

Working to **make a difference**

Social Impact Report 2021

Charity
bank





Report Methodology

This report is focused on our lending activity in 2020 and 2021.

We use the standardised social impact monitoring categories widely adopted by UK social investors and promoted by Big Society Capital¹ and follow accounting methodology where each part of a loan is attributed to the year that it was drawn by the borrower.

Every loan application is assessed for both its creditworthiness and its social impact.

The majority of the data for this report is gathered from our ongoing tracking of social and financial data and our impact survey conducted in July and August 2021. The survey was offered to 309 of our current and recently repaid borrowers, with 137 completing the survey in full (a 44% response rate). Recent borrowers (with loans made in the last two years) were sent a longer survey with detailed questions relating to their loan (44 completed this survey); other borrowers were sent a shorter version (97 completed this version).

Data from our saver survey conducted in March 2021 also features in this report. This survey was offered to 604 of our personal savers with 92 completing the survey (a 15% response rate).

We have included the UN Sustainable Development Goals (SDGs)² in our report. These are a universal set of targets and indicators designed to support global alignment to end poverty, protect the planet and ensure prosperity for all. Since 2020, we have started to map the SDGs to the work of our borrowers. The applicable SDG symbol can be found alongside the corresponding case studies within this report. The SDGs have been assigned by Charity Bank staff members, but in the future our intention is for our borrowers to make these assessments.

* all references on page 42

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A message from our CEO

We feel privileged to work in the social finance sector, being able to apply our skills and experience to support organisations that are working to make a difference. We are inspired by the charities and social enterprises that we support and highly motivated to better equip them to help the disadvantaged, enrich lives and make our communities better places to live.

At a time when the social sector is facing both a growing need for its services and an unprecedented range of challenges to its operating and funding models, we are grateful that we have been able to provide our customers with continued support and flexibility.

Our borrowers use Charity Bank loans to support their communities, expand their services and reduce their reliance on grant funding. Many of these organisations have increased their asset bases and strengthened their financial stability with the help of a Charity Bank loan, putting them in a stronger position to help the individuals and communities that need their services and support.

Charity Bank would not be able to provide these loans without the savers and investors who made the decision to use their money to support positive social change – and it has. It's thanks to them that we've been able to provide over 1,100 loans to charities and social enterprises working across the arts, community, education, environment, faith, health, housing, regeneration, social care and sports sectors.

Our loans are used for a wide range of purposes, from providing accommodation for vulnerable refugees to action sports centres for young people looking for a safe place to skate, to residential and respite care centres for those with profound disabilities.

Our 2021 Impact Report breaks down and demonstrates how saving and investing with Charity Bank makes a positive difference in society by supporting, strengthening, and furthering the work of social purpose organisations.

So, whether you're a saver, investor, borrower, partner or co-worker, I would like to offer you my heartfelt thanks. Together, we're helping to support our communities through the pandemic and beyond.

Sincerely



Ed Siegel
CEO, Charity Bank



We're not just an 'ethical bank', we are a socially conscious, mission driven, values-based bank. We don't just avoid doing harm, we actively use finance to do good.



Vision

Our vision is for a society that fosters vibrant communities and a healthy planet, giving every individual the opportunity to thrive.



Mission

Our mission is to support and strengthen impact driven organisations that improve people's lives whilst empowering savers and investors to put their money to work for positive social change.



Values

Working in harmony

We are all part of a whole, one community working together and depending on one another to deliver our shared mission and vision.

Mutual respect

We want to be known as an organisation that understands, values, and encourages difference. That means respecting the values, ideas and beliefs of our customers and colleagues.

Being the change

Through our choices and actions, we are being the change – empowering charities and social enterprises to make UK society a better place.

One community, one goal



Savers

Our savers want a bank that helps them to put their money where their values are. They believe that banks can do better, and they want their money to be a powerful force for good.



Borrowers

Our borrowers are impact-driven organisations that want to borrow from a bank that is wholeheartedly committed to what they do. They want to work with specialists who understand their unique requirements and who they can rely on as partners with a shared vision.



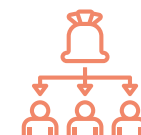
Shareholders

Our shareholders are all charitable trusts and foundations and other social purpose organisations. They want to invest in a business that puts people and planet before profit. They like the idea of social enterprise – a business solution to a social problem – and see social investment as a sustainable and impactful alternative to investing for maximum financial return.



Employees

We want to express our value in the work that we do. We believe that banks have a fundamental social function to deliver and a vital role to play in helping to create a better world.



Beneficiaries

Our borrowers touch the lives of millions of people across the UK. People are given the chance to rebuild their lives, fulfil their aspirations and work towards a brighter future.



Communities

Whole communities can benefit from our loans, whether through improved services, reduced crime or an increase in opportunities.

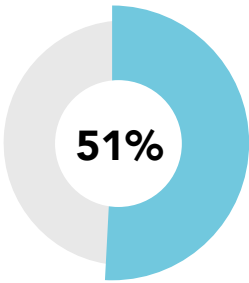
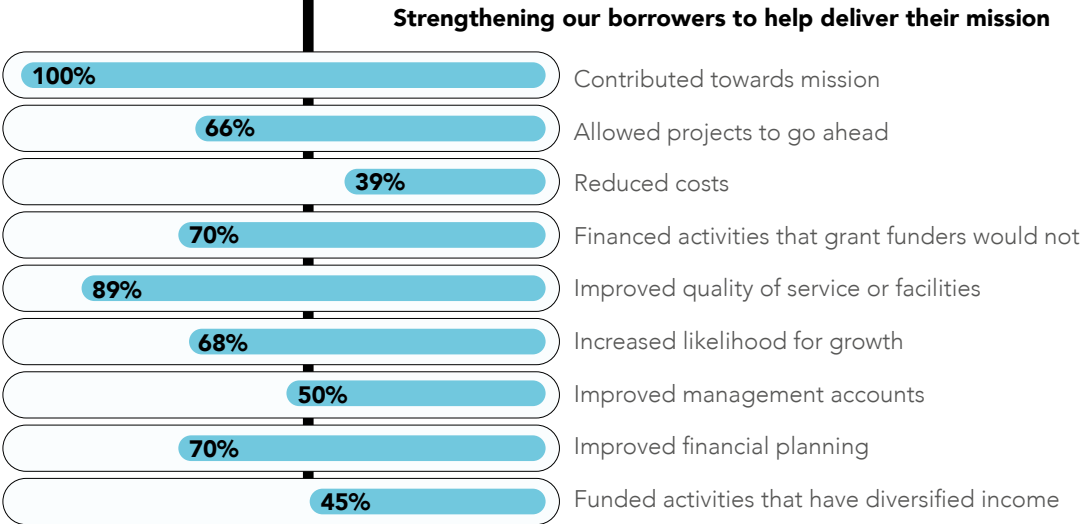
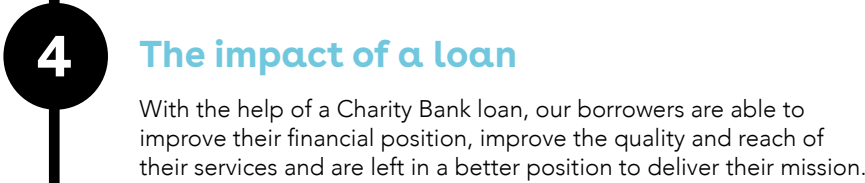
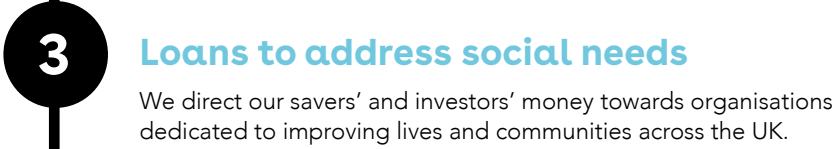
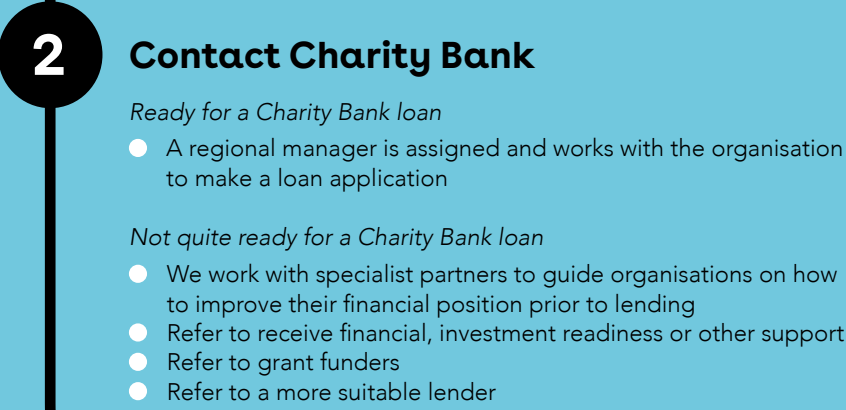
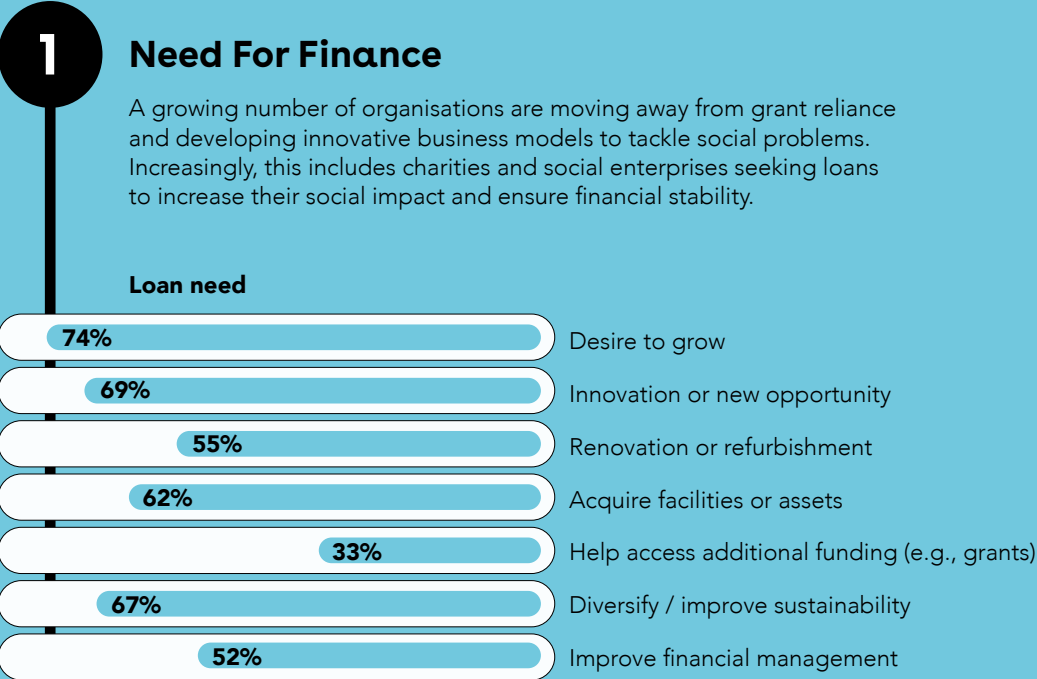
The result – a better bank for a better world

We're a bank for people who don't just dream of a better world; they want to help build one. By joining us, you join a community of like-minded individuals all working towards a common goal. Our promise is to be a bank that enables borrowers, savers, shareholders and colleagues to work together to create lasting social change in our communities.

How we make a difference

We are focused on:

- Facilitating social impact through loan finance
- Involving social investors and savers
- Strengthening our borrowers
- Directing investment towards disadvantaged communities
- Improving lives and communities and protecting our planet



Impact on individuals

Our loans help to grow, sustain, and develop charities and social enterprises so that the support they offer can continue to help people rebuild their lives, fulfil their aspirations and work towards a brighter future.

Impact on communities

In 2020 and 2021, **51%** of our lending was directed towards organisations operating in the most disadvantaged areas of the UK.

Impact on the planet

This is an area of growing importance and focus for Charity Bank. Some of the organisations we support are directly seeking to combat climate change and others are looking to reduce their carbon footprint and greenhouse gas emissions.

Why our customers **choose us**

Established in 2002 as an independent regulated bank, we have become a trusted partner for social sector organisations and people who want to make the world a better place. We have made over 1,100 loans in total, worth over £400 million, across a wide range of sectors and causes.

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worth over

£400m

across a wide range of sectors and causes.



We lend money where its needed most

Charities and social enterprises often need to borrow money to make a bigger impact but can struggle to access affordable loans. High street banks don't always understand the way social organisations work or see the benefit in investing in them. We support and strengthen these impact-driven organisations, providing them with the specialist finance they need.



Other banks struggle to understand what charities are all about. We felt that Charity Bank would better understand our proposal because it works in the charity sector. And, genuinely, we've had a good relationship with everyone we've spoken to at the bank. They have a trusting, respectful way of working with clients.

Bob Humphreys
Chair, Finchley Reform Synagogue



We are here for first time borrowers

Loan finance is seen as business as usual in the private sector, but it's not that way yet in the social sector. **55%** of our survey respondents came to Charity Bank for their first loan. We know that first time borrowers may need additional support, and we provide just that. This is particularly the case for smaller charities or those without the relevant inhouse skills available. It's one of the reasons we match each borrower with a relationship manager to offer support throughout the loans process.



We had a massive amount of support from the people at Charity Bank. It was all new to us, but they made us feel comfortable. If we had a question, they never made us feel daft for asking. It was lovely to see how excited they were for us. They were really engaged, really interested. We never felt like just a business proposition. It can be scary getting a loan, so you want that personal connection. And that's exactly what we got from Charity Bank.

Emily Petts
Family Support Director and Co-Founder, Alice Charity



We understand the social sector

We take time to understand the organisations we lend to and go the extra mile to help them expand their impact. We guide applicants through the complex processes involved in taking out a loan and aim to make our borrowers' journey with us as smooth as possible. **95%** of our borrower survey respondents said that Charity Bank's understanding of charities and social enterprises influenced their decision to borrow from us.



We knew we needed to buy a property to ensure we weren't priced out of the market. We chose Charity Bank for our loan because we wanted a financial partner that shared our values.

Nichole Herbert Wood
Co-Owner, Second Floor Studios & Arts



We are here for charities and social enterprises

Charity Bank is 100% owned by charities and social purpose investors and is dedicated to supporting UK charities and social enterprises. **88%** of our survey respondents said that their decision to borrow from us was influenced by the fact we are part of the social sector.



I found Charity Bank really great to work with. They're always on the other end of the phone. It doesn't feel like they're just providing a loan but like they really connected with us and what we're trying to achieve.

Alan Andrews
Managing Director, Chooselife Wales



We are more than just an ethical option

We offer investors and savers a chance to put their money to work for positive social change, by only lending to organisations who will use our savers' money to make a positive difference to people, communities and the planet.



In the same way that our members can see quite clearly where their investment is going and the good it's doing, receiving a loan from Charity Bank and saving with them allows us to have that same assurance about our investments as a society. That's why I would encourage anyone to invest in a social initiative; you get so much more back than just a financial return.

Ian Bright
Managing Director, Totnes Renewable Energy Society



We are flexible and responsive

We tailor every loan to our borrowers to suit their individual needs and circumstances. We're easy to work with and remain so even when difficulties arise. We're open to new ideas and different approaches and want our customers to receive a solution that is right for them. We responded quickly to COVID-19, relaxing repayment terms on over **25%** of our loans within the first month of the crisis. Most have now returned to their regular repayment terms.



We have felt really well supported by Charity Bank over the last year. They've been in regular contact, have shown genuine interest and concern about how we've been doing and have been active in trying to help us.

Ian Little
Chair, Hope Church Ipswich



The ripple effect of Social Impact

An investment in Charity Bank has far-reaching effects. As illustrated in the graphic below, the 'ripple effect' of our lending can extend well beyond the direct beneficiaries of our charity and social enterprise borrowers.



What does this look like?

Case study: Ruby's Fund

Ruby's Fund rented its building for several years. The centre had almost everything the charity needed, including offices, playrooms and a café. So, when the landlords told the charity they were going to sell the building, Ruby's Fund were understandably very worried. Fortunately, Ruby's Fund contacted Charity Bank and alongside grants and fundraising money, a £177k loan from Charity Bank meant that they could buy the centre.



Without the loan I think we would have given up. I don't think I would have had the fight in me to do it again, because this has been our life. It is such a huge relief now that we have the security of the building.

Alison Parr
Founder, Ruby's Fund




When families come here for the first time they often feel very alone, very afraid and vulnerable, like they are the only family in that position. When they come, we get it. We don't judge, we listen. We offer practical, logical support from our own experiences and what we know within our community.

Megan Morris
Finance and Business Development Manager, Ruby's Fund



I originally came here to benefit from the services Ruby's Fund provides. They helped me get back my resilience and confidence, and really built me up as a person, as well as a mum. I then became a volunteer, and now I work here helping to support others like me who come through these doors. Being able to buy the building has meant that as an employee, my job is secure as well. Work for me means I'm not just Megan's mum anymore, I'm a person in my own right and my skills and qualifications can be put to good use.

Helen Davies
Staff Member, Ruby's Fund

 **125**
school staff trained in understanding the sensory process

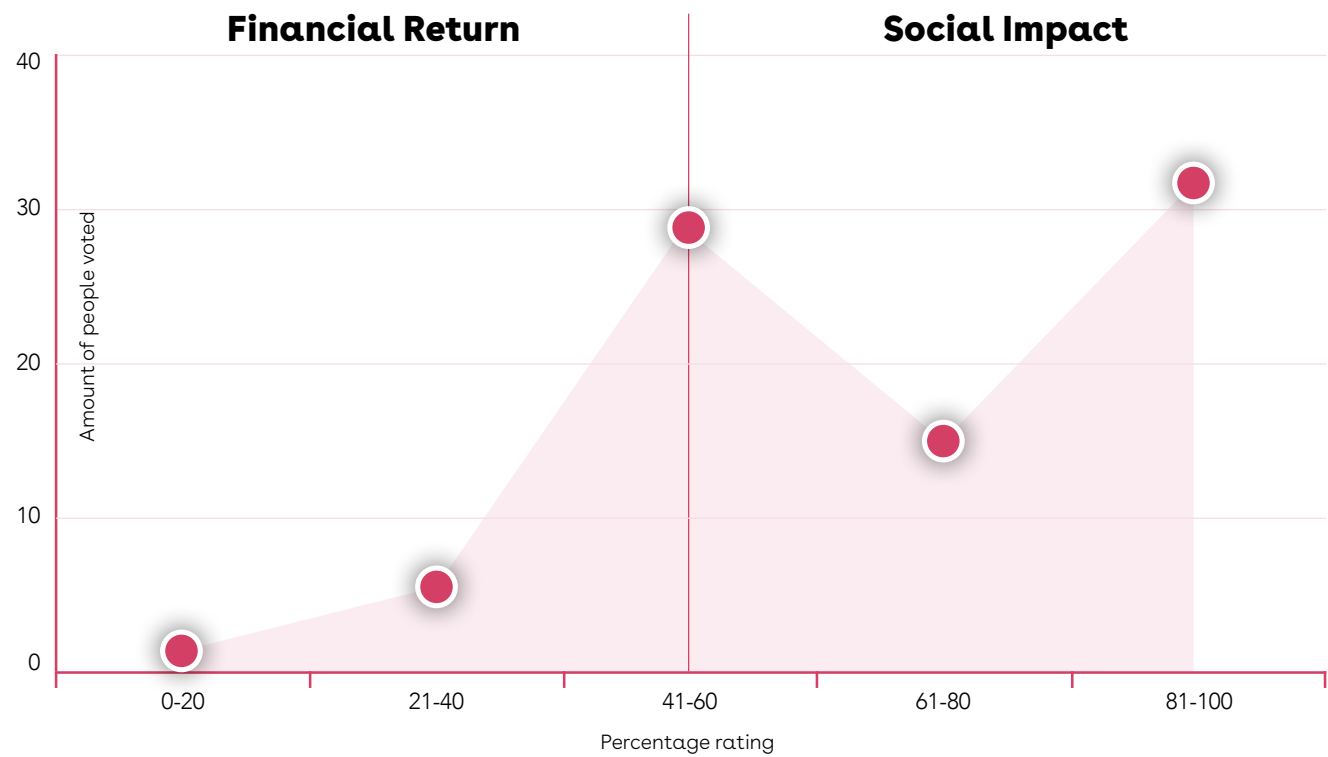
 **104**
health, education, social care and other social sector professionals reached with a termly newsletter

Savings that make a difference

More than an ethical option.

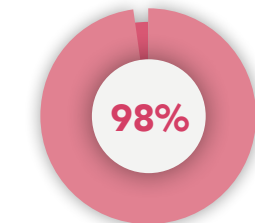
We are helping to change the way that savers think about their money and the power that it can have for effecting positive social change. A deposit with Charity Bank is not just an ‘ethical’ option; it is a positive and intentional choice that gives our savers the assurance that their funds will only be invested in impact-led organisations that are working to bring about essential social change.

Our savers were asked on a scale of 0-100 for their main reason for saving with Charity Bank. The chart below demonstrates how, for many of our savers both financial return and social impact were important. The majority were primarily driven by the social value achieved by saving with Charity Bank.



Especially now, when a lot of charities have been hit very hard by the pandemic, to have an organisation that provides loans to keep them going is really great. The fact that my savings are helping a vast and diverse range of charities across the UK is a real bonus; that's what real values are all about: helping others.

Gordon Roome
Charity Bank saver

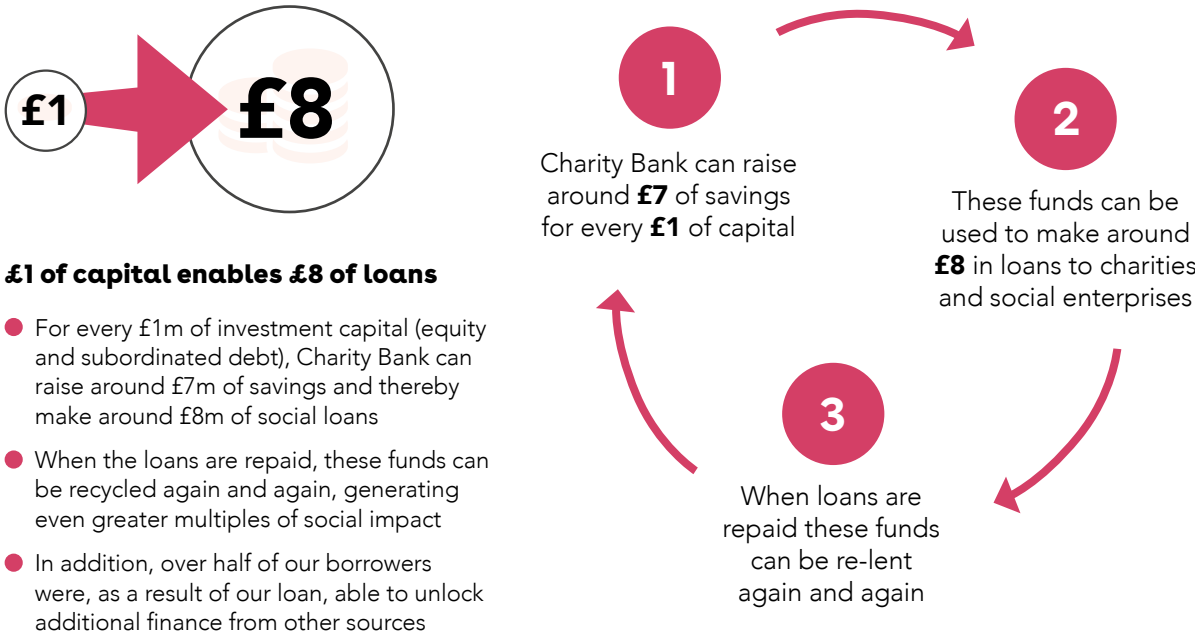


98% of savers would recommend Charity Bank

Investing to benefit society

Charity Bank's ability to respond to the ongoing needs of the social sector and support an even wider range of social sector organisations is dependent on our level of capital investment. This is why our shareholders and subordinated debt investors are such a critical component to our ongoing success and impact.

Social impact multiplier



“

Charity Bank's offering to the third sector is particularly needed in the current economic climate and we believe that their innovative, can-do approach will unlock other avenues of funding which will aid those most in need of help.

Richard Winstanley
Clerk, The Drapers' Company, Shareholder

“

We see social investment as complementary to the range of services that we provide to our clients, and a highly effective way of expanding our reach and maximising the impact of our resources.

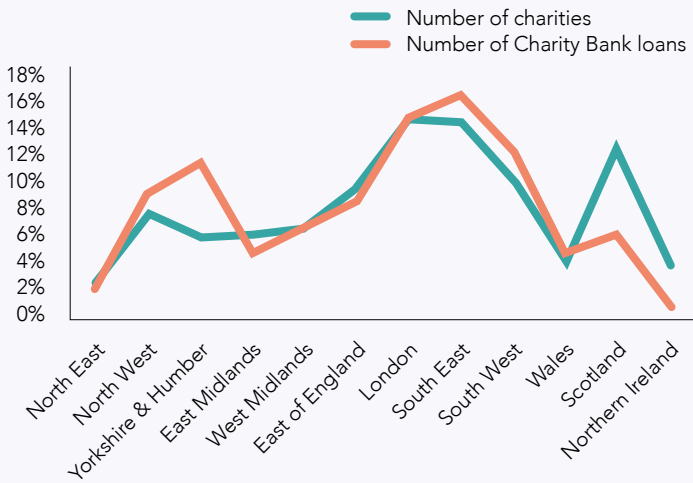
Michael Field
Chair of the Finance & Investment Committee,
The Bank Workers Charity, Shareholder

Reaching people and communities



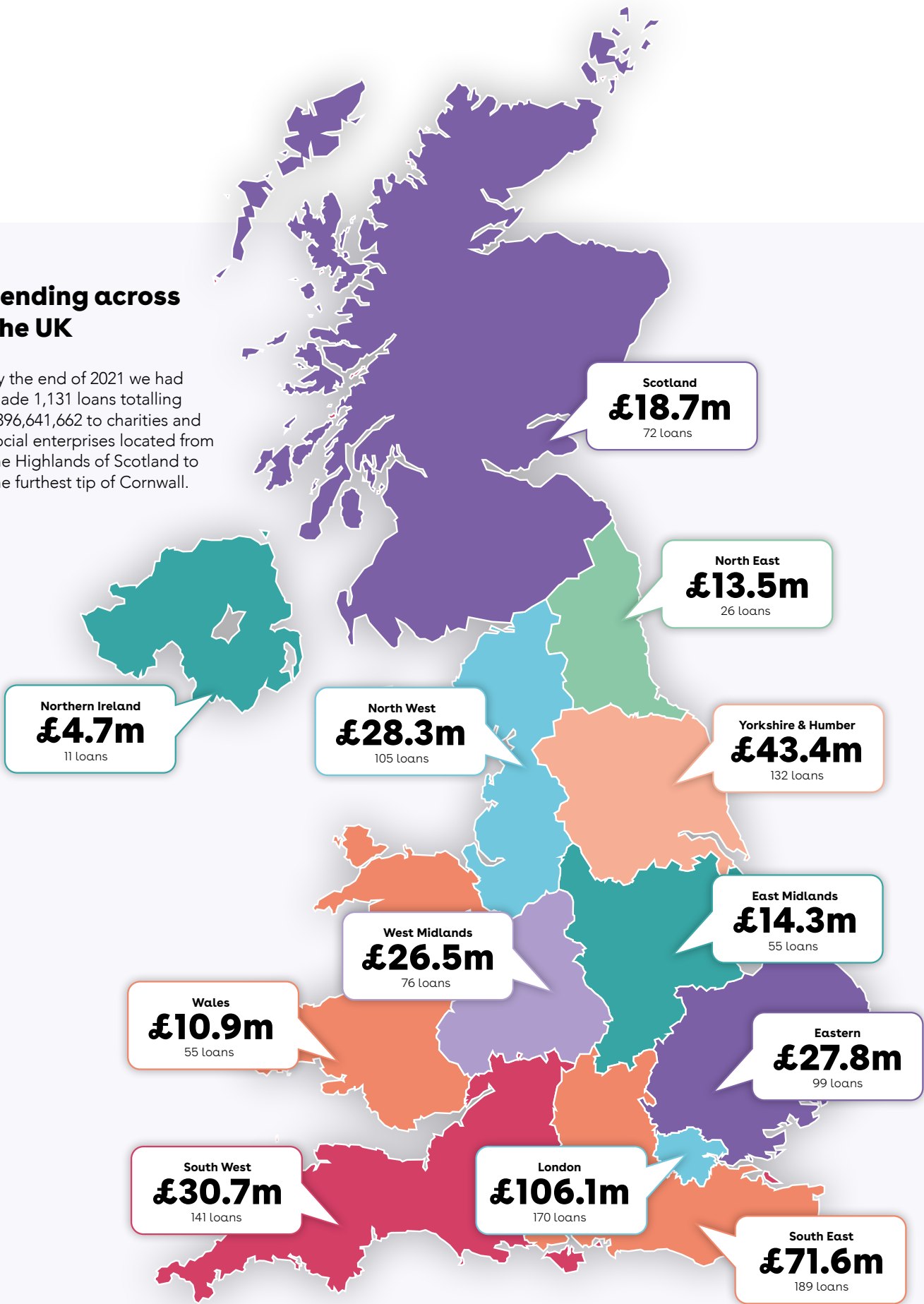
Responding to demand

Our regional managers serve organisations across England, Scotland, Wales and Northern Ireland. As the charts below show, our lending closely mirrors the location of UK charities and total income by region.³ The exception is Scotland, where we have not been as active as we would like to be. Addressing this gap is part of our current planning.



Lending across the UK

By the end of 2021 we had made 1,131 loans totalling £396,641,662 to charities and social enterprises located from the Highlands of Scotland to the furthest tip of Cornwall.



Watford Mencap: Enriching the lives of people who have a learning disability

Impact area: **Social Care** | Location: **Watford** | Loan amount: **£1m**



 **800**
service users and carers supported



 **117**
volunteers give their skills and time to the charity



“
I have been coming to Watford Mencap for as long as I remember. My favourite things to do are bowling and golf and I really like to go to the Friday Night Club Nights that Watford Mencap run. My mum says that she gets a break when I go to activities run by Watford Mencap. I also have a break from my mum and get to spend time socialising with my friends.

Watford Mencap
Service User

Watford Mencap offers a wide range of activities for children and adults who have a learning disability. From quizzes and youth clubs to discos, bowling, gardening and fitness classes, there’s something on offer for everyone.

With the help of a £1 million loan from Charity Bank, Watford Mencap has bought a much larger building with a vast garden and plenty of car parking spaces. The new community hub will benefit hundreds of people every year. It will also support the charity’s ambitious plans to expand its services. It hopes to build supported accommodation on the site, giving young adults the chance to transition from the family home to independent living.

Manchester Maccabi: Engaging the Jewish community through sport

Impact area: **Wellbeing** | Location: **Manchester** | Loan amount: **£350k**



 **1500**
people of all ages visit the club on a weekly basis



 **17**
other groups and organisations use Manchester Maccabi’s facilities to host their activities



“
Charity Bank have been fantastic throughout. They’ve been extremely flexible and have proactively worked with us to help us through. They used their expertise to suggest grants that we could apply for, and to help us create a new business plan. We’re in a good place now and becoming a viable, sustainable organisation.

Bernie Yaffe
Treasurer, Manchester Maccabi

Manchester Maccabi engages the Jewish community through sporting, social, cultural and educational activities. People in North Manchester from all faiths, cultures and backgrounds can enjoy a wide range of sports, including netball, rounders, boxing, table tennis and self-defence. But Manchester Maccabi is not just about helping people to stay fit and healthy; it’s also about building and strengthening community spirit.

In 2006 the charity built its sports club with the help of a £350,000 loan from Charity Bank. Since then, Manchester Maccabi’s relationship with the bank has grown even stronger. The flexibility offered by Charity Bank has been crucial in helping Manchester Maccabi to overcome all of the hurdles it’s faced.

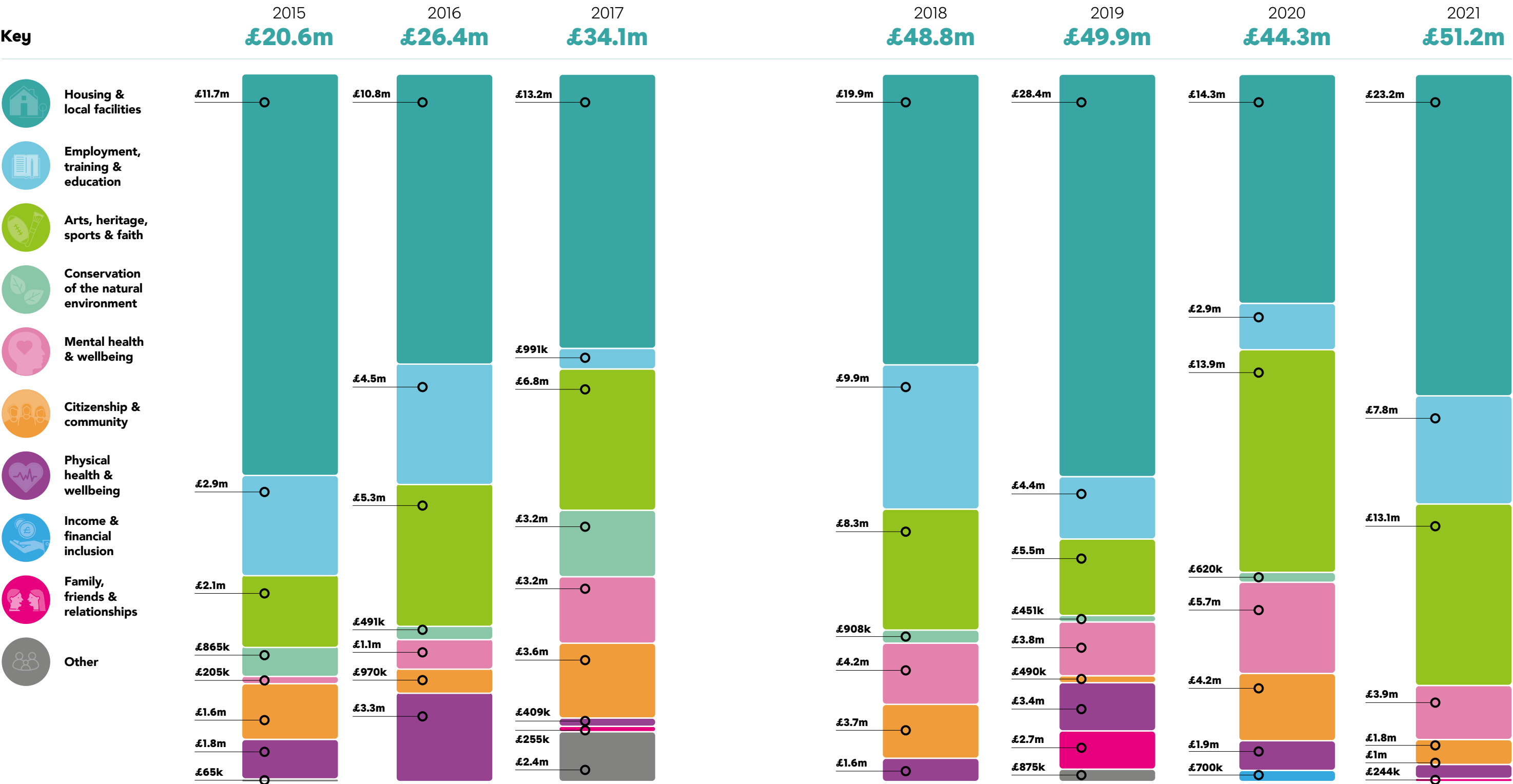
Charity Bank agreed that Manchester Maccabi could take payment holidays when it was really struggling. Once it was back on stable ground, the club was able to pay off a large portion of its loan early, with no prepayment penalty. And during the COVID-19 national lockdown in 2020, Charity Bank granted the charity a capital repayment holiday to ease pressure during the uncertainty.

Lending where it's needed most

During 2020 and 2021, we lent over **£95.4 million** to **132** different charities and social enterprises.

Our borrowers work with some of the most disadvantaged people in the UK, from vulnerable children and abuse survivors to those living with disabilities.

Support is targeted to beneficiaries' individual needs, and ranges from education and training to housing, mental health services and arts programmes.

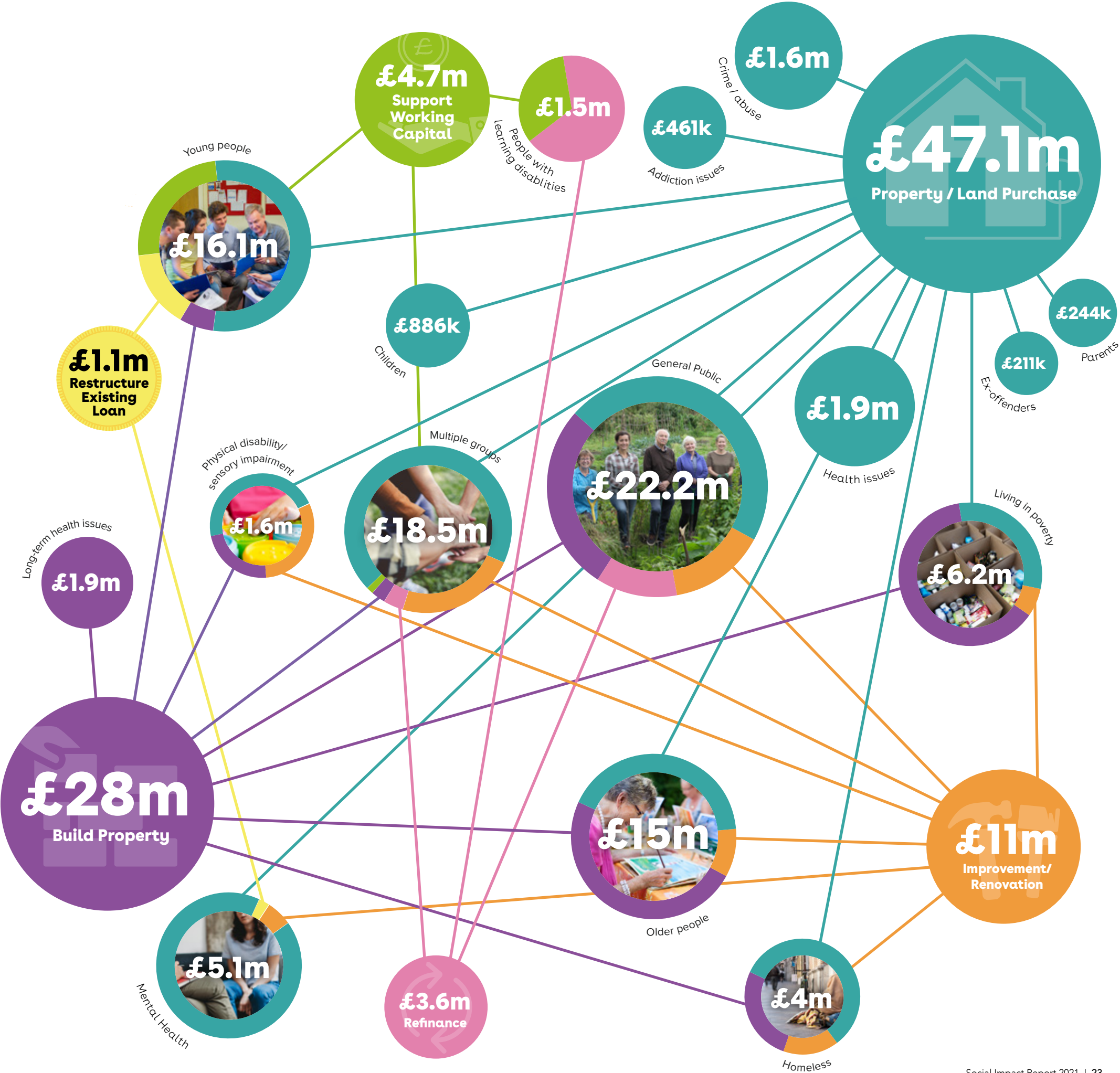


From investment to **social purpose**

When we lend, we lend for a specific purpose – this could be to help an organisation purchase a property so it can extend its work, renovate a property to improve its services, or bridge a gap in finance while waiting on a grant. This in turn helps our borrowers to help the people and communities they work to support.

The infographic shows the purpose of a Charity Bank loan and the people who benefit. The colour coded loan purpose graphics have lines of funding to each of the beneficiary groups. The coloured sections surrounding each beneficiary group shows the percentage of the total amount for each loan purpose.

The loan purpose accounting for the greatest share of our lending from 2020-2021 was Property and Land Purchase (£47.4 million). These loans were to organisations working in a variety of fields and reaching 14 different beneficiary groups ranging from vulnerable children and people living in poverty to ex-offenders and people with long-term health conditions.



From investment to people and communities

Growing front-line services

The money our savers and investors entrust to Charity Bank flows right down to the front-line of communities, changing the lives of countless people. **84%** of the money we lent in 2020 and 2021 had a direct impact on the people our borrowers support, for example increasing or improving the services on offer. In some cases our loan enabled services to stay open that were otherwise at risk of closing.

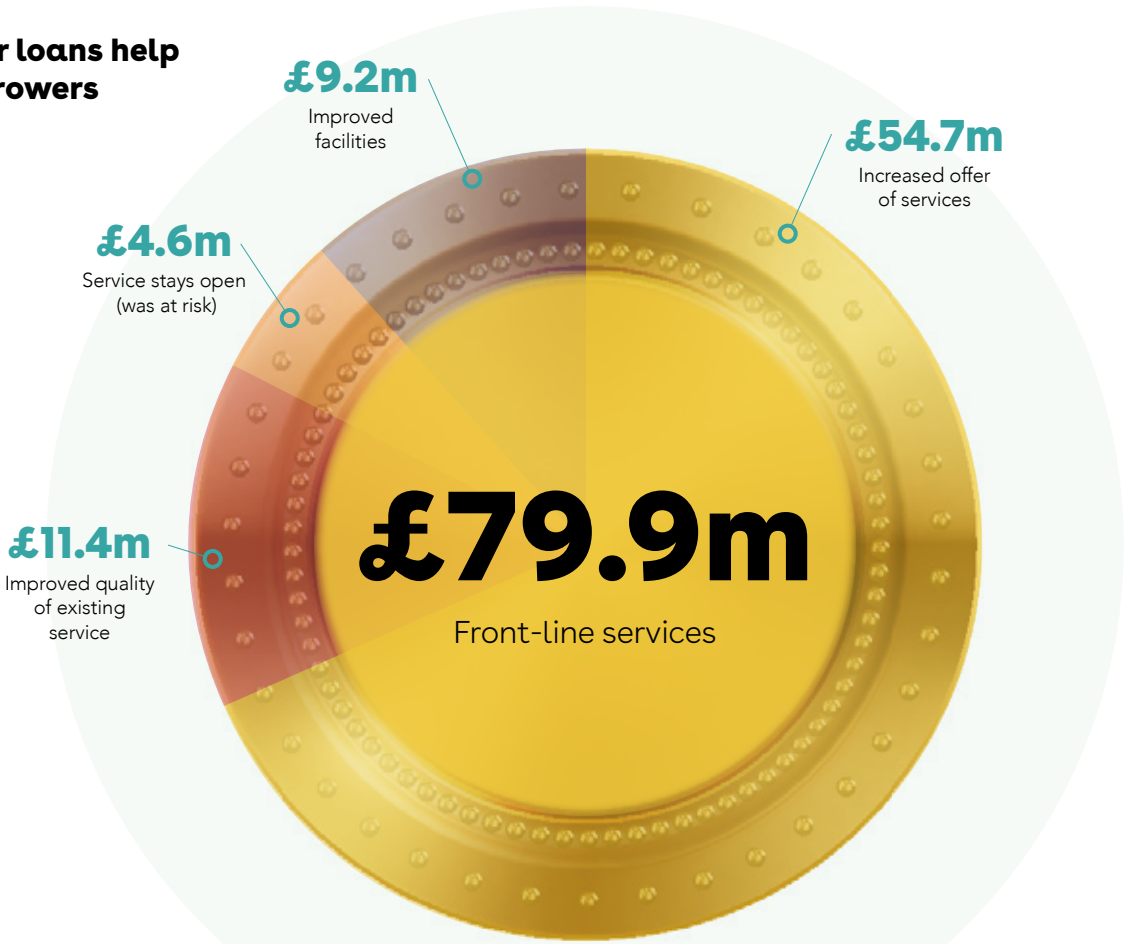
Building resilience

16% of the money we lent in 2020- 2021 (£15.5m) had the primary purpose of helping to improve the resilience of our borrowers, for example by helping them to build their reserves, improve their financial health, use shared spaces to generate income, improve central services or save money which can be used elsewhere.

The top coin represents the value of our loans chiefly used to benefit front-line services. The bottom coin shows the value of our loans chiefly used to improve their financial resilience, thereby indirectly serving people and communities.



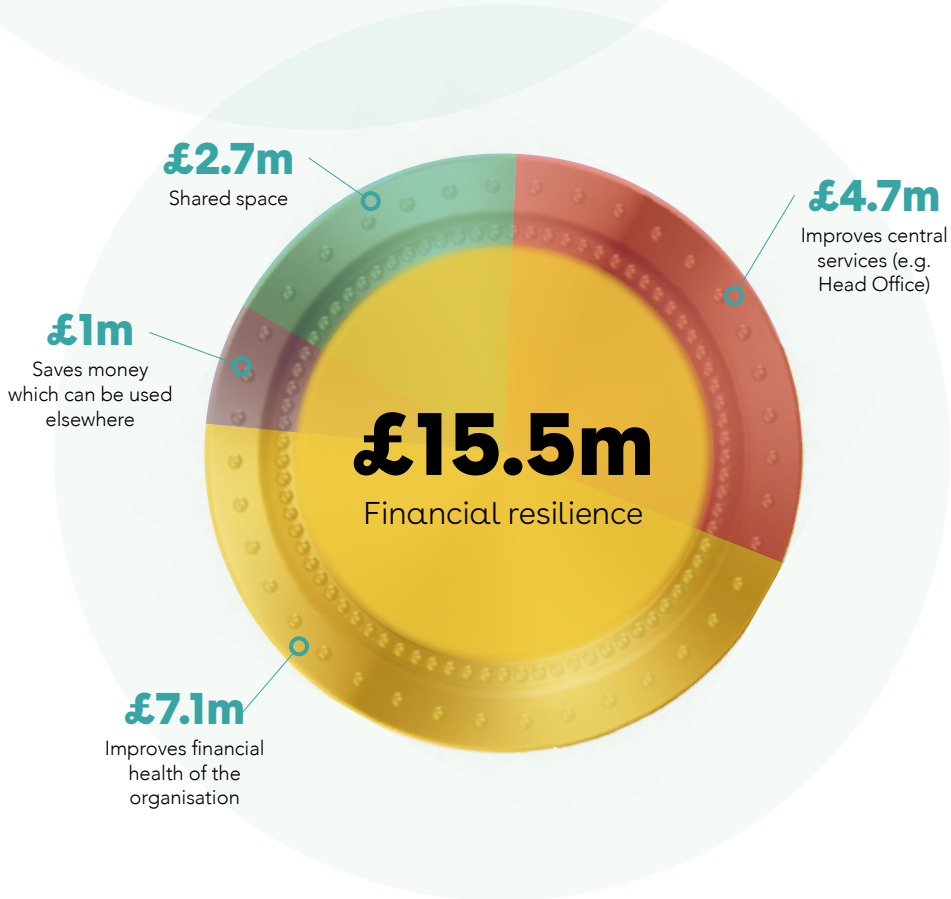
How our loans help our borrowers



“

The loan from Charity Bank was key in enabling us to purchase our first property and move the charity into this next phase. Being able to own rather than simply lease means we now have an independent source of income that will help ensure the sustainability of the charity.

Iain McNee
Operations Manager, Carlisle Key



Strengthening our borrowers to deliver **their mission**

Charity Bank loan either indirectly or directly led to a **% increase** in the following:

93%
Facilities / Assets

30%
No. of volunteers

50%
No. of employees



Helping organisations to survive and thrive

Charities and social enterprises need to have sufficient reserves in place to see them through lean periods, as well as sustainable and diverse income streams. Many of the loans we make enable charities to become more resilient without depleting their reserves. **34%** of our borrowers said that their loan helped them to stay afloat and **45%** reported that their Charity Bank loan funded activities that diversified income streams.

“

We couldn't have bought our property without a loan. Charity Bank made our dream come true. It was lovely to see how excited they were for us. They were really engaged, really interested. We never felt like just a business proposition.

Emily Petts
Family Support Director, Alice Charity



Strengthening and growing

We aim to leave an organisation in a stronger position, both in terms of its ability to carry out its mission, and financially. **57%** of our survey respondents said that their Charity Bank loan directly or indirectly led to growth in income and **84%** said that it meant they could increase what they offered to beneficiaries.

“

We had six bedsits when we started; now we have 37 single person units. There's never a shortage of demand and we usually have a waiting list. We've grown slowly to a sustainable size. Grants are so hit and miss, and it's impossible to anticipate government policy, so you can't rely on outside funding – you need to generate your own income. Our new development of one-bedroom flats will help to make us even more self-sustaining.

Frank Joyce
Chair, Tamworth Cornerstone Housing Association



Improving financial resilience

Our regional managers can support borrowers to carry out a review of internal financial processes or to strengthen their governance. These actions can make borrowers more attractive to other funding bodies such as charitable foundations. **70%** of our borrowers reported improved financial planning as a result of Charity Bank's support, and more than **50%** reported improved management of accounts.

“

Charity Bank recognises the social impact of what we're doing and they've moved mountains to make it happen. Everyone was exceptionally helpful and patient, and they went out of their way to make the application process as easy as possible. Common Ground is this scruffy little start-up punching above its weight and we've had first class service from Charity Bank.

Helen Carlin
Founder, Common Ground Against Homelessness



New facilities and reduced cost

The majority of our borrowers used their loan to acquire facilities or fixed assets such as a new building. These assets can reduce rental costs or bring in additional funding streams, such as trading income from a new shop or café, or rental income. **93%** of survey respondents reported that their Charity Bank loan either indirectly or directly led to growth in facilities or assets and **39%** said that their loan had helped them to reduced costs.

“

With the support of Charity Bank, we've gone from this huge residential home that was losing a lot of money to a modern housing scheme with a waiting list.

Matt Larkin
Operations Manager, Mayfield Trust



Enabling projects to go ahead

Some of our borrowers could have accessed loan finance elsewhere but chose Charity Bank because they wanted to keep money within the social sector. Others, however, would have struggled to get a loan from another lender, either because of high interest rates, unrealistic loan conditions or simply because high-street lenders do not always understand the charity sector. **70%** of our survey respondents said that their Charity Bank loan financed activities that other funders would not. **66%** reported that their project would not have gone ahead without their Charity Bank loan.

“

Commercial banks seem to be scared of dealing with charities. Charity Bank accepts charities as charities. They understand our ethos; they can see what we're trying to do. Without their help, I would have had to watch one of our houses being sold into the privately rented sector.

Christina Baby
CEO, First Fruit



Attracting grant funding

One of the many challenges facing the charity sector is the availability of grant funding. Often a loan is taken out to cover a project or service that would not be able to attract grant funding. This was the case with **33%** of our borrowers last year.

“

We've had two loans from Charity Bank over the last two decades. Together, they unlocked £120,000 in grant funding. We've just paid our second loan off and it feels rather like saying goodbye to a dear old friend. The relationship has always been so supportive.

Camilla Oldland
Chief Executive, Living Paintings



DENS: Rebuilding lives,
one brick at a time

Collaborate Women: Breaking
the cycle of domestic violence

Impact area: **Housing** | Location: **Hemel Hempstead** | Loan amount: **£248k**

Impact area: **Domestic abuse and homelessness** | Location: **Greater Manchester** | Loan amount: **£68.6k**



While hostels provide temporary accommodation, they are not a long-term solution. DENS offers a holistic package of support to help people learn new skills and rebuild their lives. Its services include a 44-bed hostel, as well as a food bank, day centre and move-on accommodation.

- **40%** of DENS clients were made homeless after losing tied accommodation
- **21%** were made homeless after a partner evicted them
- **27%** were made homeless when their parents evicted them

A £248,000 loan from Charity Bank has enabled DENS to buy a new move-on property, which will then help to free up hostel spaces. The new property has four bedrooms as well as shared living areas. Tenants will be supported by a key worker but given the chance to live more independently – a crucial step in breaking the cycle of homelessness. When they are ready to take the next step, DENS will be there to help them find a new home of their own.

6

DENS clients graduate from a move-on property each quarter

4

new move-on tenancies due to the loan

“I just want to be in my own place with my own key and have that true sense of independence back. The way I see it, it will be going from strength to strength. I just want to really get back into full-time employment and get my head back down into the game.

Spencer
DENS client



4,800

women reported domestic abuse in Trafford during 2018⁴

80%

success rate in women completing the programme and moving on to live independently

“Some of the women who come to us have been forced into marriage, brought to this country and then held captive and beaten by their husband and his family, for years. They have to literally escape from the house. And they’ve been isolated from the community and can’t speak English, so there’s a real barrier to seeking help.

So thank you Charity Bank for helping us to change lives. This is not just a property or a loan, it’s a legacy. Now, Collaborative Women can really start to grow.

Jan Tasker and Grace McCorkle
Co-directors of Collaborative Women



Collaborative Women was founded in 2014 in response to the need for accommodation for single women fleeing gender-focused abuse and to fill a gap in existing housing provisions. The charity provides safe move-on accommodation coupled with life training to help abused women to regain their independence.

Women requiring the service come from different backgrounds. Some are refugees; many are the victims of forced marriage and others are experiencing parental abuse. The holistic package of support Collaborative Women provides helps to break the cycle of violence – empowering and equipping women with the skills and the confidence they need to avoid resorting to what they fled from or worse.

With the help of a Charity Bank loan, Collaborative Women was able to buy its first property. As well as becoming a safe haven for its residents, the three-bed apartment is helping Collaborative Women to reduce its costs as the loan repayments are around half what the Community Interest Company (CIC) would otherwise be paying in rent. Plus, the property is an asset, and the loan is enabling Collaborative Women to build a stronger credit history, both of which should help with future funding applications.

Reaching the most deprived areas and communities

We use the indices of multiple deprivation published for England, Northern Ireland, Scotland, and Wales to identify the areas of social need. These indices rank each small area or neighbourhood from most to least deprived in each country, and separate them into 10 equal groups called 'deprivation deciles'.

The most deprived areas have a high proportion of people on very low incomes, higher numbers of people dying prematurely and more people having trouble finding an affordable home. **51%** of our lending in 2020-2021 was to the four most deprived deciles of the UK.⁵

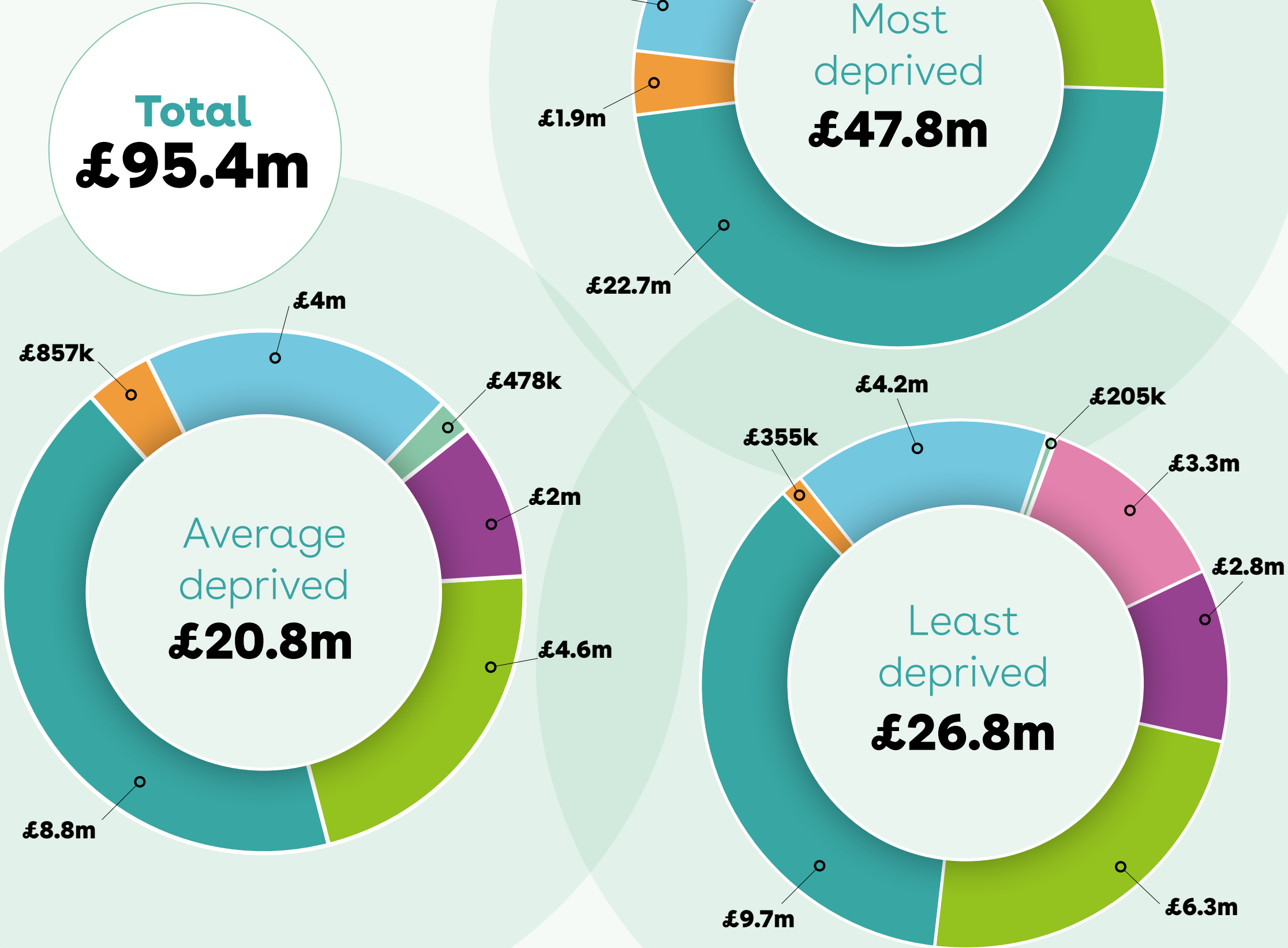
The infographic on the right breaks down our lending within the most, average and least deprived areas of the UK.

Sometimes within the wealthiest (least deprived) communities there are significant pockets of inequality and disadvantage. A common example is when we lend for affordable housing for local people who would otherwise be priced out of their local community.

Infographic: data from 2020-2021

- Key

 - Housing & local facilities
 - Employment, training & education
 - Arts, heritage, sports & faith
 - Conservation of the natural environment
 - Mental health & wellbeing
 - Citizenship & community
 - Physical health & wellbeing
 - Income & financial inclusion
 - Family, friends & relationships



Equality, diversity, equity and inclusion

At Charity Bank, we are working to incorporate equality, diversity, equity and inclusion (EDEI) in everything that we do. We are passionate about reaching deprived communities and seek to support a diverse range of charities and social enterprises that are working to make a positive difference in areas facing disadvantage and inequality across the UK.

Diversity and our borrowers

We are committed to finding ways to extend the reach of our lending to a diverse range of borrowers, including communities and groups that have previously been excluded from mainstream and social investment. We are evolving our approach in order to bring EDEI into all aspects of our business, from where and how we market our loans to how our investment decisions are made.

Additionally, we are in the process of developing a flexible loan fund with a key objective to promote social investment for underserved communities. This fund will target its support towards charities and social enterprises founded, led by or supporting minoritised groups.

The bar charts on the right give a snapshot of the diversity of our borrowers' beneficiaries, Board and Senior Management team, according to our 2021 survey. This sheds light on the diversity of the organisations we work with and the characteristics of their leadership team and beneficiaries that are currently measured, providing a benchmark for us to measure our progress against in future years.

Diversity and our team

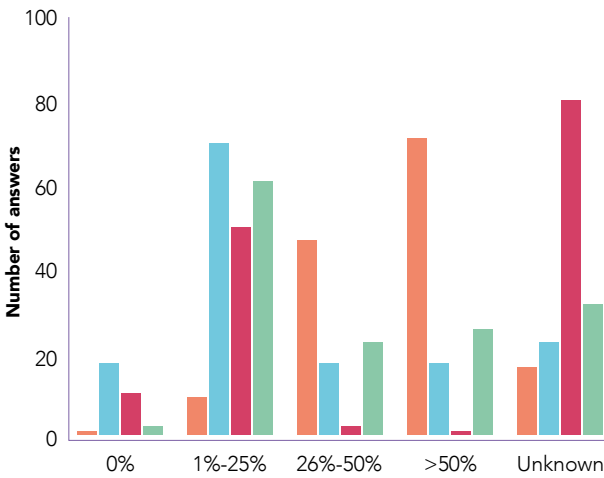
We are committed to building an inclusive and supportive culture, to provide equality of opportunity for diverse talent, at all levels. We have formed a Diversity Working Group with Board and management representatives and all our employees and Board have undergone formal EDEI training.

We have implemented a blind recruitment strategy whereby CVs are redacted to reduce unconscious bias. We are also establishing a Board Shadowing Programme whereby individuals from underrepresented and minoritised groups are offered opportunities to attend Board and sub-committee meetings, sector panels and other management meetings.

2021 survey

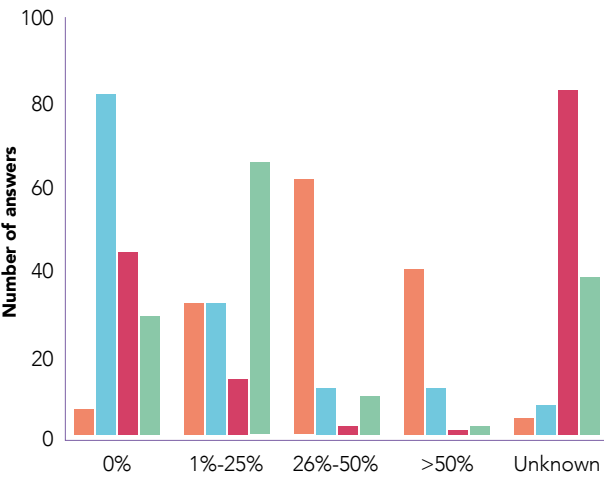
What percentage of those accessing your services identify with the key diversity characteristics listed below?

- Beneficiaries who are Women
- Beneficiaries who are Black, Asian or Minority Ethnic
- Beneficiaries who are LGBTIQ+
- Beneficiaries with long term health conditions or disability



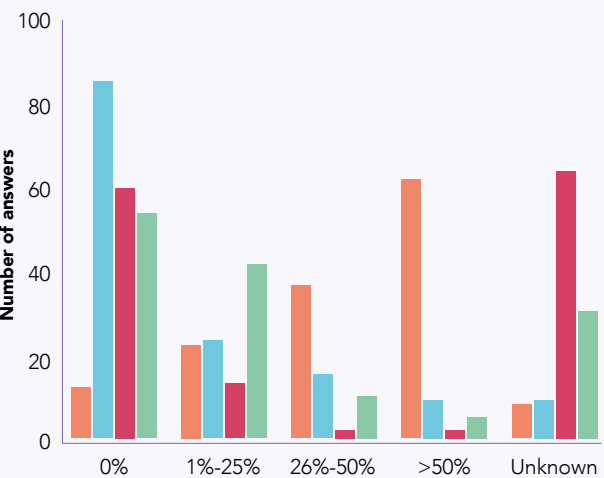
What percentage of your Board identify with the key diversity characteristics listed below?

- Board members who are Women
- Board members who are Black, Asian or Minority Ethnic
- Board members who are LGBTIQ+
- Board members with long term health conditions or disability



What percentage of the senior management team identify with the key diversity characteristics listed below?

- Senior management who are Women
- Senior management who are Black, Asian or Minority Ethnic
- Senior management who are LGBTIQ+
- Senior management with long term health conditions or disability




Continually driving improvements in our approach to equality, diversity and inclusion in the workplace helps us to access and retain the best talent and fosters an environment through which all employees can thrive. This in turn enables us to serve our customer base more creatively and effectively.

Orla Dobson
Credit Controller and member of the Diversity Working Group, Charity Bank

Micro Rainbow: A safe haven for LGBTQI asylum seekers

Impact area: **Housing** | Location: **National** | Loan amount: **£1.5m**



 **300**
people per year to be supported by Micro Rainbow across 35 new houses



 **50,000**
bed nights offered



“LGBTQI asylum seekers aren’t like other asylum seekers. For other asylum seekers, they reach the UK and then they’re safe. We reach here and we’re still not safe. Whilst you are waiting for your asylum claim to be processed you are placed in temporary accommodation.

This is particularly traumatic for LGBTQI people as there is a lot of homophobic culture, because you are being housed with over 200 other asylum seekers and refugees who are new to the UK and are still stuck in the mentality of the places they fled from. People would yell abuse at us in Arabic and someone even tried to rape my husband.

Wiam
Mirco Rainbow tenant

Social Issue
Around 2,000 LGBTQI people claim asylum in the UK every year.⁷ They flee from persecution, but often face discrimination, isolation and abuse here in the UK. Many end up being housed in shared accommodation or detention centres with homo/transphobic residents while they wait to find out if they’ve been granted asylum.

Micro Rainbow
Offers a holistic package of support for LGBTQI asylum seekers and refugees, including peer support groups, employability workshops and safe housing. Micro Rainbow is giving people a safe place to call home, along with the chance to integrate into society and work towards a better future. Charity Bank is lending Micro Rainbow an initial £1.5 million, with six trusts and foundations also agreeing to provide £1.78 million of loans, and one has offered a grant of £125,000. The social enterprise is using the money to buy and convert an extra 25 four-bedroom properties. The new houses mean that Micro Rainbow will be able to offer safe housing to around 300 people a year in total. Many more will benefit from Micro Rainbow’s other services.

Pathfinder Dogs: Helping blind people to be more independent

Impact area: **People with physical disabilities or sensory impairment** | Location: **Scotland** | Loan amount: **£87.3k**



 **750**
people a year expected to visit the new house for guide dog training



 **135**
meals a day where cooked for local people who couldn’t cook for themselves during lockdown



“Danny at Charity Bank was brilliant. He understood that paperwork would take longer as I needed to listen to it rather than read it. We’re now looking at a new project – to build a community of homes that will enable blind and partially sighted people to live independently. And we’re talking to Danny about that too.

Anne Royle
Founder, Pathfinder Dogs

An assistance dog can make a huge difference to the life of someone who is blind or partially sighted, but it takes up to three years to raise and train a dog. On top of that, there is a real shortage of assistance dogs in the UK and waiting lists are even longer for pure bred German Shepherds.

Anne Royle set up the charity Pathfinder Dogs back in 2003 after being told she’d need to wait at least three years to be matched with a new German Shepherd assistance dog. Her old dog had just retired, and as Anne explains, “It’s like being a wheelchair user, having your wheelchair taken away and then being told you’ll have to wait three years for another one.” The charity now trains German Shepherds from puppies to adulthood and matches them with the right person.

When the charity was given notice to leave the commercial property that it had been using used for its three-week training courses, a supporter generously made the charity a temporary loan to buy a two-bed property. The property is being used to accommodate people who are learning to handle their new dog. It also serves many more purposes and has now become an essential base for the charity. Pathfinder Dogs took out a £87,250 loan with Charity Bank to begin to pay back the supporter.

Small loans, big impact

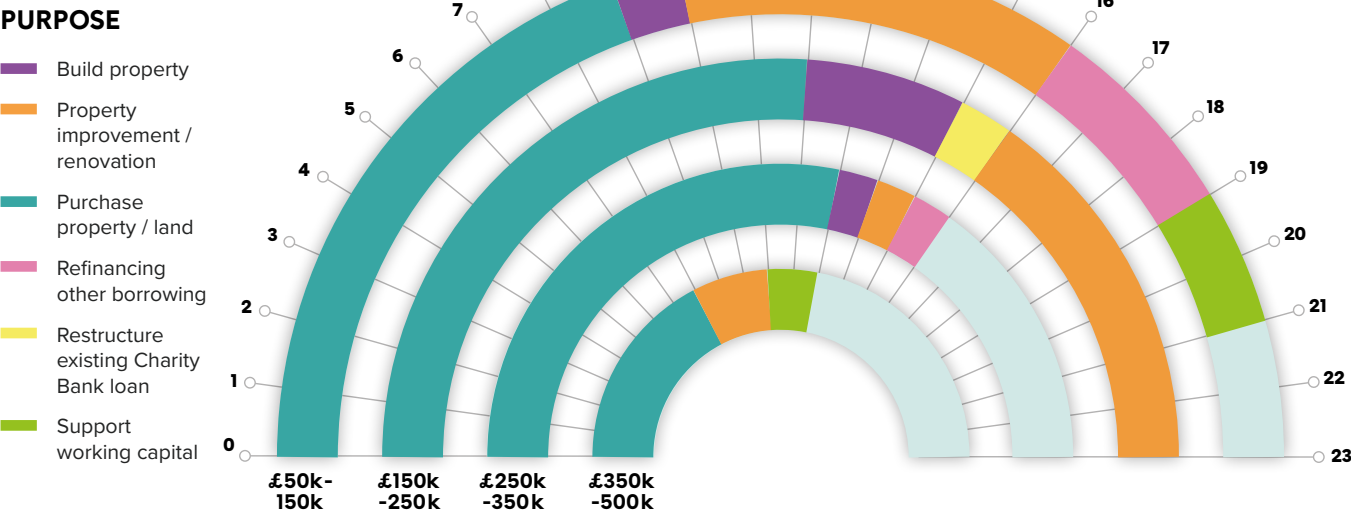
Research has shown that the greatest gap in provision of credit to social sector organisations relates to smaller charities and social enterprises⁶. These organisations often require smaller loan amounts that many mainstream lenders find economically unattractive.

To fill this gap, we have tailored our approach to assessing small loan requests, enabling us to make such loans more quickly and efficiently.

We have a dedicated team responsible for managing small loans. Over the last two years, we have made 73 loans under £500,000; 21 of these were for less than £150,000.

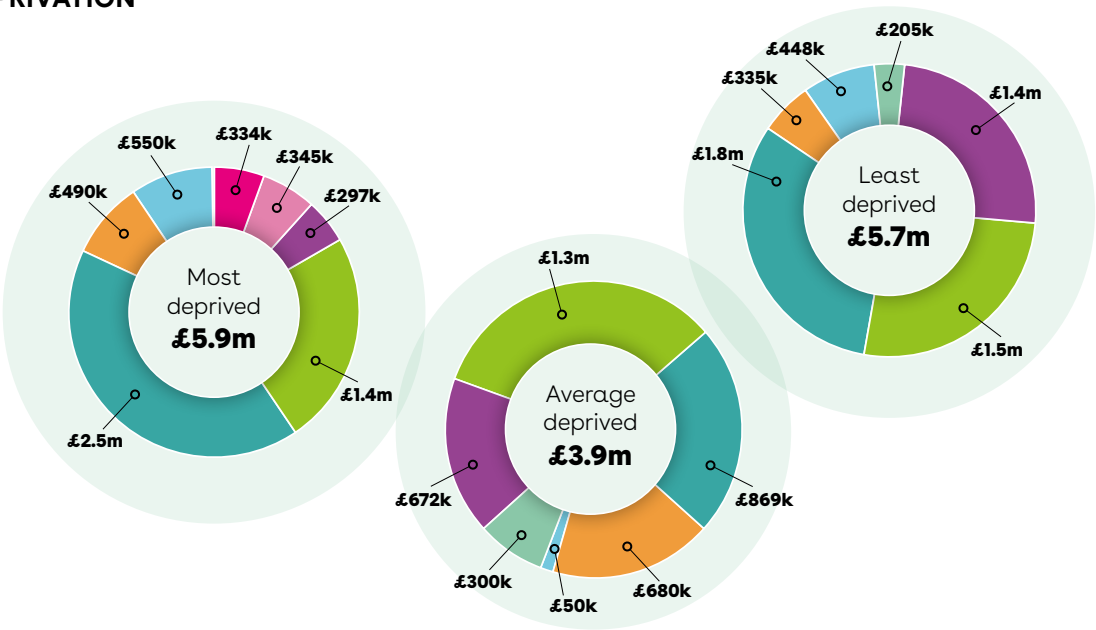
Altogether, smaller loans amounted to £15.52m (16% of our total lending). 38% of this went to organisations working in the most deprived areas of the UK.

Loans £50k-£500k in 2020-21



OUTCOME AREA / DEPRIVATION

- Housing & local facilities
- Physical health & wellbeing
- Arts, heritage, sports & faith
- Employment, training & education
- Mental health & wellbeing
- Citizenship & community
- Family, Friends and Relationships
- Conservation of the Natural Environment



Faith Hope and Enterprise: Serving excluded people

Impact area: **People with physical disabilities or sensory impairment** | Location: **Derby** | Loan amount: **£76k**



4

Charity Bank loans totalling £300,000 have helped the charity purchase four properties



14

bed spaces provided



With other organisations, where you have to deal with someone different every time, you don't get that level of personalised interaction and it can make things difficult. Nurturing individual connections is what we do here at Faith Hope and Enterprise; that's how I prefer to work and that's how Charity Bank works too.

Kevin Gill
Chief Executive, Faith Hope and Enterprise



People can experience the breakdown of social structures and find themselves homeless and alone for a variety of reasons. While some supported housing exists in the Derby area, putting a roof over someone's head doesn't necessarily take away their other difficulties and barriers.

Faith Hope and Enterprise operates a unique model, of which providing housing is just one element. Through building sustained, supportive relationships, they aim to really get to know each individual and their needs and to help them reconnect with positive, healthy life choices.

The loan helped the charity to purchase a property and has helped Faith, Hope and Enterprise to look towards the future and build long-term security for both the charity and its residents. With loan repayments significantly less than rental charges, the loan has also freed up funds that can go back into the development of the charity and the wellbeing of residents.

Here for our borrowers through COVID-19

In the early stages of the pandemic, we were quick to adapt to the needs of our borrowers granting those that needed it some form of repayment forbearance.

During the second half of 2020, when many other banks were scaling back their activities we continued to lend and approved an additional **£49m** of new loans.

We supported the quick roll-out of the Resilience and Recovery Loan Fund (RRLF) run by the Social Investment Business. As the most active intermediary, we helped to secure approval for **27** emergency loans and small grants of **£12 million**.

For 20 years, we've been there for our customers, supporting their growth plans, providing assistance during uncertain periods, and delivering unrivalled social sector experience when it's needed most.



Foresight

On 17 March 2020, Foresight's new housing development was subject to an arson attack. Three days later the first lockdown was announced. With support from Charity Bank, the charity has overcome these difficulties and is feeling excited for the future again.

In mid-March Foresight's new housing development – due to welcome 24 new residents – was subject to an arson attack. This led to the discover of significant issues with the build itself and then, three days later, the first national lockdown of the Coronavirus pandemic began. Having a long-standing relationship with Charity Bank, with four loans over the past eight years, Foresight reached out for support.

Charity Bank helped secure Foresight working capital through the Resilience and Recovery Loan Fund (RRLF) offered by Social Investment Business (SIB), and some additional grant funding. This enabled rebuilding works to take place whilst insurance payments for the arson were processed. It also meant the charity didn't need to deplete its reserves in order to continue services through the pandemic, providing a much-needed lifeline to many of its service users. Now, Foresight is once more in a strong position and its new accommodation is open.



We could have coped if it had just been COVID-19. But the fire and building issues on top of that could have brought our whole organisation down. The relationship we've built with Charity Bank over the years is just fantastic and once more their support has been invaluable.

Paul Silvester
Chief Executive, Foresight



I suffer with anxiety and depression and, if it wasn't for Foresight, I'd be stuck at home, festering in my flat, struggling. Foresight has been here for me and Paul has done a brilliant job keeping the centre open. If it hadn't been open over this period I don't even know where I'd be. We need support and this place has been brilliant for me.

Thomas
Foresight service user



Folkestone Sports Centre Trust

Closures due to the pandemic resulted in Folkestone Sports Centre losing over 90% of its income. With ongoing support from Charity Bank, it has been able to reopen to the community.

When Folkestone Sports Centre found out it would have to close its doors last year as the first lockdown in England began, the first concern was for its customers and how the centre could continue to support them. Next, the financial reality set in. Almost overnight, a healthy monthly income of close to £140,000 was reduced to nearer £6,000 as activities ceased.

Charity Bank immediately granted the charity a repayment holiday on its loan, allowing time to concentrate on adjusting to the new situation and continuing to support staff and its most vulnerable customers. A further repayment holiday and a loan through the Resilience and Recovery Loan Fund (RRLF), offered by Social Investment Business (SIB), meant that the centre remained operational as the pandemic has evolved. This has enabled Folkestone Sports Centre to plan for the long term and helped to ensure it could resume activities as soon as circumstances allowed.



I can honestly say I don't think we would be where we are if it hadn't been for our relationship with Charity Bank over the last ten years. And we certainly wouldn't have survived this last year.

Tessa Stickler
General Manager, Folkestone Sports Centre



A great local asset hit hard by valid restrictions. Great to visit today and feel totally safe as a result of the precautions they have in place.

Claire Harper-Smith
Folkestone Sports Centre service user

Challenges and further development of our impact measurement

Our approach to social impact assessment

For every loan we consider, we look at both the credit worthiness of the borrower and the social impact that the organisation delivers.

When assessing the impact of a borrower application, we consider the scale, depth and duration of the impact. We also take into account whether there are similar services provided in the local area.

Three additional elements of strategic interest to Charity Bank captured in the application are:

- **Alternative funding:** Where the borrower was unable to obtain a loan on comparable terms elsewhere
- **Deprivation:** Delivery of services within the four most deprived deciles of the UK
- **Diversity:** Diversity of four measured characteristics for people reached or the leadership team;
 - o Gender
 - o Individuals from minoritised groups
 - o Individuals who are lesbian, gay, bisexual, transgender, intersex, queer/questioning, asexual (LGBTIQ+)
 - o Individuals with long term health conditions or disabilities.

Our approach aligns with the Impact Management Project (IMP) – a forum for building global consensus on measuring, managing and reporting impacts on sustainability.

We seek to filter out inappropriate applications early on in the lending process; all borrowers are asked to sign up to a statement of values, and we also have a business acceptance panel that looks to eliminate unsuitable applicants at an early stage.

Social impact and the social sector

Statistics show that a large number of our borrowers are still not measuring social impact in a formalised way. Indeed, **48%** of our survey respondents said that they

do not gather data to evidence their social impact, **24%** of our survey respondents said that technology was a main barrier to evidencing their social impact, whilst **23%** said lack of expertise held them back.

The lack of measurement by our borrowers presents challenges when it comes to us evaluating our own impact. Using standardised indicators to categorise our lending also presents some difficulty as our borrowers’ activities are so diverse. Despite this, we have successfully developed a monitoring process to identify how different beneficiary groups benefit from our loans.

Successes since last year’s report

Last year, we introduced the 17 Global Sustainable Development Goals (SDGs) in our assessment of loan applications and we continue to consider the wider impact of the organisations we support. This year, we’ve started to reflect the diversity of the charities and social enterprises we lend to, as well as the diversity of the beneficiaries they support.

We’ve integrated both the SDGs and diversity measurements into our social impact scorecards. These scorecards are seen alongside our credit applications every time a loan is reviewed by the credit committee, helping us to standardise information we receive.

Future development goals

This year, we joined the Partnership for Carbon Accounting Financials (PCAF) – a global collaboration between banks and other financial institutions that enables harmonised assessments and disclosures of greenhouse gas emissions. In 2022 we plan to measure and report on the carbon footprint financed by each of our loans.

Social impact measurement is a standing agenda item at our Board meetings as it is critical to understanding our business and informing our decision making and future direction. If we are to successfully deliver our mission and commitments – to people, communities, and the planet – we need to continue to strengthen how we measure and share the outcomes of our actions.





Join us

Does your organisation need a loan?

Get in touch! Call us or send us a brief email telling us what you do, the amount you need and what you'll use it for. Our team will be in touch to learn more about your organisation and discuss how we can help.

E: enquiries@charitybank.org

T: +44 (0)1732 441900

W: charitybank.org/loan

Do you want your savings to be a force for good?

Join us to earn interest and make a positive difference to UK communities. You can find out more about our savings accounts at www.charitybank.org/ethical-savings or by giving our savings team a call on 01732 441944.

Thinking of becoming a shareholder or impact investor?

If you're interested in investing capital in Charity Bank, contact Mark Howland: mhowland@charitybank.org

References

¹ Good Finance (2016), The outcomes matrix
<https://www.goodfinance.org.uk/measuring-social-impact>

² United Nations (2022), Sustainable Development Goals Knowledge Platform,
<https://sdgs.un.org/goals>

³ NCVO (2022), Charity Commission

⁴ Trafford Domestic Abuse Strategy Final (2018),
[Item 12 - Trafford Domestic Abuse Strategy Final 2018.pdf](#)

⁵ The English Index of Multiple Deprivation (IMD) 2016,
The Scottish Index of Multiple Deprivation (SIMD),
The Welsh Index of Multiple Deprivation (WIMD) 2019,
The Northern Ireland Multiple Deprivation Measure (NIMDM) 2017.

⁶ <https://www.gov.uk/government/publications/civil-society-strategy-building-a-future-that-works-for-everyone/3-the-social-sector-supporting-charities-and-social-enterprises>

⁷ Published on GOV.UK - Data provided by the Office for National Statistics, (2019)



What's in a label?

Our values recognised



Good Shopping Guide Ethical Company

Charity Bank has been awarded the top spot in Good Shopping's index of ethical banks and building societies for 15 years running.



Living Wage Employer

Charity Bank was among the first employers in the UK to become an accredited Living Wage Employer and seeks to work with Living Wage suppliers. The Living Wage is an hourly rate of pay, which is calculated against the cost of living in the UK.



Responsible Finance Provider

This accreditation means that we have been judged to provide affordable and fair finance with an aim of doing good, building hope, creating opportunity and changing lives.



Social Enterprise Mark

Charity Bank is the only bank in the UK to hold the Social Enterprise Mark. It's an independently assessed guarantee of a company's commitment to trading for the benefit of people and the planet.



Social Enterprise UK

Charity Bank is the only bank to be certified as a social enterprise. Social Enterprise UK's expectations of social enterprises include transparency and having a clear social and environmental mission.



Global Alliance for Banking on Values (GABV)

GABV is an independent network of banks and banking co-operatives that use finance to deliver sustainable economic, social and environmental development.



The Partnership for Carbon Accounting Financials (PCAF)

Charity Bank joined the Partnership for Carbon Accounting Financials in 2021. This is part of our commitment to measure and disclose the greenhouse gas emissions financed by our loans.



Investors in the Environment (iE) Silver

Charity Bank is working towards iE Silver accreditation. We are monitoring our use of resources and implementing measures to reduce our environmental impact and increase efficiency.



Working to **make a difference**

“

We couldn't have bought our property without a loan. Charity Bank made our dream come true. It was lovely to see how excited they were for us. They were really engaged, really interested. We never felt like just a business proposition.

Emily Petts

Family Support Director, Alice Charity

The photographs in this report include images of our borrowers and the people they support, along with savers, shareholders and staff to whom we express our gratitude. This year because of the restrictions caused by COVID-19, we have also used a number of stock images from iStock.

Nothing within this document should be deemed to constitute advice or recommendations. If you are in any doubt, please seek professional advice before any course of action is taken.

Registered Office:

The Charity Bank Limited, Fosse House, 182 High Street, Tonbridge, TN9 1BE. Company registered in England and Wales No. 4330018. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Financial Services Register No.207701. Member of the Financial Services Compensations Scheme (FSCS).

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