



# Pillar 3 Disclosures 2025

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# 1 Overview

## 1.1 Introduction

Unity Trust Bank was launched on May 1, 1984. It was born out of a vision by trade unions to create a bank that would embrace the philosophy of serving the common good.

The purpose of the Company is:

- (a) to be the bank with a social conscience,
- (b) 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
- (c) to achieve sustainable returns for itself and its members as well as a social benefit.

Through the consistent implementation of its relationship led, safe growth strategy, Unity is now a thriving UK commercial bank that continues to embody its founding principles. To provide prudent, profitable commercial lending in the UK and to support jobs, industries, and the British economy.

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, communities, society, and other stakeholders.

- Bold
- Collaborative
- Inclusive
- Straightforward
- Integrity

## 1.2 Purpose of Pillar 3 document

This document provides the Pillar 3 disclosures required of Unity Trust Bank Plc (referred to in this document as 'Unity' or 'the Bank') as of 31 December 2025. The Bank is authorised by the Prudential Regulation Authority ('PRA') and regulated by the PRA and the Financial Conduct Authority ('FCA'). Pillar 3 disclosures provide information on the approach used by the Bank to manage risk and maintain its capital resources. It sets out the Bank's:

- Approach to risk management,
- Compliance with UK capital requirements regulations,
- Governance structure,
- Asset information and capital resources.

## 1.3 Background and regulatory guidance

### Background

The Basel III framework of the Basel Committee on Banking Supervision (BCBS) was developed to improve the banking sector's ability to absorb shocks arising from financial and/or economic stress. The framework is structured around three 'pillars'. These are known as Pillar 3 disclosures because they complement the minimum capital requirements in Pillar 1 and the supervisory review and evaluation process in Pillar 2. The Pillar 3 disclosures are aimed at promoting market discipline by enhancing the level of disclosure of risk exposures and the management of those risks.

The Basel III reforms brought in by EU regulations, namely the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD), were retained in UK law on departure from the EU. The Fifth Capital Requirements Directive (CRD V) and Second Capital Requirements Regulation (CRR II), as implemented via the PRA Rulebook, refine and continue to implement Basel III in the UK. The final rules for the UK implementation of Basel III, which sets out global standards for capital and liquidity adequacy, is set out in PRA Policy Statement PS22/21.

### Basis of disclosures

For prudential regulation purposes, the Bank entered to the Small, Domestic Deposit Takers (SDDT) regime in 2025. As a non-listed SDDT firm, the Bank is exempt by the PRA from public disclosure of a Pillar 3 document. The Bank acknowledges the benefits of promoting market discipline; the disclosing of prudential requirements; and has therefore prepared these Pillar 3 disclosures on a voluntary basis.

These Pillar 3 disclosures are prepared in accordance with the Disclosure (CRR) Part of the PRA Rulebook which prescribes the format of disclosures via templates in order to promote transparency, consistency and comparability of information between firms.

The objective of CRD V is to improve the banking sector's ability to absorb shocks arising from financial and/or economic stress, thus reducing the risk of spill-over from the financial sector into the wider economy.

The Bank uses the *standardised* approach to calculating Pillar 1 capital requirements, using the capital risk weighting percentages set out under CRD V.

The information provided is in accordance with the rules laid out in Article 435 of the CRR.

Unity satisfies the criteria for being a 'small and non-complex' institution under Article 433b of the CRR as contained in the PRA Rulebook. As such, these disclosures comply with the requirements of the derogation for small and non-complex institutions as set out in Article 433b.

Row numbers in the standardised templates and tables within the document relate to PRA prescribed references. Where rows are not relevant to Unity, they have in some circumstances been excluded for the purposes of enhancing the readability and understandability of these disclosures in line with Article 432.

CRD V requires a concise risk statement approved by the Executive Committee describing the institution's overall risk profile associated with its business strategy. The Bank has a low risk appetite. This is evidenced within the lending portfolio with a whole book average LTV of c53.2%, 94% of lending within risk grades 1-5 and very low levels of default.

### Regulatory developments

The BCBS released 'Basel III: Finalising post-crisis reforms to the Basel III framework' in December 2017. This framework is commonly referred to as Basel 3.1 standards in the UK. Final rules were published in January 2026, setting out regulation, clarifying the calculation of risk weighted assets and impacts to capital. The reforms take effect from 1 January 2027.

Alongside the Basel 3.1 reforms, the PRA released final rules for the Strong and Simple framework (SDDT). The SDDT regime aims to simplify the prudential framework for small domestic-focused banks, while maintaining their resilience. Banks must meet certain criteria to qualify as a simpler regime firm. The key driving factor is based on the average of a firm's assets over the past 36 months. The maximum size threshold is set at £20bn. Implementation date for simplified capital regime is 1 January 2027.

Unity qualifies as a SDDT firm and entered into the SDDT regime in Q4 2025. Unity will continue to closely monitor regulatory developments under both the Basel 3.1 framework and the SDDT regime. The SDDT

regime will result in significant changes to capital and reporting requirements. The Bank is progressing positively towards readiness for SDDT application from 1 January 2027.

#### **1.4 Basis and frequency of disclosures**

This document, setting out the Pillar 3 disclosures for the Bank, has been prepared to give relevant information to calculating Unity's Basel III requirements and to explain the management of risks faced by the Bank in accordance with the rules laid out in PRA Rulebook. The basis of these disclosures may differ from similar information in the Annual Report & Accounts prepared in accordance with International Financial Reporting Standards (IFRS); therefore, the information in these disclosures may not be directly comparable.

Pillar 3 disclosures are published annually, and concurrently with the Annual Report & Accounts in accordance with regulatory guidelines.

Both the Pillar 3 document and Annual Report & Accounts are published on the Bank's website [www.unity.co.uk](http://www.unity.co.uk).

#### **1.5 Verification**

These disclosures have been reviewed by the Asset and Liability Committee and by the Bank's Board Audit Committee (BAC) on behalf of the Board and provided to the Bank's auditors. These disclosures have not been, and are not required to be, subject to independent external audit, and do not constitute any part of the Bank's financial statements.

#### **1.6 Remuneration and governance arrangements**

In order to comply with the disclosure requirements of the CRR II Part Eight Article 450, the responsibilities, and decision-making processes for determining remuneration policy, the link between pay and performance and the design and structure of remuneration, including profit share pay plans, have been disclosed in Appendix 1.

#### **1.7 Scope of disclosures**

The Bank is regulated and authorised by the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA). The Bank has no trading subsidiaries. The information disclosed therefore relates to Unity Trust Bank plc only. No Pillar 3 information has been omitted as either being proprietary or confidential.

## Summary of Key Metrics

	2025	2024
	£'000	£'000
<b>Available Capital</b>		
1 Common Equity Tier 1 (CET1) capital	259,127	222,740
2 Tier 1 capital	259,127	222,740
3 Total capital	259,127	222,740
<b>Risk Weighted Assets</b>		
4 Total risk weighted assets (RWA)	1,065,248	925,984
<b>Risk-based Capital Ratios as a percentage of RWA</b>		
5 CET1 ratio (%)	24.33%	24.05%
6 Tier 1 ratio (%)	24.33%	24.05%
7 Total capital ratio (%)	24.33%	24.05%
<i>Additional CET1 buffer requirements as a percentage of RWA</i>		
8 Capital conservation buffer requirement (%)	2.50%	2.50%
9 Countercyclical buffer requirement (%)	2.00%	2.00%
10 Combined buffer requirement (%)	4.50%	4.50%
11 Overall capital requirement (%)	15.19%	15.19%
<b>Leverage Ratio</b>		
12 Total UK leverage ratio exposure measure	2,045,234	1,394,612
13 UK leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	12.67%	15.97%
14 Total Basel III leverage ratio exposure measure	2,263,918	2,016,510
15 Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves)	11.45%	11.05%
<b>Liquidity Coverage Ratio (LCR)</b>		
16 Total high-quality liquid assets (HQLA)	915,263	913,969
17 Total net cash outflow	405,412	400,945
18 LCR ratio (%) <sup>1</sup>	225.76%	227.95%
<b>Net Stable Funding Ratio (NSFR)</b>		
19 Total available stable funding	1,420,532	1,303,839
20 Total required stable funding	955,318	845,763
21 NSFR ratio (%)	148.70%	154.16%

<sup>1</sup> LCR balances included above are as of 31 December 2025 and do not agree to LCR balances disclosed in section 3.4 which reports average LCR balances.

Total Loss Absorbing Capital (TLAC) and Minimum Requirement for Eligible Liabilities (MREL) regulations became effective from 1 January 2019. The Bank is in the lowest resolution risk level category where MREL requirements are set to equal the level of Pillar 1 and Pillar 2 requirements also known as the Total Capital Requirement (TCR). The Bank's TCR as of 31 December 2025 is 10.69% (2024: 10.69%). Additional information on the Bank's management of risk and its risk profile is included in the remaining sections of this document, and the Annual Report & Accounts.

## 2 Risk management framework, objectives, and policies

### 2.1 Overview

The Bank's ability to achieve its strategic objectives is underpinned by its internal capability to manage risk effectively. This capability is embedded through the Enterprise Risk Management Framework (ERMF) which provides a structured and consistent approach to identifying, assessing, managing and monitoring risks across the Bank.

### 2.2 Enterprise Risk Management Framework

The ERMF sets clear expectations on governance, roles and responsibilities, and the processes that underpin risk management. It ensures that both current and emerging risks are identified and managed in a comprehensive and consistent manner. The framework promotes disciplined risk taking aligned to the Bank's strategic ambitions.

### 2.3 Principal Risks

Significant risks arise in seven principal risk categories and are the basis for setting the Bank's risk appetite:

<b>Strategic Risk</b>	Strategic Risk is the risk of failures in decision making; internal or external events that impact growth and performance to the business. The sub risk categories are Reputational risk, Climate risk, Impact risk, Financial Delivery risk, Pension risk and Culture risk.
<b>Credit Risk</b>	Credit risk is an integral part of many of our business activities and is inherent in core banking products (overdrafts, loans, and cards, as well as commitments to lend) and other activities (for example, treasury transactions). Credit risk is the risk that a borrower or counterparty fails to meet their financial obligations to the Bank in accordance with agreed terms.
<b>Financial Risk</b>	Financial risk is the risk that Unity is unable to fulfil its financial obligations, and includes capital adequacy, market, liquidity and funding risks.
<b>Operational Risk</b>	Operational risk is the risk of loss arising from inadequate or failed internal processes, systems and people, or external events. This includes the effectiveness of risk management techniques and controls to minimise operational losses.  *Including fraud, business process, information security, people, third-party, and data (inc. model) risks
<b>Conduct Risk</b>	Conduct risk is the risk that inadequacies in Unity's behaviour, culture, or processes lead to poor customer outcomes or foreseeable harm.  * Including customer understanding, pricing and value, products and services, and customer support risks
<b>Regulatory Risk</b>	Regulatory risk is 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), privacy, market conduct, consumer protection, business conduct, as well as prudential.  * Including financial crime, compliance (inc. regulatory reporting) and legal risk.
<b>Change Risk</b>	Change risk is the risk that Unity 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.  * Including technology investment, prioritisation and project management risks.

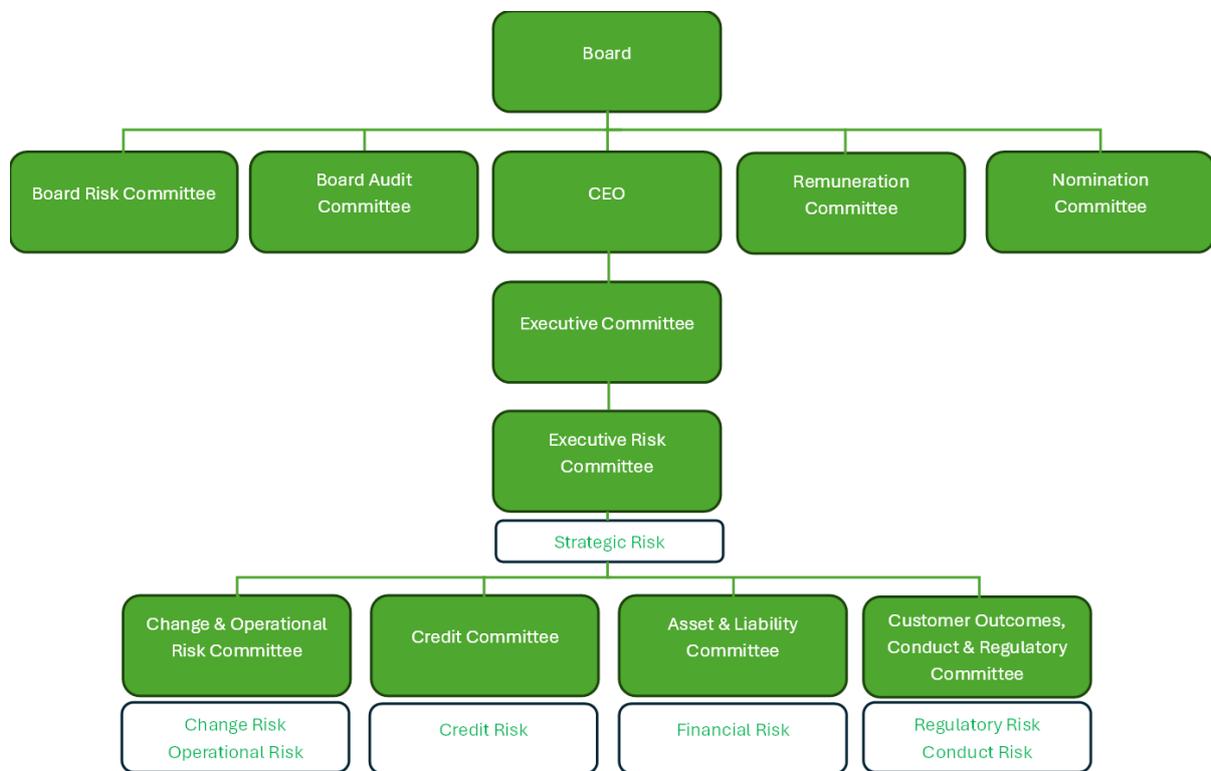
## 2.4 Risk Appetite

Risk appetite is set in alignment with the Bank’s overall strategy and is formally approved by the Board. It articulates the level and risk types the Bank is willing to accept in pursuit of its objectives. Risk appetite statements and associated metrics guide decision making and provide a benchmark for monitoring the Banks risk profile. These are reviewed at least annually.

## 2.5 Board Oversight and Governance

The Board is responsible for maintaining overall corporate governance, including ensuring that the Bank operates within an adequate system of risk management and that the level of capital levels held remain appropriate for the Bank’s risk profile. Through its committees, the Board receives regular reporting on principal risks, emerging risks and the Bank’s performance against risk appetite.

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



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

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

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

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

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

The **Executive Risk Committee (ERC)** is a newly formed executive committee with delegated authority from the Executive Committee. ERC will provide oversight, scrutiny and management of risk related matters within the Bank and its subsidiaries and is responsible for the escalation to the Board Risk Committee. ERC will meet monthly in 2026 and is chaired by the Chief Risk Officer.

The **Asset and Liability Committee (ALCo)** is a management committee and is primarily responsible for managing the financial risks, including market, capital, and liquidity (and treasury aspects of credit) that affect the Bank. Specific focus includes the economic outlook, interest rate risk, liquidity and funding, capital risk and treasury credit risk. ALCo met bi-monthly in 2025 with additional e-ALCo's when required and is chaired by the Chief Financial Officer.

The **Change and Operational Risk Committee (CORC)** is a management committee which is primarily responsible for managing all of the operational and change risks within Unity. ORC met bi-monthly in H1 2025 and monthly in H2 2025 and is chaired by the Chief Operating Officer.

The **Customer Outcomes, Conduct & Regulatory Committee (CoCRC)** is a management committee with responsibility for overseeing conduct and regulatory risks at Unity. CoCRC met quarterly in 2025 and is chaired by the Chief Commercial Officer.

The **Credit Risk Committee (CC)** is a management committee with responsibility for overseeing all credit related risks within Unity. CC met bi-monthly in 2025 and is chaired by the Head of Credit Underwriting.

## 2.6 Three Lines Model

To support this governance structure, the Bank operates a Three Lines of Defence model, providing clear segregation of duties and reinforcing accountability:

- First Line: Business areas own and manage risk inherent in their activities, ensuring that controls are designed and operated effectively. Functions are supported by First Line Business Risk & Control team.
- Second Line: The Risk & Compliance teams provide oversight, challenge and guidance, ensuring that risks are appropriately managed.
- Third Line: Internal Audit provides independent assurance over the adequacy and effectiveness of governance, risk management and internal controls.

Risk management is regarded as a shared responsibility across the Bank, with principal risks owned and managed within the first line supported by clear accountability and escalation routes.

The second line and third line review programmes are overseen by BRC and detailed findings are also reported into the appropriate management committee.

## 2.7 Credit Risk

Credit risk is an integral part of many of our business activities and is inherent in core banking products from lending products (overdrafts, loans, and cards, as well as commitments to lend) to other treasury lending activities. Credit risk assesses the potential that a borrower or counterparty will fail to meet their financial obligations according to the agreed terms. The risk encompasses both on-balance sheet, such as loans, and off-balance sheet items, such as unused loan commitments.

All authority to take credit risk derives from the Board. The level of credit risk authority delegated to Committees or individuals depends on seniority and experience, varying according to the balance between the quality of the issuer/borrower and/or any associated security or collateral held.

The Bank's Credit Risk Policy is set within the Board approved Risk Appetite and determines the criteria and covenants for lending approval and assessment of corporate exposures. It specifies credit management standards, including concentration within sectors, credit grade rating and issuer limits, along with delegated authorities. The Bank's credit performance and emerging risks are reported to each BRC and Board meeting by the CRO.

The Bank monitors borrower, risk grade and sectorial concentration of its loan book against its risk appetite limits, alongside a suite of further portfolio and lending measures designed to allow a dynamic assessment of the Bank's exposures.

The Bank has a low tolerance for credit losses but acknowledges that losses can result from undertaking lending activities. The performance and credit risk profile of the book is monitored through credit scorecard system calibrated to incorporate the most updated risk of non-performance and credit loss with plan of actions taken to ensure robustness and consistency of management of the lending book.

The Bank's Treasury Credit Risk framework for wholesale market counterparties involves establishing limits for counterparties based on their credit rating. Due diligence on counterparties including a review of short-term credit ratings and Credit Default Swap pricing is monitored. Treasury investment information is reported bi-monthly to ALCo.

### Description of collateral

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. Commercial property taken as security can involve ownership through investment vehicles or owner-occupied premises.

Where exposures are agreed on a secured basis, security is accepted:

- where the security is legally enforceable and is of a tangible nature and type;
- after a discount is applied to the valuation, depending on the type of security involved.

Debentures and personal guarantees may also be used as security.

### Impaired Assets and Forbearance

The Bank uses an internal credit rating scorecard model to inform the credit decision-making process. The scorecard rating is defined application point in time, then being updated through the lifecycle of the lending journey within the Bank.

The scorecard incorporates elements of: asset risk and affordability levels, as well as customer performance, both from business management strength to debt servicing performance. There are nine (9) specific grades as follows:

Scorecard ratings 1 to 5 are considered 'performing' with sub-categories as follows:

RG 1 Very strong credit risk

RG 2 Strong credit risk

RG 3 Good credit risk

RG 4+ and 4- Acceptable credit risk

RG 5+ and 5- Weak credit risk

'Problem debt' sub-categories are:

RG 6 Poor credit risk – Watchlist - customers starting to present financial difficulties but still performing/ expected to continue to operate.

RG 7 Substandard – increase credit risk due to events of arrears and/or risk of business failure.

RG 8 Default – triggering the criteria of default defines under Basel III

RG 9 Default in realisation

Overall, customers flow to higher risk grades, triggering watchlist status or substandard category if they show signs of unsatisfactory performance and require close control but are still expected to continue servicing their indebtedness with Unity.

Aiming for the ongoing support of the customer while safeguarding the financial and capital health of the Bank, over 2025 enhancement on the team and strategy of relationship management for customer in financial difficulties was delivered in which resulted on the minimisation of the customers in non-performance (2.09% as of December 2025), and 36 new forbearances were conceded to the Bank's customers in financial difficulties, namely:

- 25 cases of concessions on non-demanding of Rights of Reservation due to of covenant breaches,
- 7 cases of principal payment holiday,
- 4 cases of adjustment of monthly commitment payment or alterations of maturity of the loan,

The Bank applies IFRS 9 accounting standard, calculating the expected credit loss incorporating the lifetime of the loan. The staging criteria depends on the on the scorecard rating system explained above. The Risk Management Statement and Note 1 to the Bank's Annual Report & Accounts gives further detail.

## 2.8 Financial Risk

Financial risk is the risk that Unity is unable to fulfil its financial obligations.

### 2.8.1 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.

The Bank does not have a trading book; risks are limited to those intrinsic to the asset and liability products in the banking book. The interest rate risk appetite, approved as part of the Board risk appetite statement, together with the Treasury Policy, specifies the scope of the Bank's wholesale market activity, market risk limits and delegated authorities. Adherence to the Treasury policy is overseen by ALCo, which assesses the interest rate risk inherent in the maturity and re-pricing characteristics of the Bank's assets and liabilities. The principal analytical techniques involve assessing the impact of different interest rate scenarios over various time periods, focussing on fixed and floating rate assets and liabilities.

ALCo also monitors basis risk, reviewing the elements of floating rate assets and liabilities which are linked to different underlying reference rates as these may not always 'float' in the same way (for example Bank of England Base Rate and SONIA). The Bank has a policy with regards to the proportion of administered rate liabilities, such that it can control a significant proportion of its cost of funding and thereby manage its basis risk.

The NII sensitivities are indicative and based on scenarios and shocks prescribed in Rule 9.4A of the PRA Rulebook: CRR Firms: Interest Rate Risk Arising from Non Trading Activities Instrument 2020. They are also in accordance with Article 448(1) of the European Capital Requirements Regulation (CRR).

Calculations are undertaken under the following scenarios:

- Parallel up;
- Parallel down;
- An immediate shock of +/-200 basis points ('bps') to the current market implied path of interest rates across over one year;

The EVE sensitivities are based on the six Basel Standard Outlier shocks:

- Parallel up;
- Steepener;
- Short rates up; and
- Parallel down;
- Flattener;
- Short rates down.

Non-maturing deposits ('NMD's) are deposits that have no contractual maturity or repricing dates, hence behavioural assumptions are applied. The maturity profile for NMDs is substantially the same as the profile as at 31 of December 2024. The longest repricing maturity for NMDs for modelling purposes continues to be 60 months.

### 2.8.2 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.

Further capital risks arise from changes to the Bank's business model and long term goals, specifically the risks of not being able to carry out the Bank's business plan and desired strategy, including the ability to provide suitable products and services to customers. One example of strategic risk is the risk that the Bank suffers losses because income falls or is volatile relative to the fixed cost base.

In common with other financial institutions, Unity's financial performance continues to be impacted by the broader regulatory, economic and political environment, including the continued changes in Bank of England Bank rate, the cost of living and the ongoing industrial action across multiple sectors. The economic environment in 2025 has been challenging but the Bank has demonstrated the strength of its financial resilience, and the Board is confident that Unity will continue deliver both positive social impact and shareholder benefit, whilst remaining compliant with all regulatory capital metrics.

### 2.8.3 Liquidity and Funding Risk

Funding risk is the risk that we will fail to meet our financial obligations as they fall due or can only do so at excessive cost. 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: Covered Bonds, Medium Term Notes and Floating Rate Notes. Stress testing is reported quarterly in accordance with the framework set out in the ILAAP.

During the year, the Board approved the Bank's ILAAP. The Bank's Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) remain significantly higher than the 100% minimum. The Bank also reviews its compliance with the liquidity systems and controls requirements as detailed in the PRA Rulebook.

The Bank is 100% customer funded and does not require inter-bank funding. The Bank's Risk Appetite Statement includes both liquidity and funding limits and concentration KRIs. The Bank is a member of the Financial Services Compensation Scheme (FSCS) and adopts the prevailing compensation rules.

The Risk Management Statement in the Bank's Annual Report & Accounts gives further detail on principle risks.

#### Stress Testing

Stress testing is a key tool to understanding and managing risk. In support of this, the Bank has a framework that covers stress testing, reverse stress testing and scenario planning. As well as an understanding of the Bank's resilience to internal and external shocks, regular stress testing provides a key input to the Bank's capital and liquidity assessments and related tests of risk management and measurement assumptions.

#### ICAAP

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

#### ILAAP

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

#### Reverse stress testing

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

The analysis is formally completed in conjunction with the reviews of the ILAAP and the ICAAP documents and reviewed and approved by ALCo, BRC and the Board.

## Recovery Plan and Resolution Pack

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

Orderly wind-up of the Bank is considered to be a viable recovery plan option for a small institution. Within the last year the bank has produced a "Solvent Exit" plan, aligned with regulations, that will be embedded within the Recovery Plan. The Resolution Pack provides the data required if it were necessary to wind up the Bank.

In preparing and planning for such extreme events, the Board ensures that it has taken these severe risks, however remote, into account in its planning and considered the mitigating actions available.

### 3 Capital resources and requirements

#### 3.1 Overview

To protect customers and the wider financial markets from the risk of banking failure, regulators require that sufficient loss-absorbing capital is held to cover the risk exposures entered into by the business activities. Unity's CET1 ratio of 24.33% provides comfort that the Bank is well capitalised to remain solvent with capital resource considerably above the minimum capital requirements.

Loss-absorbing capital resources are generally made up of a combination of equity and some debt holder funding plus any retained profits. Each firm calculates its specific capital requirements, resulting from exposures to specific banking assets and activities, or required as buffers in case of future 'stress events' or other unforeseen losses.

The information below gives further details as to the Bank's capital resources, risk weighted assets and assessment for operational, concentration and market risks.

#### 3.2 Total available capital resources

As of 31 December 2025, and throughout the financial year, the Bank complied with the capital requirements in force as set out by the PRA.

The capital resources of the Bank are as follows:

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

<sup>1</sup> CET1 capital before adjustment agrees to equity and reserves in the Annual Report & Accounts, for capital reporting purposes, proposed dividend of £1,990k has been excluded from Retained Earnings.

### 3.3 Risk weighted exposure amounts and Pillar 1 capital requirements

Credit risk weightings for the Bank under Pillar 1 are determined under the *Standardised* approach for credit risk and operational risk.

The following table discloses the exposure values for each asset class, the assigned risk weight and resulting capital requirement under Pillar 1. The average exposure value is calculated taking a simple average for the year.

31 December 2025

	Exposure value £'000	Risk weight %	Risk weighted assets £'000	Pillar 1 capital requirement £'000	Average exposure value £'000
Loans and advances to zero risk weighted counterparties	592,421	0%	-	-	698,561
Debt security investments	122,752	20/50%	31,428	2,514	82,599
Regulated covered bond investments	327,256	10%	32,726	2,618	224,082
<b>Investments credit risk</b>	<b>1,042,429</b>		<b>64,154</b>	<b>5,132</b>	<b>1,005,242</b>
Loans and advances to customers	1,133,097	35/75/100%	813,061	65,045	1,079,960
Fixed and other assets*	13,158	100%	6,435	515	7,284
<b>Total credit risk</b>	<b>2,188,684</b>		<b>883,650</b>	<b>70,692</b>	<b>2,092,486</b>
Operational risk (section 3.6)		x12.5	180,965	14,477	
Credit Valuation Adjustment		50%	633	51	
<b>Total</b>			<b>1,065,248</b>	<b>85,220</b>	

31 December 2024

	Exposure value £'000	Risk weight %	Risk weighted assets £'000	Pillar 1 capital requirement £'000	Average exposure value £'000
Loans and advances to zero risk weighted counterparties	836,149	0%	-	-	789,591
Debt security investments	51,375	20/50%	11,244	900	48,036
Regulated covered bond investments	53,296	10%	5,330	426	53,748
<b>Investments credit risk</b>	<b>940,820</b>		<b>16,574</b>	<b>1,326</b>	<b>891,375</b>
Loans and advances to customers	1,013,816	35/75/100%	753,729	60,298	1,027,236
Fixed and other assets*	4,756	100%	3,991	319	4,585
<b>Total credit risk</b>	<b>1,959,392</b>		<b>774,294</b>	<b>61,943</b>	<b>1,923,196</b>
Operational risk (section 3.6)		x12.5	151,062	12,085	
Credit Valuation Adjustment		50%	628	50	
<b>Total</b>			<b>925,984</b>	<b>74,078</b>	

\* Includes pension asset which is deducted from risk weighted assets and regulatory capital

### Credit risk mitigation techniques

Credit Risk Mitigation (CRM) refers to collateral agreements used to reduce risk arising from credit positions. This table shows the use of CRM techniques, broken down by loans and debt securities. This table includes both unsecured and secured exposures, and the value of exposures secured by collateral. The Bank does not utilise financial guarantees or credit derivatives, meaning collateral is the only technique used by Unity for CRM.

31 December 2025

Carrying amount	Exposures unsecured £'000	Exposures secured £'000	Total exposures financial £'000	Exposures secured by collateral £'000
Total loans and advances to customers	75,333	1,057,764	1,133,097	1,057,764
Total investments	1,042,429	-	1,042,429	-
<b>Total exposures</b>	<b>1,117,762</b>	<b>1,057,764</b>	<b>2,175,526</b>	<b>1,057,764</b>

31 December 2024

Carrying amount	Exposures unsecured £'000	Exposures secured £'000	Total exposures financial £'000	Exposures secured by collateral £'000
Total loans and advances to customers	36,631	977,185	1,013,816	977,185
Total investments	940,820	-	940,820	-
<b>Total exposures</b>	<b>977,451</b>	<b>977,185</b>	<b>1,954,636</b>	<b>977,185</b>

### Investments Credit risk

Credit risk is controlled by setting limits that consider a variety of factors including the credit rating of the issuer. These ratings correspond to a credit quality step assessment which, in conjunction with the term of the investment, feeds a risk weighting under the Standardised Approach.

The Treasury policy limits the maximum aggregated exposure to any single issuer across Supranational, Covered Bond and Corporate Exposures. The size of this limit will be informed by their credit quality.

The table below shows the breakdown of the treasury investment exposures by credit quality, the risk weighting applied and corresponding Pillar 1 capital requirement.

Investment Credit Risk:

31 December 2025	Moody's rating	Risk weight %	Exposure value £'000	Capital requirement £'000
<b>UK Government and Bank of England</b>				
Credit quality step 1	Aa3	0%	540,786	-
<b>Central Government</b>				
Credit quality step 1	Aaa	0%	-	-
<b>Supranational Financial Institutions</b>				
Credit quality step 1	Aaa-Aa1	0%	51,635	-
<b>Financial Institutions</b>				
Credit quality step 1	Aaa-Aa3	20%	99,826	1,597
Credit quality step 2	Aa1-A3	50%	22,926	917
Credit quality step 3	Baa1-Baa3	20%	-	-
<b>Regulated Covered bonds</b>				
Credit quality step 1	Aaa	10%	327,256	2,618
<b>Total</b>			<b>1,042,429</b>	<b>5,132</b>

31 December 2024	Moody's rating	Risk weight %	Exposure value £'000	Capital requirement £'000
<b>UK Government and Bank of England</b>				
Credit quality step 1	Aa3	0%	788,008	-
<b>Central Government</b>				
Credit quality step 1	Aaa	0%	4,921	-
<b>Supranational Financial Institutions</b>				
Credit quality step 1	Aaa-Aa1	0%	43,220	-
<b>Financial Institutions</b>				
Credit quality step 1	Aaa-Aa3	20%	47,225	756
Credit quality step 2	Aa1-A3	50%	3,228	129
Credit quality step 3	Baa1-Baa3	20%	922	15
<b>Regulated Covered bonds</b>				
Credit quality step 1	Aaa	10%	53,296	426
<b>Total</b>			<b>940,820</b>	<b>1,326</b>

## Customer loans credit risk and provisions

The credit risk profile of the lending portfolio of the Bank is analysed and discussed in the Risk Management Statement and Note 1 to the Annual Report & Accounts.

### Maturity analysis

The following table analyses assets and liabilities by remaining maturity based on the period from the reporting date to the contractual maturity date.

31 December 2025

	Repayable on demand £'000	3 months or less but not repayable on demand £'000	1 year or less but over 3 months £'000	5 years or less but over 1 year £'000	Over 5 years £'000	Non-cash items £'000	Total £'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
Investments securities measured at fair value	-	42,586	123,846	416,517	4,646	-	587,595
Investments 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>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
Amounts owed to banks	-	50,145	-	-	-	-	50,145
Derivatives	-	20	4	27	-	-	51
Other liabilities	-	-	-	-	-	276,277	276,277
	<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>

31 December 2024

	Repayable on demand £'000	3 months or less but not repayable on demand £'000	1 year or less but over 3 months £'000	5 years or less but over 1 year £'000	Over 5 years £'000	Non-cash items £'000	Total £'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
Investments	-	46,204	12,376	15,117	240,433	-	314,130
Other assets	-	-	-	-	-	4,756	4,756
	<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	-	-	-	-	-	238,411	238,411
	<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>

### 3.4 Analysis of the Bank's liquidity coverage ratio (LCR)

The liquidity coverage ratio is a measure which aims to ensure that the Bank maintains an adequate level of liquidity to meet its needs for a 30-day period under severe stress conditions.

The disclosure table sets out the abbreviated LCR disclosures in the format prescribed by the PRA. Disclosures are calculated based on a simple average for the reported year.

31 December 2025	Total unweighted value (average) £'000	Total weighted value (average) £'000
<b>High-quality liquid assets (HQLA)</b>		<b>935,736</b>
<b>Cash outflows</b>		
Retail deposits and deposits from small business customers, of which:	615,694	56,777
Stable deposits	248,369	12,418
Less stable deposits	367,325	44,359
Unsecured wholesale funding, of which:	952,441	363,457
Operational deposits (all counterparties)	323,288	78,291
Non-operational deposits (all counterparties)	629,153	285,166
Credit and liquidity facilities	186,391	24,789
<b>Total cash outflows</b>	<b>1,754,526</b>	<b>445,023</b>
<b>Cash inflows</b>		
Inflows from fully performing exposures	59,122	38,313
<b>Total cash inflows</b>	<b>59,122</b>	<b>38,313</b>
<b>Liquidity Coverage Ratio (%)</b>		<b>230.07%</b>

31 December 2024	Total unweighted value (average)	Total weighted value (average)
	£'000	£'000
<b>High-quality liquid assets (HQLA)</b>		<b>844,209</b>
<b>Cash outflows</b>		
Retail deposits and deposits from small business customers, of which:	575,884	52,712
Stable deposits	242,358	12,118
Less stable deposits	333,526	40,594
Unsecured wholesale funding, of which:	935,110	335,479
Operational deposits (all counterparties)	353,531	85,513
Non-operational deposits (all counterparties)	581,579	249,966
Credit and liquidity facilities	101,441	15,586
<b>Total cash outflows</b>	<b>1,612,435</b>	<b>403,777</b>
<b>Cash inflows</b>		
Inflows from fully performing exposures	48,375	30,791
<b>Total cash inflows</b>	<b>48,375</b>	<b>30,791</b>
<b>Liquidity Coverage Ratio (%)</b>		<b>226.34%</b>

### 3.5 Concentration risk

The following is an analysis of the Bank's exposures by geographical area:

31 December 2025

	UK £'000	Other Europe £'000	Other £'000	Total £'000
Loans and advances to customers	1,133,097	-	-	1,133,097
Cash and balances with central banks and governments	540,786	833	-	541,619
Investments	367,144	27,099	106,567	500,810
Fixed and other assets	13,158	-	-	13,158
<b>Total</b>	<b>2,054,185</b>	<b>27,932</b>	<b>106,567</b>	<b>2,188,684</b>

31 December 2024

	UK £'000	Other Europe £'000	Other £'000	Total £'000
Loans and advances to customers	1,013,816	-	-	1,013,816
Cash and balances with central banks and governments	787,367	8,149	-	795,516
Investments	62,883	17,452	64,969	145,304
Fixed and other assets	4,756	-	-	4,756
<b>Total</b>	<b>1,868,822</b>	<b>25,601</b>	<b>64,969</b>	<b>1,959,392</b>

The Bank's customer lending is entirely UK based and has a broad distribution of exposures throughout the UK. Geographical concentration is regularly monitored as part of the Bank's ongoing credit risk management, along with single name and sector concentrations. Risks in these areas are considered

as part of the Bank's ICAAP and form part of the Pillar 2a capital assessment, with capital allocated based on the HHI methodology.

### 3.6 Operational risk

The Bank uses the Basic Indicator Approach to operational risk under a Pillar 1 capital requirement assessment. Under this approach, 15% of the Bank's average operating income for the previous three years is used as a proxy for operational losses. An operational RWA is then calculated such that 8% of that RWA gives the Pillar 1 capital requirement.

31 December 2025

Banking Activities (£'000)	Relevant Indicator			Own Funds Requirement	Risk Weighted Exposure Amount
	Year 3	Year 2	Last Year		
Banking activities subject to basic indicator approach (BIA)	92,421	102,097	95,026	14,477	180,965

31 December 2024

Banking Activities (£'000)	Relevant Indicator			Own Funds Requirement	Risk Weighted Exposure Amount
	Year 3	Year 2	Last Year		
Banking activities subject to basic indicator approach (BIA)	47,183	92,421	102,097	12,085	151,063

### 3.7 Interest rate risk in the banking book (IRRBB)

The Bank is mainly exposed to interest rate risk where the Bank holds fixed rate assets and liabilities; when market rates change the value of these items is affected because their rate remains fixed. The Bank's appetite for IRRBB is calculated based on the standard PV200 calculation (described below).

A PV200 calculation assigns all balance sheet items to a "time bucket" based on the next interest re-pricing date (or maturity date if fixed) and discounts them back using a current market curve to assess its Present Value (PV<sub>0</sub>). The discount factors can then be adjusted to simulate an immediate parallel 200bps increase and a 200bps decrease in rates. The difference between the PV<sub>0</sub> and the 2% shifts up and down indicate the Bank's sensitivity to interest rate movements from a value perspective.

The Bank's sensitivity to interest rate movements from an earnings perspective is disclosed in the Risk Management statement of the Annual Report and Accounts.

The Bank also assesses its IRRBB exposure using multiple shock scenarios to capture parallel as well as non-parallel gap risk measured in terms of economic value of equity (EVE). Under this approach, capital requirements for IRRBB are measured by the scenario that results in the largest decline in EVE. The Bank has assessed each and does not meet the outlier test for a change in EVE greater than 15% of capital.

### 3.8 Leverage

The leverage calculation determines a ratio based on the relationship between Tier 1 capital and exposures to on and off-balance sheet items. The leverage ratio does not distinguish between high and low risk weighted lending nor recognise the value of loan collateral (low LTVs).

The Bank's ratio calculated in accordance with the Financial Policy Committee's (FPC) leverage regime is 12.67% at 31 December 2025 (2024: 15.97%). The UK leverage ratio framework sets a minimum ratio of 3.25%. Although not subject to the framework, the Bank follows the requirement as best practice and maintains its leverage ratio in excess of this minimum requirement.

The risk of excessive leverage is managed through regular monitoring and reporting of the leverage ratio, which forms part of the risk appetite framework.

The following is a summary comparison of accounting assets versus leverage ratio exposure measure:

	2025 £'000	2024 £'000
Total consolidated assets as per published financial statements	2,187,754	1,957,289
Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of	71,272	51,435
Other adjustments	4,892	7,786
<b>Basel III Leverage ratio exposure measure</b>	<b>2,263,918</b>	<b>2,016,510</b>

### Leverage ratio common disclosure template

	2025 £'000	2024 £'000
<b>On-balance sheet exposures</b>		
On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs) but including collateral)	2,193,218	1,964,131
(Asset amounts deducted in determining Basel III Tier 1 capital)	(2,101)	(1,156)
<b>Total on-balance sheet exposures (excluding derivatives and SFTs)</b>	<b>2,191,117</b>	<b>1,962,975</b>
<b>Other off-balance sheet exposures</b>		
Off-balance sheet exposure at gross notional amount	150,741	110,581
(Adjustments for conversion to credit equivalent amounts)	(79,469)	(59,146)
<b>Total off-balance sheet items</b>	<b>71,272</b>	<b>51,435</b>
<b>Capital and total exposures</b>		
Tier 1 capital	259,127	222,740
Basel III Total exposures	2,263,918	2,016,510
UK Total exposures	2,045,234	1,394,612
<b>Leverage ratio (Basel III)</b>	<b>11.45%</b>	<b>11.05%</b>
<b>Leverage ratio (UK)</b>	<b>12.67%</b>	<b>15.97%</b>

### 3.9 Counterparty credit risk

Counterparty credit risk is the risk that a counterparty to a transaction could default before the final settlement of the transaction's cash flows. The Bank has exposure to counterparty credit risk from using interest rate swaps for the purposes of mitigating interest rate risk.

The Bank has entered into International Swaps and Derivatives Association (ISDA) master netting agreements for its derivative exposures which allows the Bank to settle exposures 'net' in the event of default by the counterparty. The Bank mitigates the risk of loss arising from default by its derivative counterparties through legally enforceable Credit Support Annexes (CSA) agreements with cash collateral posted against changes in the net mark to market value of derivative exposures with a counterparty.

The Bank has applied the Original Exposure Method (OEM) to counterparty credit risk. Credit valuation adjustments (CVA) have also been recognised for derivative transactions to cover expected credit losses. These CVAs are calculated using the standardised approach.

## Appendix 1 – Remuneration policy and practices

Unity's Remuneration Policy is set by the Board of Directors with support and guidance from the Remuneration Committee. Unity's Remuneration Policy complies with the Remuneration Code and other applicable legal and regulatory requirements; the Chair of the Remuneration Committee has specific responsibilities under the FCA Senior Persons Regime for the effective oversight of the Bank's remuneration policies. The Remuneration Committee annually reviews and recommends the Remuneration Policy to the Board, which must be aligned to the Bank's values, long term strategy and risk appetite.

The Committee is comprised of four members which includes three Independent Non-Executive Directors, one of whom Chairs the Committee, and one shareholder appointed Non-Executive Director. While the composition does not fully comply with Provision 32 of the UK Corporate Governance Code, due to the members including a shareholder appointed Director, the Board is of the view that their inclusion is beneficial to the Committee given the specialist knowledge and experience the director is able to leverage, given their external role in the pensions sector. The Committee meets at least two times annually.

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.

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.

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. The overall remuneration package consists of a number of elements which are set out below.

To ensure compliance with the Remuneration Code, the PRA's recommended RPS template has been adopted. Unity has one business area, Business Banking, which consisted of 294 (2024: 230) paid individuals (including Directors but excluding contractors) as at 31 December 2025.

The staff costs were as follows:

	2025 £'000	2024 £'000
<b>All Staff</b>		
Total fixed staff employment costs	24,183	18,200
Total variable staff costs	2,466	1,259
<b>Total staff costs</b>	<b>26,649</b>	<b>19,459</b>
<b>Material Risk Takers*</b>		
Material Risk Takers fixed employment costs	3,360	2,813
Material Risk Takers variable costs	117	78
<b>Total Material Risk Takers costs</b>	<b>3,477</b>	<b>2,891</b>

\*Figures shown above are the staff costs relating to the 22 (2024: 15) members of staff identified during the year as Material Risk Takers ("MRT"), including any remuneration in the year received before or after they ceased to be MRT and any received prior to approval by the PRA, and including starters and leavers.

The Remuneration Code requires that banks identify and designate as "Material Risk Takers" as those defined as employees whose professional activities have a material impact on the firm's risk profile.

In total 22 Material Risk Takers have been identified during the year, and a list is maintained by Human Resources (2024:15). Additional restrictions apply to the remuneration of Material Risk Takers. All Board Directors (Executive and Non-Executive) are included as Material Risk Takers.

Unity remains committed to maintaining a diverse and inclusive workplace. The Board's diversity policy is summarised 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.

At the required reporting date, 5<sup>th</sup> April 2025, any employer with 250 or more employees must report their gender pay gap data to the Gender Pay Gap service. This must include the difference in mean and median pay between male and female employees, the proportion of males and females receiving bonuses, and the distribution of males and females across pay quartiles. This data must be published by the 4<sup>th</sup> April 2026. As of 5<sup>th</sup> April 2025, Unity Trust Bank had 253 full pay relevant employees.

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

On aligning to these changes in methodology, alongside key changes in the Banks personnel over the staging date and a higher volume of male hires throughout 2024/2025, the Bank reported a mean gender pay gap of 19% for 2025. (2024: 3%), whilst median pay gap was 19% (2024: 17%).

The Bank went through a period of significant headcount growth in 2025, and timing of senior management appointment 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 are signatories to the Women in Finance Charter and are committed to a target of 45-55% gender split in senior management. In 2025 the Bank reported female representation of senior management of 45% (2024: 64%). The decline in female representation in 2025 was due to a large expansion in the roles recognised by the Bank under the certification regime, which included roles held by existing male employees.

The Bank remains committed to achieving gender balance in senior management functions and aims to reduce its gender pay gap. Action plans include identifying potential barriers for female progression during their careers, enhanced recruitment practices, implementation of the new HR Information System, implementation of a new pay grading structure, reviewing family leave policies, maternity/paternity pay and other benefits. The Bank also works with the Women in Banking and Finance network to access female mentoring, events and networks.

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.

### **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. 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 to an equal value irrespective of hierarchy. 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 of the Annual Report and Accounts.

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).

## Deferred Remuneration

The below table provides a breakdown of the deferred remuneration available to the senior management and MRT (subject to vesting periods) and the subset of remuneration dependant on the Bank achieving set targets approved by RemCo. The disclosure supplements information provided in Note 27 of the Annual Report and Accounts.

	Total amount of outstanding deferred remuneration	Of which: total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment	Total amount of deferred remuneration paid out in the financial year
	£'000	£'000	£'000
<b>Deferred and retained remuneration</b>			
<b>Senior management</b>	<b>256</b>	-	-
Shares and options	256	-	-
<b>Other material risk takers</b>	<b>50</b>	-	-
Shares and options	50	-	-

## Special payments

During the year Unity made inducements to 0 new joiners (2024:0) and agreed to make severance payments to two employees (2024: one).

The total severance charge included in expenses in the year is £61k (2024: £67k) of which £61k (2024: £nil) related to Material Risk Takers. The highest amount relating to one single person for the year was £61k (2024: £67k).

Staff members in control functions are remunerated independently of the businesses they oversee.