed annually by an independent qualified actuary. The net obligation is calculated as the difference between the fair value of the scheme's assets and the amount of future entitlements earned by scheme members from service in prior periods, discounted back to present values using a rate based on an index of long-dated AA rated corporate bonds. This calculation allows the net obligation of the scheme to be expressed as either a surplus or deficit, which is recognised as either an asset or a liability respectively in the Bank's accounts at the balance sheet date. Gains or losses arising from the remeasurement of the defined benefit plan are recognised in full, in the year they occur, in the Statement of Comprehensive Income.

A surplus is recognised in conjunction with IAS 19 and IFRIC 14, allowing for the surplus to be recognised as an unrestricted asset on the Statement of Financial Position, where there is an unconditional right to a refund of the surplus in defined circumstances and there are expected to be surplus assets. This unconditional

right can arise in any of the following defined circumstances:

- A. during the life of the pension scheme; or
- B. assuming the gradual settlement of scheme liabilities over time until all members have left the scheme; or
- C. assuming the full settlement of the scheme liabilities in a single event.

### (k) Offsetting

Financial assets and financial liabilities are offset, and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### (l) Provisions

A provision is recognised in the Statement of Financial Position if the Bank has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

### (m) Deferred income

Customer loan arrangement fees which are received from customers in advance are recognised as deferred income until the customer loan is drawn down and then carried as part of the loan balance.

### (n) Share premium

Share premium is the amount by which the fair value of the consideration received exceeds the nominal value of shares issued. Expenses and commissions paid on the issue of shares are written off against the share premium of the same issue.

### (o) Capital redemption reserve

When share capital is repurchased, the amount of consideration paid, including directly attributable costs, is recognised as a change in equity. The nominal value

of shares repurchased is transferred to the capital redemption reserve in equity.

### (p) Leases

As a lessee, the Bank recognises a right-of-use asset representing the right to use the underlying asset and a lease liability representing the obligation to make lease payments.

Whether a contract is or contains a lease is assessed at inception of the contract. Unity recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, Unity recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Unity remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Unity did not make any such adjustments during the periods presented.

### *Right of use assets*

These comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. IAS 36 is applied to determine whether an asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

### *Lease liabilities*

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Bank uses a lease specific incremental borrowing rate.

If a lease has service/maintenance costs as part of the lease payment, and it is not practicable to separate, these costs are treated as one single payment for the calculation of the present value of the lease obligation. For the premises lease, the service charge is easily identifiable and therefore not included within the lease liability and will be recognised on an accruals basis within operating expenses.

The incremental borrowing rate applied to each lease is determined by taking into account the risk-free rate, adjusted for factors linked to the life of the underlying lease agreement. The weighted average incremental borrowing rate applied by Unity was 5.00% (2024: 5.00%).

## 1 Basis of preparation and significant accounting policies (continued)

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in substance fixed payments), less any lease incentives;
- fixed service costs associated where applicable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees; and
- payments of penalties for terminating the lease if the lease term reflects the right to terminate the lease.

### (q) Share based payments

#### Equity-settled

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimate of the number of equity instruments that will eventually vest. At each reporting date, the Bank revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the Income Statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

#### Cash-settled

For cash-settled share-based payments to employees and others providing similar services, a liability is recognised for the goods or services acquired by the Bank, measured initially at the fair value of the liability. At each reporting date, the Bank revises its estimate

of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. Until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

## 2 Judgements in applying accounting policies and critical accounting estimates

The Bank makes judgements in applying its accounting policies which affect the amounts recognised in these financial statements. Estimates and assumptions are also made that could affect the reported amounts of assets, liabilities, income and expenses. These are continually assessed and reviewed and are based on historical experience and reasonable expectations of future events. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those

estimates. The critical judgements and estimates which have a significant impact on the financial statements of the Bank are listed below:

### (a) Significant accounting estimates and assumptions

#### IFRS 9 Impairment - The determination of macroeconomic scenarios and their weightings:

IFRS 9 requires ECL to be measured in a way that reflects an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes and incorporating relevant forward-looking information. Management exercises judgement in estimating the interaction between changes in key economic variables and customer defaults. Having determined underlying correlations, judgement is applied in estimating the future economic conditions which are incorporated in the modelling of multiple macro-economic scenarios ('MES').

The estimation of future economic conditions incorporate analysis from reputable third-party sources. The provision recognised is the probability-weighted sum of the provisions calculated under a range of four different scenarios. The MES are derived using external data and span an appropriately wide range of plausible economic conditions, with the provision increasing in unfavourable conditions. Management judgement is applied to determine the associated probability weightings of the scenarios, informed by external data.

The Bank uses four scenarios, representative of management's view of forecast economic conditions. The scenarios and weightings applied are summarised below:

2025	Weights	Unemployment				GDP				Bank Rate				Inflation			
		Dec-26	Dec-27	Dec-28	5-Yr Ave	Dec-26	Dec-27	Dec-28	5-Yr Ave	Dec-26	Dec-27	Dec-28	5-Yr Ave	Dec-26	Dec-27	Dec-28	5-Yr Ave
Base	45	5.03	4.83	4.54	4.59	0.96	1.35	1.52	1.38	3.34	3.00	2.75	2.82	2.70	2.51	2.22	2.34
Down 1	15	5.77	6.47	6.86	6.44	(2.73)	0.07	0.99	0.27	2.38	1.75	1.75	1.88	1.59	1.30	1.74	1.69
Down 2	15	6.00	6.95	7.37	6.87	(4.68)	(0.78)	0.62	(0.37)	1.88	1.00	1.00	1.18	1.03	0.73	1.50	1.39
Upside	25	4.59	3.88	3.63	3.88	3.40	2.82	2.18	2.31	4.75	4.38	3.69	3.78	3.52	3.34	2.68	2.79

5-year average covers period between 2026 and 2030.

## 2 Judgements in applying accounting policies and critical accounting estimates (continued)

2024	Weights	Unemployment				GDP				Bank Rate				Inflation			
		Dec-25	Dec-26	Dec-27	5-Yr Ave	Dec-25	Dec-26	Dec-27	5-Yr Ave	Dec-25	Dec-26	Dec-27	5-Yr Ave	Dec-25	Dec-26	Dec-27	5-Yr Ave
Base	50	4.40	4.31	4.18	4.19	1.43	1.66	1.76	1.64	3.85	3.09	2.59	2.91	2.98	2.35	2.15	2.34
Down 1	10	5.15	5.98	6.71	6.20	(2.25)	0.38	1.37	0.58	3.00	1.75	1.75	2.00	1.87	1.02	1.66	1.67
Down 2	15	5.37	6.43	7.18	6.59	(4.20)	(0.47)	1.03	(0.05)	2.38	1.00	1.00	1.28	1.28	0.48	1.36	1.36
Upside	25	3.97	3.65	3.62	3.70	3.91	3.14	2.54	2.62	5.38	4.38	3.38	3.83	3.81	3.39	2.60	2.81

5-year average covers period between 2025 and 2029.

During the period, the weightings for each scenario were reviewed and updated from those applied at the 2024-year end. Downside risks remain elevated, driven by ongoing geopolitical uncertainty, including conflicts in Eastern Europe, the Middle East and South America. This, coupled with increased volatility in global trade and economic policy direction, could lead to substantially different macroeconomic outcomes. Considering these factors, the Bank moved 5% from the Base scenario to the Downside 1 scenario.

## 2 Judgements in applying accounting policies and critical accounting estimates (continued)

Scenario	Derivation	2025 Weighting	2024 Weighting
Base	The base case represents the macroeconomic forecast most likely to occur. UK gross domestic product ('GDP') is forecast to grow 1.0% in 2026 and 1.4% in 2027, reflecting near-term loosening of fiscal policy. Unemployment is expected to remain at c.5.0% throughout 2026 before gradually recovering towards a long-run level of 4% by 2032. The BoE is expected to implement 50bps of rate cuts next year, leaving Bank Rate at 3.25% at end-2026.	45%	50%
Downside 1	The downside scenario sees a pronounced global recession in the near-term and captures risk from heightened geopolitical uncertainty, trade tensions and renewed inflationary pressures. The UK economy faces weak demand resulting in a GDP contraction of 2.7% in 2026. The recovery is slow, with a return to 2025 GDP levels only in 2030. The unemployment rate peaks at 6.9% in mid-2028 and remains persistently high during the forecast horizon. To counter the downturn, the BoE cuts rates sharply, with an end-2026 position of 2.25%.	15%	10%
Downside 2	The severe downside scenario is comparable with the economic shock experienced during the global financial crisis, with a sharp and immediate drop in UK output, resulting in a 4.7% GDP contraction in 2026. Recovery is slower than the Downside 1 scenario and results in a permanent loss of output. Unemployment peaks at 7.4% by early 2028, thereafter falling and stabilising at c.6.0% for the remainder of the forecast horizon. The BoE cuts rates aggressively, to a low of 1% by Q1 2027.	15%	15%
Upside	An alternative, more optimistic iteration of the base case, in which several different upside risks materialise. The UK economy accelerates, recording growth of 3.4% in 2026 and 2.8% in 2027. The labour market tightens, and the unemployment rate falls to a decade low of 3.6% by mid-2028. Inflation resurfaces in the scenario as a result of stronger demand and cost pressures and in response, the BoE begins to tighten monetary policy again. Bank Rate accordingly rises to a peak of 4.75% in mid-2026 before easing in 2027.	25%	25%

### (b) Significant accounting estimates and assumptions (continued)

The ECL provision has the greatest sensitivity to the economic scenario weightings. Movements to individual parameters in isolation are improbable as they are interrelated. Sustained movement in parameters would be reflected within economic conditions, as discussed above. As at 31 December 2025, the customer loan provision is £11,353k (2024: £9,682k), applying 100% weighting to each scenario results in the following provisions:

	2025	2024
Base	9,224	7,751
Downside 1	16,018	14,807
Downside 2	21,333	20,129
Upside	7,280	5,227

In addition to the economic scenario weightings noted above, the ECL provision is also sensitive to changes in underlying collateral valuations. Collateral valuations are a key input in the determination of loss given default for secured lending exposures. A 10% increase in collateral valuations would result in a £1,682k reduction in ECL provision (2024: £2,079k reduction). A 10% decrease in collateral valuations would result in a £2,442k increase in ECL provision (2024: £2,739k increase). As set out in the strategic report on pages 5 to 13, climate change is a global challenge and an emerging risk to businesses, people and the environment. Therefore, in preparing the financial statements, the Bank has considered the impact of climate-related risks on its financial position and performance. While the effects of climate change represent a source of uncertainty, the Bank does not consider there to be a material impact on its judgements and estimates from the physical or transition risks in the short to medium term.

Pensions – The estimation of the IAS 19 valuation - The approach to estimating the IAS 19 valuation is set out in Note 21, together with related sensitivities.

### (b) Critical judgements

*IFRS 9 Impairment – The transition criteria from Stage 1 to Stage 2* - The judgements applied in relation to Stage 1 to 2 transition criteria are set out in Note 1d.

*Share based payments – Classification of the share-based payments* - The classification of share-based payment arrangements under IFRS 2 is based on the nature of the obligation. In determining whether the obligation is cash-settled or equity-settled, the bank considers whether the underlying obligation will be settled by a transfer of cash or cash equivalents, making them cash-settled, or transfer of bank shares, making them equity settled. See Note 27 for further details.

### 3 Profit before taxation

The remuneration of the Bank's auditor is as follows:

	2025	2024
Audit services		
Fees payable for the audit of the annual accounts	415	308
Non-Audit services		
Fees payable for all other services – Review of the interim results	-	47
<b>Total</b>	<b>415</b>	<b>355</b>

Directors' emoluments for the year are set out with the Remuneration Report on page 19.

### 4 Interest receivable and similar income

	2025	2024
On financial assets at amortised cost:		
on loans and advances to customers	75,581	80,743
on loans and advances to banks	19,126	31,246
on investment securities	6,174	-
	<b>100,881</b>	<b>111,989</b>
On financial assets at FVTOCI:		
on investment securities	18,443	10,824
Total interest receivable under the EIR method	<b>119,324</b>	<b>122,813</b>
Net interest on derivatives designated in a qualifying hedge accounting relationship	(1,088)	-
Total interest receivable and similar income	<b>118,236</b>	<b>122,813</b>

### 5 Interest expense and similar charges

	2025	2024
On financial liabilities measured at amortised cost:		
on customer deposits	25,805	23,488
on loans and advances from banks	148	-
On lease liabilities interest	58	73
<b>Total</b>	<b>26,011</b>	<b>23,561</b>

### 6 Operating expenses

	Note	2025	2024
Staff costs	8	26,649	19,459
Technology costs		3,709	2,530
Professional Services		3,134	4,507
Marketing		1,848	1,103
Amortisation of intangible fixed assets	14	15	6
Depreciation of property, plant and equipment	15	368	280
Depreciation of right-of-use assets	16	262	266
Short-term lease expense		144	124
Movement in provisions for liabilities and charges	19	1,581	1,410
Other administrative expenses		3,667	3,629
<b>Total</b>		<b>41,377</b>	<b>33,314</b>

### 7 Losses on financial instruments held at fair value

	2025	2024
Loss on sale of investment securities	-	(1,862)
Expense from derivatives and hedge accounting	(28)	(153)
<b>Total</b>	<b>(28)</b>	<b>(2,015)</b>

## 8 Staff costs

	Note	2025	2024
Wages and salaries <sup>1</sup>		19,388	14,875
Severance		61	67
Social security costs		2,638	1,812
Pension costs – defined benefit plans	21	289	172
Pension costs – defined contribution plans		1,807	1,274
Profit sharing plan		1,526	1,063
Share based payments – equity settled	27	46	196
Share based payments – cash settled	27	894	-
<b>Total</b>		<b>26,649</b>	19,459

<sup>1</sup> Included within wages and salaries is £376k (2024: £286k) for other benefits provided to employees, such as the Wellbeing Allowance.

There are two categories of employees of the Bank. Included below is the monthly average number of persons employed by the Bank and was made up as follows at the reporting date:

	2025	2024
Full time	260	202
Part time	14	15
<b>Total<sup>1</sup></b>	<b>274</b>	217

<sup>1</sup> The monthly average Full Time Equivalent ('FTE') for 2025 was 270 (2024: 213).

## 9 Income tax

### Tax Policy

The Bank adopted a tax policy on 27 February 2014, updated in May 2023.

A copy is available on our website at [www.unity.co.uk/financial-profile](http://www.unity.co.uk/financial-profile). The disclosures made in these financial statements comply with commitments made in that tax policy. The Bank is a member of the Fair Tax Mark.

Tax charge	2025	2024
Current tax on profits for the year	11,725	15,207
Adjustment in respect of prior years	(96)	21
<b>Total current tax</b>	<b>11,629</b>	15,228
<b>Deferred tax</b>		
Current year	(3)	43
Adjustment in respect of previous periods	-	4
<b>Total deferred tax</b>	<b>(3)</b>	47
<b>Tax per Income Statement</b>	<b>11,626</b>	15,275
<b>Other comprehensive income items:</b>		
Deferred tax current year charge	1,364	154
Deferred tax prior year charge	-	16
<b>Tax per Statement of Comprehensive Income</b>	<b>1,364</b>	170

## 9 Income tax (continued)

Further information about deferred income tax is presented in Note 20. The tax on the Bank's profit before taxation differs from the theoretical amount that would arise using the corporation tax rate in the UK as follows:

Tax reconciliation	2025	2024
Profit for the period	52,415	65,751
Tax on profit at standard UK tax rate of 25.00% (2024: 25.00%)	13,104	16,438
Adjustments to tax charge in respect of prior periods	(95)	25
Expenses not deductible for tax purposes	9	15
Community Investment Tax Relief	(1,518)	(1,169)
Share options	126	(34)
<b>Total tax charge for the year</b>	<b>11,626</b>	<b>15,275</b>

Cash paid reconciliation	2025	2024
Opening corporation tax liability	8,084	7,524
Add: current corporation tax liability for the year	11,725	15,207
Prior year adjustment	(96)	21
Less: payments in the year	(25,649)	(14,668)
<b>Closing corporation tax (asset)/liability</b>	<b>(5,936)</b>	<b>8,084</b>

The standard rate of Corporation Tax in the UK charged is 25%. The company's profits for the accounting period are taxed at an effective rate of 22.18%.

The UK corporation tax rate of 25% was substantively enacted as part of Finance Bill 2021 on 24 May 2021 and effective from 1 April 2023. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

The Bank corporation tax surcharge is an additional tax on banking profits calculated on the same basis as corporation tax. It was introduced in 2016 at a rate of 8% on profits over £25 million, the banking surcharge rate was reduced from 8% to 3% in April 2023 and the allowance increased to £100m. In 2025 the Bank has profits below £100m, as such no banking surcharge has been applied.

The amount of corporation tax payable is lower than would be implied by the current headline tax rate as the Bank has benefitted from Community Investment Tax Relief ('CITR'). The CITR scheme encourages investment in disadvantaged communities by giving tax relief to investors who back businesses and other enterprises in less advantaged areas by investing in accredited Community Development Finance Institutions ('CDFIs'). The Bank has made such investments. The tax relief is worth up to 25% of the value of the investment in the CDFI. The relief is spread over five years, starting with the year in which the investment is made.

The Bank invests in CDFIs because it believes in the benefits they provide to the communities in which they operate. The tax relief it obtains is provided in accordance with UK tax law that has been made available to encourage this activity. Unity is committed to maintaining ongoing compliance with the CITR UK tax law and is conducting a review of past and current practices related to this relief. A £170k provision in respect of previous claims has been made based on the initial conclusions of this review.

## 10 Cash and cash equivalents

	2025	2024
Cash and balances with the Bank of England	218,684	621,898
Other loans and advances to banks	2,059	2,689
<b>Total</b>	<b>220,743</b>	<b>624,587</b>

Included in other loans and advances to banks is £833k (2024: £1,766k) in relation to collateralised cash held in connection with derivative financial instruments.

## 11 Derivative financial instruments

As at 31 December 2025 and 31 December 2024, the Bank held the following instruments which were designated in hedging relationships.

	2025			2024		
	Assets	Liabilities	Nominal amount	Assets	Liabilities	Nominal amount
<b>Derivatives</b>						
Cash flow hedges – interest rate swaps	579	(49)	208,000	-	(1,674)	208,000
Fair value hedges – interest rate swaps	-	(2)	20,000	-	-	-
Total derivatives designated in hedging relationships and nominal	579	(51)	228,000	-	(1,674)	208,000

The maturity profile of these swaps is as follows:

	Maturity 2025			Maturity 2024		
	Less than 1 year	1-5 years	More than 5 years	Less than 1 year	1-5 years	More than 5 years
<b>Interest rate risk</b>						
Cash flow hedges – interest rate swaps						
Nominal amount	52,000	156,000	-	52,000	156,000	-
Average fixed interest rate (received fixed)	3.99%	3.78%	0.00%	4.45%	3.87%	0.00%
Fair value hedges – interest rate swaps						
Nominal amount	-	20,000	-	-	-	-
Average fixed interest rate (pay fixed)	0.00%	3.54%	0.00%	0.00%	0.00%	0.00%

Derivatives are used to mitigate the interest rate risk on the Bank's highly probable variable loan cash flows (cash flow hedge) and fixed rate assets (fair value hedge). All derivatives are designated in hedge accounting relationships. The different types of hedges are detailed below.

### Cash flow hedges

The Bank has designated the following in a cash flow hedge relationship under IAS 39:

- Interest rate swaps where a fixed rate is received in exchange for a floating rate indexed to SONIA (hedging instrument); and
- Cash flows associated with Base Rate referenced loans (hedged item)

The economic purpose of the hedge is to protect the Bank's earnings from changes in Base Rate (hedged risk). Effective fair value changes in the hedging instrument are included in Other Comprehensive Income, and ineffective fair value changes are recognised in Profit and Loss. The change in fair value of the hedged item from the hedged risk is assessed by using a hypothetical derivative method. The method creates a derivative instrument to serve as a proxy for the hedged item, and its terms match the critical terms of the hedged item. At inception, it has a fair value of zero.

Hedge effectiveness is assessed both prospectively and retrospectively in accordance with IAS 39. For prospective effectiveness, the hypothetical derivative and hedging instrument fair value is modelled using a stressed yield curve, and movements compared to the result using the unstressed, actual curve. In order to be considered highly effective, an effectiveness of 80% - 125% must be achieved.

Retrospective effectiveness is assessed using regression analysis by revaluing the hypothetical derivative and hedging instrument using yield curves from the prior 24 months. Under the Bank's policy, in order to conclude that the hedging relationship is effective, all of the following criteria should be met:

- The regression co-efficient (R squared), which measures the correlation between the variables in the regression, is at least 0.8.
- The slope of the regression line is within a 0.8-1.25 range.
- The confidence level of the slope is at least 95 percent.

In these hedging relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Banks own credit risk on the fair value of the swap, which is not reflected in the fair value of the hedged item attributable to the change in interest rate; and
- difference in interest compounding conventions between SONIA and Base Rate, with SONIA compounding daily and Base Rate with no compounding.

There were no other significant sources of ineffectiveness in these hedging relationships.

**11 Derivative financial instruments (continued)**

As at 31 December 2025 and 31 December 2024 the outstanding nominal amount and fair value, including accrued interest payable amounting to £327k (2024: £305k), of the overnight index swaps designated as cash flow hedges were as follows:

Interest rate risk - Interest rate swaps	2025	2024
Nominal amount	<b>208,000</b>	208,000
Assets – Carrying amount	<b>579</b>	-
Liabilities – Carrying amount	<b>(49)</b>	(1,674)
Line item in Statement of Financial Position where hedging instrument is included	<b>Derivative financial instruments</b>	Derivative financial instruments
Changes in fair value for assessing ineffectiveness	<b>2,244</b>	(1,267)
Changes in value recognised in the OCI	<b>2,557</b>	(1,521)
Ineffectiveness recognised in the Income Statement	<b>(30)</b>	(153)
Line item in Income Statement that includes ineffectiveness	<b>Gains and losses on instruments held at fair value</b>	Gains and losses on instruments held at fair value
Amount reclassified from the hedge reserve to Income Statement	<b>(1,097)</b>	-
Line item in Income Statement affected by the reclassification	<b>Interest income under EIR method</b>	Interest income under EIR method

**Fair value hedges**

The Bank has designated the following in a fair value hedge relationship under IAS 39:

- Interest rate swaps where a fixed rate is paid in exchange for a floating rate indexed to SONIA (hedging instrument); and
- Fixed rate investment securities (hedged item)

The economic purpose of the hedge is to protect against changes in the fair value of the hedged item attributable to movements in market interest rates. Fair value changes of the hedging instrument are expected to offset fair value change on the hedged item.

Changes in the fair value of the hedging instrument are recognised in profit or loss. The carrying amount of the hedged item is adjusted for changes in fair value attributable to the hedged interest rate risk, with the corresponding gain or loss also recognised in profit or loss. The fair value of both the hedging instrument and hedged item is determined using a discounted cash flow technique. Valuations are based on observable market data, including the SONIA yield curve, and reflect only the interest rate risk component of the hedged item. Credit risk and other non-interest rate components of the hedged item's fair value are excluded from the hedged risk.

Hedge effectiveness is assessed both prospectively and retrospectively in accordance with IAS 39. The Bank assesses whether the derivative designated in each hedging relationship is expected to be and has been highly effective in offsetting changes in the fair value of the hedged item attributable to the hedged risk.

For prospective effectiveness, the hedged item and hedging instrument fair value is modelled using a stressed yield curve, and movements compared to the result using the unstressed, actual curve. In order to be considered highly effective, an effectiveness of 80% - 125% must be achieved.

For retrospective effectiveness, a regression analysis approach is used, revaluing the hedged item and hedging instrument using yield curves from the prior 24 months. Under the Bank's policy, in order to conclude that the hedging relationship is effective, all of the following criteria should be met:

- The regression co-efficient (R squared), which measures the correlation between the variables in the regression, is at least 0.8.
- The slope of the regression line is within a 0.8-1.25 range.
- The confidence level of the slope is at least 95 percent.

In these hedging relationships, the main sources of ineffectiveness are:

- Differences between the cashflow dates of the hedged item's fixed coupons and those of the swap can cause small valuation differences.
- The effect of the counterparty and the Bank's own credit risk on the fair value of the swap, which are not offset by movements in the fair value of the hedged item attributable to changes in market interest rates.
- Differences between the fixed interest rate on the hedged item and that on the pay leg of the hedging instrument may cause small valuation differences.

**11 Derivative financial instruments (continued)**

There were no other significant sources of ineffectiveness in these hedging relationships. As at 31 December 2025 and 31 December 2024 the outstanding nominal amount and fair value, including accrued interest receivable amounting to £6k (2024: £nil), of the overnight index swaps designated as fair value hedges were as follows:

Interest rate risk - Interest rate swaps	2025	2024
Nominal amount	<b>20,000</b>	-
Assets – Carrying amount	-	-
Liabilities – Carrying amount	<b>(2)</b>	-
Line item in Statement of Financial Position where hedging instrument is included	<b>Derivative financial instruments</b>	-
Changes in fair value for assessing ineffectiveness	<b>(6)</b>	-

The amounts relating to items designated as hedged items in fair value hedge relationships to manage the Bank's exposure to interest rate changes were as follows:

Interest rate risk - Investment securities	2025	2024
Carrying amount of the hedged item – Assets	<b>19,927</b>	-
Carrying amount of the hedged item – Liabilities	-	-
Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged items – Assets	<b>10</b>	-
Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged items – Liabilities	-	-
Line item in the Statement of Financial Position in which the hedged item is included	<b>Investment securities</b>	-
Changes in fair value used for calculating hedge ineffectiveness	<b>10</b>	-

The table below summarises the hedge ineffectiveness recognised in profit or loss during the financial year ended 31 December 2025 and the comparative period, for the Bank's designated fair value hedge relationships.

Interest rate risk	2025	2024
Ineffectiveness recognised in the income statement	<b>2</b>	-
Line item in Income Statement that includes hedge ineffectiveness	<b>Gains and losses on financial instruments held at fair value</b>	Gains and losses on financial instruments held at fair value

## 12 Loans and advances to customers

Over the course of 2025, management have reviewed and refreshed (as appropriate) all model inputs, with reference to internal and external data, taking into consideration the current economic climate. The ECL provision increased to £11.4m (2024: £9.7m).

Interest rate risk - Interest rate swaps	2025	2024
Gross loans and advances <sup>1,2</sup>	1,144,450	1,023,498
Less: allowance for losses on loans and advances to customers <sup>2</sup>	(11,353)	(9,682)
<b>Total</b>	<b>1,133,097</b>	<b>1,013,816</b>

<sup>1</sup> Gross loans and advances are shown net of the EIR liability.

<sup>2</sup> Both gross loans and advances and the loss allowance differ to those shown in the credit risk tables in the Risk Management section due to commitments. Irrevocable undrawn commitments to lend are within the scope of IFRS 9 provision requirements. These commitments represent authorised overdraft balances and separately identifiable commitments for loan pipeline, where the facilities remain undrawn. The commitments of £78.9m (2024: £53.8m) are not recognised on the balance sheet, whilst the total associated provision of £312k (2024: £188k) is included within the allowance for losses on loans and advances to customers within Stage 1.

Contractual netting arrangements are in place for certain customers. As a result, loans and advances are reduced by netting of £1,336k (2024: £944k), with the opposing impact in customer deposits.

### Post Model Adjustments ('PMAs')

The Bank has evaluated the appropriateness, adequacy and completeness of PMAs held at year end. A £269k (2024: £203k) PMA is in place in respect of our lending to sectors with specific risks not captured by modelling process. The adjustment involves applying higher probabilities of default on loans in these sectors.

The following table reconciles the opening and closing impairment provision for loans and customers in different Stages, from 1 January 2025 to 31 December 2025.

	Non-credit impaired		Credit impaired	Total
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Impairment provision at 1 January 2025	2,626	1,457	5,599	9,682
Transfers:				
Transfers to Stage 1	3	(3)	-	-
Transfers to Stage 2	(51)	1,475	(1,424)	-
Transfers to Stage 3	(5)	(7)	12	-
Utilisation	-	-	(17)	(17)
Charges/(credit) to profit and loss:				
Changes in provision <sup>1</sup>	688	(730)	2,735	2,693
Unwind of discount of allowance <sup>2</sup>	(859)	(8)	-	(867)
New provisions	815	-	-	815
Provisions that have been released during the period	(361)	(592)	-	(953)
<b>Impairment provision at 31 December 2025</b>	<b>2,856</b>	<b>1,592</b>	<b>6,905</b>	<b>11,353</b>

<sup>1</sup> Includes changes to the ECL provision arising from Stage transfers and other changes to risk parameters.

<sup>2</sup> Representing the build-up of the discounted provision to the expected loss.

	Non-credit impaired		Credit impaired	Total
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Impairment provision at 1 January 2024	4,118	2,313	3,233	9,664
Transfers:				
Transfers to Stage 1	47	(47)	-	-
Transfers to Stage 2	(19)	443	(424)	-
Transfers to Stage 3	(46)	-	46	-
Utilisation	-	-	(861)	(861)
Charges/(credit) to profit and loss:				
Changes in provision <sup>1</sup>	(1,249)	(1,120)	4,568	2,199
Unwind of discount of allowance <sup>2</sup>	(367)	(91)	(1)	(459)
New provisions	391	-	-	391
Provisions that have been released during the period	(249)	(41)	(962)	(1,252)
Impairment provision at 31 December 2024	2,626	1,457	5,599	9,682

<sup>1</sup> Includes changes to the ECL provision arising from Stage transfers and other changes to risk parameters.

<sup>2</sup> Representing the build-up of the discounted provision to the expected loss.

### 13 Investment securities

	2025			2024	
	Amortised cost	FVOCI	Total	FVOCI	Total
Investment securities	232,581	587,595	820,176	314,130	314,130

Movements during the year are analysed below:

	2025			2024	
	Amortised cost	FVOCI	Total	FVOCI	Total
At 1 January	-	314,130	314,130	247,416	247,416
Fair value adjustment	-	2,309	2,309	3,232	3,232
Fair value adjustment for hedged risk	10	-	10	-	-
Interest income	6,327	17,964	24,291	8,596	8,596
Interest received <sup>1</sup>	(5,323)	(18,622)	(23,945)	(7,798)	(7,798)
Acquisitions	231,812	345,009	576,821	159,028	159,028
Disposals and maturities <sup>1</sup>	-	(73,615)	(73,615)	(98,518)	(98,518)
Amortisation and impairment <sup>1</sup>	(245)	420	175	2,174	2,174
<b>At 31 December</b>	<b>232,581</b>	<b>587,595</b>	<b>820,176</b>	<b>314,130</b>	<b>314,130</b>

<sup>1</sup> These items have been presented separately this year in line with changes made in the Statement of Cash Flows, and for comparability the comparative information has been re-presented.

There were £nil disposals in the year (2024: £43,516k).

Impairment provisions for investment securities as at the end of the year were £188k (2024: £82k).

### 13 Investment securities (continued)

Analysis of investment securities by issuer:

	2025	2024
Government Securities	365,848	170,390
UK regulated covered bonds	327,259	61,320
Overseas regulated covered bonds	98,600	39,200
Other Securities	28,469	43,220
	<b>820,176</b>	314,130

### 14 Intangible assets

Computer Software	2025	2024
Cost		
At 1 January	442	442
Additions	461	-
At 31 December	903	442
Accumulated Amortisation		
At 1 January	442	436
Charge for the year	15	6
At 31 December	457	442
Net book value at 31 December	446	-

**15 Property, plant and equipment**

	Equipment & Fittings	Computer Equipment	Total
<b>Cost</b>			
At 1 January 2025	646	2,119	2,765
Additions	35	817	852
At 31 December 2025	681	2,936	3,617
<b>Accumulated Depreciation</b>			
At 1 January 2025	449	1,446	1,895
Charge for the year	52	316	368
At 31 December 2025	501	1,762	2,263
<b>Net book value at 31 December 2025</b>	<b>180</b>	<b>1,174</b>	<b>1,353</b>

	Equipment & Fittings	Computer Equipment	Total
<b>Cost</b>			
At 1 January 2024	646	1,554	2,200
Additions	-	565	565
Disposals	-	-	-
At 31 December 2024	646	2,119	2,765
<b>Accumulated Depreciation</b>			
At 1 January 2024	400	1,215	1,615
Charge for the year	49	231	280
Disposals	-	-	-
At 31 December 2024	449	1,446	1,895
<b>Net book value at 31 December 2024</b>	<b>197</b>	<b>674</b>	<b>871</b>

## 16 Leases

Right-of-use assets	Office Premises	Total
Cost		
At 1 January 2025	2,614	2,614
Additions	19	19
At 31 December 2025	2,633	2,633
Accumulated depreciation		
At 1 January 2025	1,589	1,589
Charge for the year	262	262
At 31 December 2025	1,851	1,851
<b>Net book value at 31 December 2025</b>	<b>782</b>	<b>782</b>

Amounts recognised in the Income Statement		
Interest on lease liabilities	58	58
Depreciation of right of use assets	262	262
At 31 December 2025	320	320

Right-of-use assets	Office Premises	Total
Cost		
At 1 January 2024	2,630	2,630
Disposals	(16)	(16)
At 31 December 2024	2,614	2,614
Accumulated depreciation		
At 1 January 2024	1,323	1,323
Charge for the year	266	266
At 31 December 2024	1,589	1,589
Net book value at 31 December 2024	1,025	1,025

Amounts recognised in the Income Statement		
Interest on lease liabilities	73	73
Depreciation of right of use assets	266	266
At 31 December 2024	339	339

## 17 Central bank facilities

During the year, the Bank utilised facilities provided through the Bank of England Sterling Monetary Framework. Under the framework, the Bank may borrow sterling liquidity from the Bank of England against the pledge of eligible collateral.

Amounts drawn under these facilities are measured at amortised cost. Assets pledged are highly rated investment securities, remain recognised on the Statement of Financial Position and are disclosed as encumbered assets in Note 30.

The Bank utilised the Indexed Long-Term Repo (ILTR) facility during the year. Amounts drawn under these facilities are set out below.

	2025	2024
ILTR	50,145	-
<b>Total central bank facilities</b>	<b>50,145</b>	<b>-</b>

Drawings under the ILTR have a contractual maturity period of six months and bear interest at a rate indexed to the Bank of England base rate plus an auction determined spread. As at 31 December 2025, the average rate of interest was the base rate plus 0.03%.

## 18 Other liabilities

	Note	2025	2024
<b>Amounts payable within one year:</b>			
Trade creditors		383	229
Other liabilities		1,832	1,809
Lease liability		338	417
<b>Amounts payable after one year:</b>			
Fair value SIP liability	27	1,047	-
Lease liability		611	949
<b>Total</b>		<b>4,211</b>	<b>3,404</b>

## 19 Provisions for liabilities and charges

	Multipay	Redundancy	Customer claims	Legal and other	Dilapidations provision	Total
<b>At 1 January 2025</b>	<b>687</b>	<b>-</b>	<b>13</b>	<b>1,131</b>	<b>161</b>	<b>1,992</b>
Income Statement movements:						
Charged in the year	75	61	98	1,789	24	2,047
Utilised during the year	-	(61)	(39)	(327)	-	(428)
Released during the year	(131)	-	(11)	(263)	-	(405)
<b>At 31 December 2025</b>	<b>631</b>	<b>-</b>	<b>61</b>	<b>2,330</b>	<b>185</b>	<b>3,207</b>
Amounts falling due within one year	631	-	61	2,080	-	2,772
Amounts falling due after one year	-	-	-	250	185	435
	<b>631</b>	<b>-</b>	<b>61</b>	<b>2,330</b>	<b>185</b>	<b>3,207</b>

Multipay is a provision for exposures arising from financial guarantees offered by Unity under a corporate card scheme underwritten by a third party. Redundancy provision relates to termination benefits payable to employees for loss of roles. Customer claims relate to estimated costs for resolving ongoing customer related investigations. Dilapidations provision is an estimate of the remedial cost of repairs and redecorations for the time when we vacate our Head Office, with the corresponding charge recognised as the lease right of use asset in line with IFRS 16. Legal and other cost provisions relate to the estimated cost of bringing our due diligence process up to the required levels of compliance and other legal matters incurred in the course of business. All provisions are based on best estimates and information available to management.

## 19 Provisions for liabilities and charges (continued)

The Bank operates in a highly regulated environment and in the normal course of business, may from time to time receive complaints and claims to be involved in legal proceedings that could lead to a provision of contingent liability. This environment continues to evolve through legislation, regulatory guidance and court rulings and the Bank actively monitors these developments. At the reporting date the Bank actively monitors these developments. At the reporting date the Bank considered that it had no material provisions or contingent liabilities save reported as here.

	Multipay	Redundancy	Customer claims	Legal and other	Dilapidations provision	Total
At 1 January 2024	395	-	74	24	177	670
Income statement movements:						
Charged in the year	292	67	54	1,183	-	1,596
Utilised during the year	-	(67)	(74)	(14)	-	(155)
Released during the year	-	-	(41)	(62)	(16)	(119)
<b>At 31 December 2024</b>	<b>687</b>	<b>-</b>	<b>13</b>	<b>1,131</b>	<b>161</b>	<b>1,992</b>
Amounts falling due within one year	687	-	13	881	-	1,565
Amounts falling due after one year	-	-	-	250	161	427
	<b>687</b>	<b>-</b>	<b>13</b>	<b>1,131</b>	<b>161</b>	<b>1,992</b>

## 20 Deferred tax

Deferred taxes are calculated on all temporary differences under the liability method. The movement on the deferred tax accounts are as follows:

	Fixed assets	Pension	Investments in Securities	IFRS 9 transitional adjustment	Share options	Derivative liability	Total
At 1 January 2025 - Asset	126	280	(206)	(25)	(30)	(380)	(235)
Current year deferred tax charge/(release)	138	(139)	-	8	(10)	-	(3)
Charge to OCI	-	148	577	-	-	639	1,364
(Credit) to Equity	-	-	-	-	(82)	-	(82)
At 31 December 2025 - Liability	264	289	371	(17)	(122)	259	1,044
<b>At 31 December 2025 - Asset</b>	<b>264</b>	<b>289</b>	<b>371</b>	<b>(17)</b>	<b>(122)</b>	<b>259</b>	<b>1,044</b>

	Fixed assets	Pension	Investments in Securities	IFRS 9 transitional adjustment	Share options	Derivative liability	Total
At 1 January 2024 - Asset	36	585	(1,014)	(33)	(25)	-	(451)
Adjustment in respect of prior year	-	-	-	-	4	-	4
Current year deferred tax charge/(release)	90	(43)	-	8	(12)	-	43
Charge to OCI	-	(262)	808	-	3	(380)	169
At 31 December 2024 - Asset	126	280	(206)	(25)	(30)	(380)	(235)

## 20 Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted as at the balance sheet date. The Finance Act 2021 increased the tax rate to 25% (effective from 1 April 2023). These rates have been enacted at the balance sheet date and are reflected in the measurement of deferred tax balances.

Deferred income tax assets are recognised for tax losses carried forward if it's likely that future taxable profits will allow it to be realised. The Bank did not recognise deferred income tax assets of £325k in respect of capital losses amounting to £1,301k that can be carried forward against future taxable chargeable gains.

All of the deferred tax balances relate entirely to temporary timing differences. Short-term timing differences and £8k (2024: £8k) of the IFRS 9 transitional adjustment are expected to be recoverable within 12 months. The residual balances are recoverable after 12 months. The deferred tax for the above items arises as follows:

- Fixed assets – on the book difference between depreciation and capital allowances.
- Pension – is the future benefit or cost relating to the difference between that accounted for (surplus) and that paid (contributions).
- Investment securities – relate to the fair value movement of investment securities and will reside until the underlying asset is sold and a gain or loss is realised in the Income Statement, or the asset matures, and the fair value is nil.
- IFRS 9 transitional adjustment – this will be released over the 10-year spreading period of the transitional adjustment in line with IFRS. There are 2 years remaining.
- Share options – relates to the estimated future tax deduction at the year end.
- Derivative liability – relates to the estimated future tax deduction in respect of changes in fair value of derivative instruments.

## 21 Pensions

As at 31 December 2025, the IAS 19 surplus in the Scheme was £1,423k compared with £1,122k as at 31 December 2024, with the movement recognised within profit and loss and other comprehensive income, as shown in the tables below.

### Scheme

Unity operates a UK registered trust-based pension scheme, Unity Trust Bank Pension Scheme, that provides defined benefits for some employees and former employees. Pension benefits are linked to the members' final pensionable salaries and service at their retirement (or date of leaving if earlier). Defined benefit accrual ceased with effect from October 2015.

The Trustee is responsible for running the Scheme in accordance with the Scheme's Trust Deed and Rules, which sets out their powers. The Trustee of the Scheme is required to act in the best interests of the beneficiaries of the Scheme. There is a requirement that at least one-third of the Trustee Directors are nominated by the members of the Scheme.

There are three categories of pension scheme members:

- In-service deferred members: currently employed by Unity who may have retained a salary link to part of their benefits and are not yet in receipt of a pension;
- Deferred members: former employees of Unity not yet in receipt of pension; and
- Pensioner members: in receipt of pension.

The defined benefit obligation is valued by projecting the best estimate of future benefit outflows (allowing for future salary increases where appropriate for in-service deferred members, revaluation to retirement for deferred members and annual pension increases for all members) and then discounting to the balance sheet date. The majority of benefits receive increases linked to inflation. The valuation method used is known as the Projected Unit Method. The approximate overall duration of the Scheme's defined benefit obligation as at 31 December 2025 is around 12 years (2024: 13 years).

## 21 Pensions (continued)

### Method and assumptions

The IAS 19 valuation was completed as at 31 December 2025 by a qualified independent actuary. The assumptions used were as follows:

Significant actuarial assumptions	As at 31 December 2025	As at 31 December 2024
Discount rate	5.65% pa	5.55% pa
Retail Prices Index ('RPI') inflation	2.9% pa	3.1% pa
Consumer Prices Index ('CPI') inflation	2.5% pa	2.8% pa
Other actuarial assumptions:	As at 31 December 2025	As at 31 December 2024
Salary increases	3.6% pa	3.9% pa
Pension increases:		
Post 88 Guaranteed Minimum Pension ('GMP')	2.2% pa	2.3% pa
RPI max 5% pa	2.85% pa	3.0% pa
RPI max 2.5% pa	2.1% pa	2.1% pa
Revaluation of deferred pensions in excess of GMP	RPI pre 06: 2.9% pa RPI post 06: 2.85% pa CPI: 2.5% pa	RPI pre 06: 3.1% pa RPI post 06: 3.0% pa CPI: 2.8% pa
Mortality assumptions:	As at 31 December 2025	As at 31 December 2024
Mortality (pre- & post-retirement)	S4PA CMI_2024_M/F 1.25% (yob)	S4PA CMI_2023_M/F 1.25% (yob)

Life expectancies (in years)	As at 31 December 2025		As at 31 December 2024	
	Males	Females	Males	Females
For an individual aged 65 in 2025	21.6	23.9	21.3	23.8
At age 65 for an individual aged 45 in 2025	22.9	25.3	22.6	25.2

### Risks

Through the Scheme, the Bank is exposed to a number of risks:

*Asset volatility* – The Scheme's defined benefit obligation is calculated using a discount rate set with reference to corporate bond yields, however the Scheme invests in a range of asset classes including equities. These assets are expected to outperform corporate bonds in the long term but provide volatility and risk in the short term.

*Changes in bond yields* – A decrease in corporate bond yields would increase the Scheme's defined benefit obligation, however this would be partially offset by an increase in the value of the Scheme's bond holdings.

*Inflation risk* – A significant proportion of the Scheme's defined benefit obligation is linked to inflation; therefore higher inflation will result in a higher defined benefit obligation (subject to the appropriate caps in place). The majority of the Scheme's assets are either unaffected by inflation, or only loosely correlated with inflation, therefore an increase in inflation would also increase the deficit.

*Life expectancy* – If Scheme members live longer than expected, the Scheme's benefits will need to be paid for longer, increasing the Scheme's defined benefit obligation.

The Trustees and Unity manage risks in the Scheme through the following strategies:

*Diversification* – investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

*Investment strategy* – the Trustee is required to review their investment strategy on a regular basis.

*Liability-Driven Investment ('LDI') approach* – holding assets that display broadly similar interest rate and inflation sensitivity to the Scheme's liabilities.

### Sensitivity analysis

The sensitivity analysis has been calculated by changing the noted assumption as per the table below and keeping all remaining assumptions the same as those disclosed above, except for inflation where other assumptions that are based on inflation are amended accordingly. The changes in assumptions have been selected as reasonably possible, are in line with peer analysis and are to illustrate the sensitivity of the defined benefit key assumptions.

## 21 Pensions (continued)

Assumption	Change in assumption	Change in defined benefit obligation £'000
Discount rate	+ / - 0.5% pa	<b>(1,109) / 1,226</b>
Inflation	+ / - 0.5% pa	<b>869 / (913)</b>
Assumed life expectancy	+ 1 year	<b>414</b>

### Limitations of the sensitivity analysis

These calculations provide an approximate guide to the sensitivity of results and may not be as accurate as a full valuation carried out on these assumptions. Each assumption change is considered in isolation, which in practice is unlikely to occur, as changes in some of the assumptions are correlated.

### Assets

The Scheme's assets as at 31 December 2025 were held as follows:

Asset class	As at 31 December 2025	
	Market Value	% of total assets
Equities	<b>5,544</b>	<b>28%</b>
Diversified credit fund	<b>3,627</b>	<b>18%</b>
Contractual income	<b>127</b>	<b>1%</b>
Gilts	<b>398</b>	<b>2%</b>
Liability driven investment	<b>8,069</b>	<b>40%</b>
Cash	<b>321</b>	<b>1%</b>
Corporate bonds	<b>1,574</b>	<b>8%</b>
Alternatives	<b>427</b>	<b>2%</b>
<b>Total</b>	<b>20,087</b>	<b>100%</b>

Note: all assets listed above have a quoted market price in an active market.

Asset class	As at 31 December 2024	
	Market Value	% of total assets
Equities	2,644	13%
Diversified credit fund	3,178	16%
Contractual income	2,841	14%
Gilts	-	0%
Liability driven investment	7,799	38%
Cash	199	1%
Corporate bonds	3,585	18%
Alternatives	-	0%
<b>Total</b>	<b>20,246</b>	<b>100%</b>

### Reconciliation to the Statement of Financial Position

	As at 31 December 2025	As at 31 December 2024
Market value of assets	<b>20,087</b>	20,246
Present value of defined benefit obligation	<b>(18,664)</b>	(19,124)
Funded status	<b>1,423</b>	1,122
Adjustment in respect of minimum funding requirement	-	-
Pension asset recognised in the Statement of Financial Position before allowance for deferred tax	<b>1,423</b>	1,122

A surplus may be recognised if the economic benefits are available in the form of a refund or reduction in future contributions. Consistent with previous years, we have treated the surplus as if it is recoverable.

**21 Pensions (continued)****Analysis of changes in the value of the defined benefit obligation over the year**

	As at 31 December 2025	As at 31 December 2024
Value of defined benefit obligation at the start of the year	19,124	21,464
Interest cost	1,035	948
Benefits paid	(964)	(807)
Actuarial losses: experience differing from that assumed	13	437
Actuarial (gains)/losses: changes in demographic assumptions	13	(198)
Actuarial (gains): changes in financial assumptions	(557)	(2,720)
Value of defined benefit obligation at the end of the year	18,664	19,124

**Analysis of changes in the value of the Scheme assets over the year**

	As at 31 December 2025	As at 31 December 2024
Market value of assets at the start of the year	20,246	23,805
Interest income	1,088	1,047
Actual return on assets less interest	59	(3,528)
Benefits paid	(964)	(807)
Administration costs	(342)	(271)
Market value of assets at the end of the year	20,087	20,246

**Amounts recognised in the Income Statement**

	2025	2024
Expenses	342	271
Net interest	(53)	(99)
Amount charged to Income Statement	289	172

**Amounts recognised in other comprehensive income**

	2025	2024
Actuarial gains on defined benefit obligation	531	2,481
Actual return on assets less interest	59	(3,528)
Amounts recognised in other comprehensive income	590	(1,047)

**Future funding obligation**

The Trustee is required to carry out an actuarial valuation every three years.

The last actuarial valuation of the Scheme was performed by the Scheme Actuary for the Trustee as at 30 June 2024. This valuation revealed a funding surplus of around £0.7m. As the Scheme pays its own expenses, Unity does not currently expect to make any payments to the Scheme during the accounting year beginning 1 January 2026.

**Virgin Media vs NTL Court Case**

Unity is aware of the 2023 ruling in the Virgin Media vs NTL Pension Trustee case and subsequent court of appeal ruling published in July 2024. These ruled that certain amendments made to the NTL Pension Plan were invalid because they were not accompanied by the correct actuarial confirmation.

On 1 September 2025, the Government published a list of amendments to the Pension Schemes Bill, which included changes to address issues arising from the Virgin Media ruling. These changes should mean that schemes are able to retrospectively certify historic benefits changes that met the relevant requirements at the time.

As a result, no allowance has been made for this ruling in these disclosures.

## 22 Share capital and share premium

	2025	2024
<b>Share capital: Ordinary shares of £1 each, authorised and issued</b>		
At 1 January	24,825	24,792
Issue of share capital – Share Incentive Plan	50	33
Issue of share capital – Company Share Option Plan	6	-
<b>At 31 December</b>	<b>24,881</b>	24,825
<b>Share premium</b>		
At 1 January	18,263	18,205
Issue of share capital – Share Incentive Plan	77	58
Issue of share capital – Company Share Option Plan	20	-
<b>At 31 December</b>	<b>18,360</b>	18,263

### Shares were issued as follows during the current year:

	No of shares issued	Par value at £1	Premium	Reclass from retained earnings	Total consideration
Share Incentive Plan	49,581	50	77	-	127
Company Share Option Plan	6,059	6	17	3	26
	<b>55,640</b>	<b>56</b>	<b>94</b>	<b>3</b>	<b>153</b>

### Shares were issued as follows during the prior year:

	No of shares issued	Par value at £1	Premium	Reclass from retained earnings	Total consideration
Share Incentive Plan	32,683	33	58	-	91
	<b>32,683</b>	<b>33</b>	<b>58</b>	<b>-</b>	<b>91</b>

## 23 Commitments

The tables below show the nominal principal amounts and credit equivalent amounts of commitments. The nominal principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk.

The commitments of the Bank as detailed below arise in the normal course of banking business and it is not practical to quantify their future financial effect.

	2025 Contract amount	2024 Contract amount
Guarantees and irrevocable letters of credit	-	-
	-	-
Other commitments:		
Undrawn formal standby facilities, credit lines and other commitments to lend:		
1 year and over	136,830	97,410
	<b>136,830</b>	<b>97,410</b>

The £136.8m (2024: £97.4m) consists of £78.9m (2024: £53.8m) undrawn accepted facilities and £57.9m (2024: £43.6m) undrawn committed facilities. Undrawn accepted facilities are where the customer has accepted the offer letter and sent it back to us. This is referred to as commitments for loan pipeline, as per Note 12. Undrawn committed facilities include part-drawn facilities where the Bank has agreed to make loans available to the borrower under a revolving credit facility or delayed draw term.

## 23 Commitments (continued)

### Commitments under operating leases

	2025	2024
At the year end, total commitments under non-cancellable operating leases were payable as follows:		
Expiring:		
- within one year	89	97
- between one and five years	6	8
- in five years or more	-	-
	<b>95</b>	105

Operating lease rental payments are disclosed in Note 6.

The 'Other leases' commitments refer to the Bank's office in London which expires in January 2027.

## 24 Related party transactions

The Bank has related party relationships with its Directors, executive management and the defined benefit pension scheme. The remuneration of non-Director key management personnel of the company is set out below in aggregate for each of the relevant categories specified in IAS 24 Related Party Disclosures.

	2025	2024
Salaries and other short-term benefits	1,164	1,310
Post-retirement benefits	73	67
<b>Total key management compensation</b>	<b>1,237</b>	1,377

Unite the Union Trustee Company Limited and Unite the Union Second Trustee Company Limited provide a Pensions Protection Fund guarantee over the punctual performance of all present and future obligations and liabilities of the Bank, to make payments under the Scheme. During the year a fee of £10k was payable by the Bank (2024: £10k), to be shared by the guarantors. This fee is calculated in reference to the 'buy-out' (s75) value as set out in the latest actuarial funding valuation and is paid annually.

## 25 Country by country reporting

The Capital Requirements (Country-by-Country Reporting) Regulations 2013 came into effect on 1 January 2014 and place certain reporting obligations on financial institutions within the scope of the Capital Requirements Directive (CRD IV, superseded by CRD V). All of the activities of the Bank are conducted in the United Kingdom and therefore 100% of the total income, profit before tax and tax paid as well as employee figures disclosed in Note 8 are related to the United Kingdom. The Bank has not received any public subsidies.

## 26 Fair Value of financial instruments

The fair value represents the amount at which the instrument would be exchanged in an arm's length transaction between two willing parties. In most cases, quoted market prices are readily available and are used, otherwise prices are obtained by using well established valuation techniques, which use present cash flows. The fair value will approximate the carrying value when instruments are carried on the Statement of Financial Position at market value or where the instruments are short term or contain frequent repricing provisions. At 31 December 2025 and 31 December 2024, the book value of the Bank's financial instruments that have an active and liquid market were equivalent to the fair value of those instruments.

### Valuation of Financial Instruments

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices. The Bank measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making measurements:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The main financial instruments used by the Bank, and the purposes for which they are held, are outlined below:

#### Customer loans and deposits

The provision of banking facilities to customers is the prime activity of the Bank and customer loans and deposits are major constituents of the Statement of Financial Position. The Bank has detailed policies and procedures to manage risks. In addition to mortgage lending, much of the lending to corporate and business banking customers is secured.

#### Debt securities, wholesale market loans and deposits

Debt securities are non-traded investment securities. The Bank holds High-Quality Liquid Assets and together with debt securities underpin the Bank's liquidity requirements and generate incremental interest income.

**26 Fair value of financial instruments (continued)**

31 December 2025	Amortised Cost	FVTOCI	Fair value through profit & loss	Total carrying value	Fair value	Fair value hierarchy tier
<b>Assets</b>						
<b>Financial instruments measured at fair value</b>						
Investment securities	-	587,595	-	587,595	587,595	Level 1
<b>Financial instruments not measured at fair value</b>						
Cash and balances with the Bank of England	218,684	-	-	218,684	218,684	[a]
Loans and advances to banks	2,059	-	-	2,059	2,059	[a]
Loans and advances to customers (net)	1,133,097	-	-	1,133,097	1,132,763	Level 3
Investment securities measured at amortised cost	232,581	-	-	232,581	234,913	Level 1
Derivative financial assets	-	-	579	579	579	Level 2
	<b>1,586,421</b>	<b>587,595</b>	<b>579</b>	<b>2,174,595</b>	<b>2,176,593</b>	
<b>Liabilities</b>						
Central bank facilities	50,145	-	-	50,145	50,145	Level 1
Deposits from customers	1,861,280	-	-	1,861,280	1,861,280	Level 3
Derivative financial liabilities	-	-	51	51	51	[a]
Other liabilities	4,211	-	-	4,211	4,211	[a]
Accruals and deferred income	3,821	-	-	3,821	3,821	[a]
	<b>1,919,457</b>	<b>-</b>	<b>51</b>	<b>1,919,508</b>	<b>1,919,508</b>	

**26 Fair value of financial instruments (continued)**

31 December 2024	Amortised Cost	FVTOCI	Fair value through profit & loss	Total carrying value	Fair value	Fair value hierarchy tier
<b>Assets</b>						
Financial instruments measured at fair value						
Investment securities	-	314,130	-	314,130	314,130	Level 1
Financial instruments not measured at fair value						
Cash and balances with the Bank of England	621,898	-	-	621,898	621,898	[a]
Loans and advances to banks	2,689	-	-	2,689	2,689	Level 3
Loans and advances to customers (net)	1,013,816	-	-	1,013,816	1,016,753	Level 3
	1,638,403	314,130	-	1,952,533	1,955,470	
<b>Liabilities</b>						
Deposits from customers	1,717,204	-	-	1,717,204	1,717,204	Level 3
Derivative financial liabilities	1,674	-	-	1,674	1,674	Level 2
	1,718,878	-	-	1,718,878	1,718,878	

[a] The fair value of these assets/liabilities are considered to be materially similar from their book values.

**Investment securities**

The Bank's investment securities are of types for which a liquid market exists, and for which quoted prices are available. It is, therefore, appropriate to consider that the market price of these assets constitutes a fair value. As this valuation is based on a market price it is considered to be a level 1 measurement.

**Loans and advances to customers**

To assess the likely fair value of the Bank's loan assets in the absence of a liquid market, the directors have considered the estimated cash flows expected to arise from the Bank's investments in its loans to customers based on a mixture of market-based inputs, such as rates and pricing and nonmarket based inputs such as redemption rates. Given the mixture of observable and non-observable inputs these are considered to be level 3 measurements.

**Customer deposits**

Fair value is calculated based on the present value of future payments of principal and interest cash flows.

The fair value of customer loans and advances and loans and advances to bank have been categorised using level 3 as the value is not based on observable market data. The remaining financial assets and liabilities have been categorised using level 1 and level 2.

**Derivative financial instruments**

Derivative financial instruments are stated at their fair values in the accounts. The Bank uses a number of techniques to determine the fair values of its derivative assets and liabilities, for which observable prices in active markets are not available. These are principally present value calculations based on estimated future cash flows arising from the instruments, discounted using a market interest rate. The principal inputs to these valuation models are SONIA sterling benchmark interest rates and expected cashflows.

These valuations are based on market information and non-observable data, and they are therefore classified as level 2 measurements.

## 27 Share-based payments

The Bank operates three share-based payment arrangements to incentivise and reward employees as well as increase employee ownership. The Company Share Option Plan ('CSOP') and the Share Incentive Plan ('SIP') had awards first made in 2021, with further awards made under both plans in 2022, 2023, 2024 and 2025. Awards under a third share-based payment arrangement, the Key Person Share Option Plan ('KSOP'), were made in 2022, and none are outstanding at the end of 2025.

Details of each share-based payment arrangement are set out in the Remuneration Report on page 19. The charge for the year in relation to share based payments recognised as an operating expense within staff costs was £940k (2024: £196k), see Note 8. Valuation and accounting matters are set out below.

### Share incentive plan ('SIP')

The Free and Matching shares vest over a 3 year period contingent on continuing employment with the Bank and are held as own shares within the ESOP reserve until they vest. The Bank funded the purchase of Free and Matching shares through a cash gift to Unity EBT Limited which is recognised as a loss on disposal over the vesting period, together with the cost of the award at the fair value on grant. The fair value of the 2025 award was based on the 2024 net asset value per share. Partnership shares are acquired by the employee and held on trust by Unity EBT Limited. There is no obligation for the Bank to repurchase the Partnership shares should an employee leave or wish to sell the shares.

During the year ended 31 December 2025, the Bank reassessed the classification of share-based payment arrangements under the SIP scheme which were previously recognised as equity-settled under IFRS 2 Share-based Payment. Recent experience on the vesting of shares under the scheme have shown that in the absence of an active market for the Bank's equity instruments the awards will be settled in cash rather than through the issue of equity instruments. Consequently, the awards have been classified as cash settled.

As a result:

- £69k previously recognised in the "Share-based payment reserve" has been accelerated through the profit and loss.
- £497k in retained earnings within equity was reclassified to "Other liabilities" in the statement of financial position.
- Share-based payment expense for the year increased by £619k due to the requirement to remeasure the liability at fair value at each reporting date.
- Future expense recognition will reflect changes in the fair value of the liability until settlement.

As this is a change in accounting estimate, the reclassification has been applied prospectively with no impact on prior period comparatives.

### Nature of the arrangement

The Bank operates a cash-settled SIP scheme for all employees. Grant dates are in September, and shares have a 3-year service condition with no performance conditions attached. The fair value of the services received from employees is measured by reference to the value of shares which is estimated using the net asset value of the Bank as a benchmark. The table below shows the number of shares by year of issue and vesting status:

	Vested		Under Vesting Conditions			Total
	2021	2022	2023	2024	2025	
Number granted	50,959	60,407	69,359	57,662	57,732	296,119
Forfeited or sold	(24,420)	(20,683)	(13,409)	(5,428)	(678)	(64,618)
<b>Outstanding</b>	<b>26,539</b>	<b>39,724</b>	<b>55,950</b>	<b>52,234</b>	<b>57,054</b>	<b>231,501</b>

### Expense for the year

For the year ended 31 December 2025, the Bank recognised an expense of £894k (2024: £167k) in respect of the SIP plan.

### Liability reconciliation

	2025
Opening Balance	-
Reclassification in year	1,017
Shares awarded in year	30
<b>Closing balance</b>	<b>1,047</b>

### Company Share Option Plan

	2025 Number	2025 Weighted average exercise price £	2024 Number	2024 Weighted average exercise price £
<b>CSOP options outstanding:</b>				
Outstanding at the beginning of the year	196,118	5.30	140,870	4.44
Granted in the year	25,691	8.95	68,965	6.96
Exercised or surrendered in the year	(6,059)	3.85	-	-
Lapsed during the year	(42,172)	5.06	(13,717)	4.74
Outstanding at the end of the year	173,578	5.95	196,118	5.30
Exercisable at the end of the year	30,279	4.13	-	-

## 27 Share-based payments (continued)

The weighted average remaining contractual life of CSOP options outstanding at 31 December 2025 was 33 months (2024: 40 months). Additional CSOP options were granted in September 2025 (2024: September 2024). The aggregate of the estimated fair value of the CSOP options granted in the year is £83k (2024: £98k).

The inputs into the Black Scholes model for the CSOP are as follows:

	2025 award	2024 award
Weighted average share price	<b>£8.95</b>	£6.96
Weighted average exercise price	<b>£8.95</b>	£6.96
Expected volatility	<b>40%</b>	40%
Expected life	<b>5 years</b>	5 years
Risk free rate	<b>4.5%</b>	4%
Expected dividend yields %	<b>1.0%</b>	1.1%

Expected volatility was determined by considering the historical volatility of a group of comparable listed companies over the previous 5 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

## 28 ESOP reserve

	2025	2024
At 1 January	<b>60</b>	79
Shares purchased	<b>40</b>	23
SIP unwind over the vesting period	<b>(31)</b>	(42)
Impact of change in SIP accounting	<b>(69)</b>	-
	<b>-</b>	60

The Employee Share Ownership Plan ('ESOP') reserve relates to shares that are held in trust for the benefit of employees exercising their options under the Bank's share option schemes and awards under the Share Incentive Plan. At 31 December 2025, the trust held 187,121 ordinary shares (2024: 161,750) with a nominal value of £187k (2024: £162k). Of the 187,121 shares held at 31 December 2025, 134,465 of these shares have not vested (2024: 132,268). During the year, the ESOP reserve was unwound, please refer to Note 27 for details.

## 29 Dividends

A final dividend of 8.00p is proposed in respect of the 2025 financial year at the forthcoming AGM, following an interim dividend of 3.00p, making the total dividend for the 2025 financial year 11.00p. A dividend of 9.00p per share was paid in 2025 in respect of the 2024 financial year following approval at the 2025 AGM.

## 30 Asset encumbrance

As described in Note 17, the Bank utilises facilities under the Bank of England Sterling Monetary Framework. Under these facilities the Bank may borrow sterling liquidity from the Bank of England against the pledge of eligible collateral, being highly rated investment securities. As the Bank retains substantially all of the risks and rewards of ownership, the assets pledged remain on the Statement of Financial Position but are classified as encumbered.

The Bank also has cash collateral pledged against derivative liabilities, recognised within loans and advances to banks.

Assets pledged by the Bank as at 31 December 2025 and 31 December 2024 are set out below:

	Encumbered 2025	Unencumbered 2025	Encumbered 2024	Unencumbered 2024
Cash and balances with the Bank of England	-	<b>218,684</b>	-	621,898
Loans and advances to banks	-	<b>2,059</b>	1,766	923
Derivatives	-	<b>579</b>	-	-
Loans and advances to customers	-	<b>1,133,097</b>	-	1,013,816
Investment securities	<b>55,934</b>	<b>764,242</b>	-	314,130
Other Assets	-	<b>13,158</b>	-	4,756
<b>Total Assets</b>	<b>55,934</b>	<b>2,131,819</b>	1,766	1,955,523

# Glossary

The following glossary defines terminology within the Annual Report & Accounts to assist the reader:

<b>Unity or The Bank</b>	Unity Trust Bank plc	<b>CRD V</b>	Capital Requirements Directive (Directive 2019/878 EU)	<b>NIM</b>	Net Interest Margin: an APM that is calculated as Net Interest Income as a proportion of the average of Cash and balances with the Bank of England, Investment securities, and Loans and advances to customers.
<b>ALCo</b>	Asset and Liability Committee	<b>EAD</b>	Exposure at default	<b>PCAF</b>	Partnership for Carbon Accounting Financials
<b>APM</b>	Alternative Performance Measure: a performance measure used by Unity that provides a more meaningful measure than other performance measures.	<b>ECL</b>	Expected credit loss(es)	<b>PD</b>	Probability of default
<b>BoE</b>	Bank of England	<b>EPS</b>	Earnings Per Share calculated as profit after tax divided by the weighted average number of shares in issue. The EPS presented is Basic Earnings Per Share i.e. this excludes the dilution impact of share options in issue.	<b>PPF</b>	Pension Protection Fund
<b>Book value</b>	This is the same as NAV. See below for description.	<b>EIRM</b>	Effective interest rate method	<b>PRA</b>	Prudential Regulation Authority
<b>CAGR</b>	Compound Annual Growth Rate: an APM that is the annualised average rate of growth in Loans and advances to customers over the period (as a percentage).	<b>FCA</b>	Financial Conduct Authority	<b>RoE</b>	Return on Equity: an APM that is calculated as PAT as a proportion of the average shareholder equity
<b>CEO</b>	Chief Executive Officer	<b>FVTOCI</b>	Fair value through other comprehensive income	<b>RFP</b>	Responsible Finance Provider
<b>CET1</b>	Common Equity Tier 1: is a crucial component of Tier 1 capital, primarily consisting of ordinary shares and retained earnings.	<b>FVTPL</b>	Fair value through profit and loss	<b>SICR</b>	Significant increase in credit risk
<b>CFO</b>	Chief Financial Officer	<b>HADI</b>	Housing Association Decarbonisation Initiative	<b>SPPI</b>	Solely payments of principal and interest
<b>CDFI</b>	Community Development Finance Institutions	<b>ICAAP</b>	Internal Capital Adequacy Assessment Process		
<b>CIR</b>	Cost Income Ratio: an APM that assesses the efficiency of the Bank by comparing its costs to its income, calculated as the total operating expenses as a proportion of Total Income.	<b>ILAAP</b>	Internal Liquidity Adequacy Assessment Process		
<b>CITR</b>	Community Investment Tax Relief	<b>LDR</b>	Loan Deposit Ratio: an APM that is calculated as the customer loans as a proportion of the customer deposits.		
<b>CRD IV</b>	Capital Requirements Directive (Directive 2013/36 EU)	<b>LGD</b>	Loss given default		
		<b>MES</b>	Macro-economic scenarios		
		<b>NAV</b>	Net Asset Value: an APM that indicates the Bank's value per share, calculated as the net assets as a proportion of the issued shares		

# Accreditations

Throughout our history, Unity Trust Bank is proud to have been awarded with a number of accreditations in recognition of the continuous work we do to positively impact our people and society.

From being the first bank to be accredited as a Living Wage Employer and the first to achieve the Fair Tax Mark, to our Gold Standard in Investors in People, striving towards these achievements is not just for the 'badge', it's part of our values and what we do to provide a better future for everyone.



## Investors in People

Investors in People is a standard for people management, offering accreditation to organisations that adhere to the Investors in People Standard. We continue to achieve this by investment in our people with training, mentoring, coaching, supporting professional qualifications and recognising the contribution of our people.



## Disability Confident Employer

Disability Confident is creating a movement of change, encouraging employers to think differently about disability and take action to improve how they recruit, retain and develop disabled people. We do our best to make reasonable adjustments for candidates, colleagues and customers to ensure Unity is accessible to all.



## Living Wage Employer

A Living Wage Employer pays all directly employed staff a Living Wage, and has a plan in place to extend that to regular sub-contracted staff as well.



## The Kings Award for Enterprise

The Kings Award for Enterprise: Sustainable Development is a prestigious UK award that recognises businesses that demonstrate excellence in sustainable practices. This award is presented by King Charles III, highlighting its significance and royal endorsement. To qualify, companies must excel in three key areas: environmental protection, social responsibility and economic prosperity. The award is not only a symbol of achievement but also provides a platform for Unity Trust Bank to showcase our sustainable initiatives and inspire others to follow suit.



## Fair Tax Mark

The Fair Tax Mark accreditation scheme seeks to encourage and recognise businesses that pay the right amount of corporation tax at the right time and in the right place.



## NACFB

The National Association of Commercial Finance Brokers ('NACFB') is the UK's largest independent trade body for commercial finance brokers.



## PCAF

PCAF is a global partnership of financial institutions that work together to develop and implement a harmonized approach to assess and disclose the greenhouse gas ('GHG') emissions associated with their loans and investments.



## Fossil Fuel Non-Proliferation Treaty Initiative

The Fossil Fuel Non-Proliferation Treaty Initiative is a global effort to foster international cooperation to accelerate a transition to renewable energy for everyone, end the expansion of coal, oil and gas, and equitably phase out existing production in keeping with what science shows is needed to address the climate crisis.



## The Institute of Customer Services

The Institute of Customer Services is an independent expert, setting and upholding standards to empower members improve their service and business performance. In 2025, Unity Trust Bank was awarded a service mark by the Institute. The ServiceMark is a national standard, independently recognising an organisation's commitment to customer service and to upholding high standards as part of a long-term embedded strategy.



## Best Companies

Best Companies Accreditation represents the highest standard of workplace excellence, recognising organisations that genuinely put their people first. In 2025, Unity received a Two Star Accreditation representing 'Outstanding' levels of workplace engagement.



## Women in Finance Charter

The Women in Finance Charter is a commitment by HM Treasury and signatory firms to work together to see fairness and gender balance at all levels across financial services firms.



## GABV

The GABV is a community of financial institutions which share a mission driven approach to banking that puts finance at the service of people and planet. Social and environmental impact are at the heart of a values-based bank's business model.



## Fitch Ratings

Fitch Ratings is a leading provider of credit ratings, commentary and research on global financial institutions, companies and governments. Their in-depth research and analysis provide insights into financial markets, economic trends and creditworthiness. Unity Trust Bank achieved Investment Grade credit rating by Fitch Ratings in 2025.

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Unity Trust Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Unity Trust Bank plc is entered in the Financial Services Register under number 204570.

