INVESTING IN SOCIETY
Charity Bank Impact Report 2020
There is no doubt that these are challenging times. COVID-19 is making an impact on almost every single person, family, community and organisation in the UK. We do not yet know what the long-term impact will be on the social sector. We do know that even before COVID-19 hit, the social sector was feeling the pressure of meeting an increase in demand for services, while coping with widespread funding cuts.

There has rarely been a greater need for charities and social enterprises, and that’s why it’s still so important to celebrate their successes. Last year, 67 borrowers used a new Charity Bank loan to support their community. Some used their loan to expand services and reach more people. Others used it to improve their financial stability by reducing their reliance on grant funding, increasing their assets or cutting their outgoings, putting them in a stronger position to help local communities for many years to come.

Charity Bank could not provide loans without our savers and investors. You decided you wanted to use your money to improve the world – and it has. It’s thanks to you that we reached a landmark point last year – our 1000th loan. In total, we’ve loaned more than £300 million to housing associations, care homes, churches, schools, community hubs and other social purpose organisations.

So, whether you’re a saver, investor, borrower or staff member, I would like to offer you my heartfelt appreciation. Together, you’re helping communities to pull together so that they can support people through this crisis and help them prepare to rebuild.

Sincerely

Edward Siegel  
CEO Charity Bank
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Filling the gap in mainstream credit provision

Charities and social enterprises sometimes struggle to access finance, largely because mainstream lenders simply do not understand the social sector. While our credit policies and procedures follow recognisable market standards, we have a much greater understanding of the specific needs of charities and social enterprises.

“We talked to five or six lenders. None was able to lend us the full amount required, but Charity Bank was the one that came prepared with ideas of how we could get the additional funds.”

Catharine Des Forges, Founder and Director of The Independent Cinema Office (ICO)

Flexible and responsive

We tailor every loan to our borrowers in order to meet their individual needs and circumstances. We’re open to ideas and new approaches, as we want our customers to get the solution that’s 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.

“Charity Bank offered us a loan and were brilliant. Some challenges and unexpected difficulties came up along the way, but Charity Bank remained supportive and flexible throughout.”

Gilly Simpson, Holne Community Shop & Tea Room

Patient and supportive

Many of our borrowers have not previously taken out a loan. We guide applicants through the credit and legal due diligence processes, something that mainstream lenders do not always want to make time for. Our aim is to make the applicant’s journey as smooth as possible.

“If you apply for a loan at a mainstream bank, the conversation starts with ‘How much do you want and how much can you afford?’ With Charity Bank, the starting point is ‘What do you want to achieve and how can we help you get there?’”

Will Martel, Operations Manager, Footprints Family Centre

Strengthening impact-led organisations

The aim of Charity Bank is to leave an organisation in a stronger position, both financially, and in terms of its ability to carry out its mission. 57% of our borrowers reported improved financial planning as a result of our loan.

“At a time of general financial instability, the Charity Bank loan enabled us to make a smart investment that has not only allowed the expansion of our services but provided us with real future security.”

Jon Weller, Director of Community Services, Imago
Shared values and goals

Our borrowers remain with us, and often return for follow-on financing, because we are easy to work with, and remain so even when challenges arise. Many have built longstanding relationships with their dedicated Charity Bank managers and 98% of our borrowers would recommend Charity Bank.

“What makes Charity Bank different is that it employs people who understand what an organisation is trying to achieve, genuinely cares about the project’s success and offers solutions to problems in addition to money.”

Anne Pierson, Director, Sedbergh & District Arts & Heritage Trust

More than an ethical option

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 mission-led businesses that are working to bring about essential social change. Our borrowers also take comfort in the fact that the interest that they pay on their loans will only benefit other impact-led organisations.

“On behalf of the thousands of people whose lives we’re helping to improve, we’d like to say a big thank you to everyone who has made the choice to save ethically with Charity Bank. Your savings have made it possible for the Beacon of Light to have an even bigger impact on the North East than we had anticipated.”

Lesley Spuhler OBE, Chief Executive, Foundation of Light

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<td>69% of our customers are first time borrowers</td>
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borrower impact survey 2020
Our approach is 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

Need for Finance...

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

To Address Social Need

The support provided by these organisations is targeted to beneficiaries’ individual needs, and ranges from education & training to housing, mental health services and arts programmes.

Work with Borrower

Speak to Charity Bank’s loans team

Assigned regional manager

Loan approved

Work with Specialist Partners

Advise how to improve financial position prior to lending

Not ready for Charity Bank loan

Refer for additional financial advice

Refer to another more suitable lender

We direct our savers’ and investors’ money towards organisations dedicated to improving lives and communities across the UK.

Savers & Investors

Choose Charity Bank

We direct our savers’ and investors’ money towards organisations dedicated to improving lives and communities across the UK.

Mission

Our approach to impact

6
Our loans help charities and social enterprises in a wide variety of ways. Typically, our loans help our borrowers to improve their financial position, improve the quality and reach of their services, and leave them better placed to deliver on their mission.

100% Contribute toward mission

- 89% Growth in facilities/assets
- 78% Improved quality of service or facilities
- 69% Growth in service
- 57% Improved financial planning
- 31% Increased number of employees
- 21% Grown volunteer base
- 24% Reduced cost
- 35% Improved management accounts

IMPACT ON COMMUNITY
Whole communities can benefit as a result, whether through improved services, reduced crime or an increase in opportunities.

IMPACT TO DISADVANTAGED COMMUNITIES
57% of our lending in 2019 was directed towards organisations operating in the most disadvantaged areas of the UK.

IMPACT ON PEOPLE
People are given the chance to rebuild their lives, fulfil their aspirations and work towards a brighter future.

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

Data for this report is gathered from our ongoing tracking of social and financial data and an impact survey conducted in February and March 2020. This impact survey was offered to 261 of our current and recently repaid borrowers, with 102 completing the survey (a 39% response rate).

This is the first year we have included the UN Sustainable Development Goals (SDGs) 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. We have started to map the SDGs to the work of our borrowers.

* all references on page 30
We can only do what we do because of the savers and investors who put their trust in us.

There’s been a growing interest in ethical consumerism over the last few years. The most common approach seen in the fast-evolving and wide-ranging ‘impact investment’ movement is to apply negative screening, where customers are assured that their money isn’t being used to support unethical or undesirable activities and industries. At Charity Bank, we go much further – offering savers and investors the chance to make a positive impact on society.

By choosing to save ethically, our depositors take control of their money’s impact and put their money where their values are. We also give our savers the opportunity to see how their money is being used. We publish details of the projects funded with our savers money and over the past two years, 40 of our borrowers have opened their doors and invited savers to visit them and see the difference their money is making.

The ripple effect of social impact

The social impact of a Charity Bank investor or saver is far-reaching, rippling out to organisations, local communities and families across the UK.
"I try to live ethically but didn’t feel that my personal investments were really reflecting that. So I decided to take action. I have a few different ethical finance accounts now. The fact that Charity Bank specialises in charities and social enterprises was a big draw for me. Working in the sector, I know how difficult it can be for smaller organisations, in particular, to raise funds. Charity Bank is helping to fill that gap, so it has a really important role."

_Sunit Bagree, Charity Bank saver_

"We are proud of being an early investor in Charity Bank, which focuses on lending to good causes and has a clear social mission underpinning its activities. We consider Charity Bank well placed as a leader in ethical banking in the UK today."

_James Christie, Finance Director, Mercers’ Charitable Foundation_

"It’s so important for charitable organisations to think about where their money is being held and what it’s being used for. We need to move towards positive screening. Where can we put our money so that it provides the most social impact, but can also provide a return?"

_Ged Devlin, Development Manager at Power to Change_

"As with any charity, we need to keep funds in reserve, so that we can plan for the future. It’s important that those savings aren’t then used to do harm. We wouldn’t want our money to end up being invested in cosmetic companies that test on animals, for example."

_Julie Toben, Director of Development at Wadars_
Our ability to fully take advantage of the opportunities before us and to support an even wider range of social sector organisations is dependent on our level of capital investment, which is why our shareholders are such a critical component of our ongoing success.

**Social Impact Multiplier:**

£1 of capital enables £8 of loans

- For every £1m of investment capital (equity and subordinated debt), Charity Bank can raise around £7m of savings and thereby make around £8m of social loans
- When the loans are repaid, these funds can be recycled again and again, generating even greater multiples of social impact
- In addition, over half of our borrowers were, as a result of our loan, able to unlock additional finance from other sources
“We could see that our equity investment would have a multiplier effect – enabling Charity Bank to make more loans. If you’re a charity there’s no point doing what you do if you then end up investing in things that cause social harm. You need to think about how you make your money, not just what you do with it.”

Mark O’Kelly, Director of Finance and Administration at Barrow Cadbury Trust

“Investment is an important tool in the box, which can work alongside grant funding to help organisations thrive and create impact. Charity Bank has proven that lending to charities and social enterprises not only benefits society, but can also be done within an effective business model.”

Caroline Mason CBE, CEO of Esmée Fairbairn Foundation

JOIN US

Does your organisation need a loan?

Call us or send 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 could help.

E: loanenquiries@charitybank.org
W: charitybank.org/loan
T: 01732 441919

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

Join us to earn a competitive rate of interest and make a positive difference to UK communities. You can find out more about our savings accounts on our website at charitybank.org/savings-accounts or give the team a call on 01732 441944.

Thinking of becoming an investor?

If you’re interested in investing capital in Charity Bank, please contact Mark Howland: mhowland@charitybank.org
LENDING WHERE IT’S NEEDED MOST

Lending across the social sector

In 2019, we lent £49.9 million to 67 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.

“Without the Charity Bank loans we’ve received and the people who save with them, the lives of disabled people in our community would be significantly poorer.”

Paul Silvester, Chief Executive of Foresight North East Lincolnshire
First-time borrowers

Loan finance is seen as business-as-usual in the private sector, but it’s not yet as commonplace in the social sector. 69% of survey respondents came to Charity Bank for their first loan.

First time borrowers may need additional support. This is particularly the case for smaller charities and those without the relevant in-house skills. It’s one of the reasons we match every borrower with a relationship manager.

“As a small charity with no assets or previous mortgage, we were nervous about finding a lender that would take a risk on us. Luckily, Charity Bank believed in what we were trying to do and was willing to invest in this next step for our organisation.”

Kim Hosier, Centre Director of Portsmouth Abuse and Rape Counselling Service (PARCS)
The Government’s Transforming Care programme is shaking up the care sector, helping people with a learning disability to get out of hospitals and group homes, and integrate back into the community. One charity that’s moving with the times is Mayfield Trust. With the help of a £400,000 Charity Bank loan, the trust converted its outbuildings into six one-bedroom flats and a three-bedroom annex, and turned its old residential home into the charity’s new head-office and activity centre.

Prior to the redevelopment, the home was at less than 50% capacity and losing the charity £10,000 a month. Not only is the charity now bringing in more money through tenancies, it’s also saving £32,000 a year on office rental costs. As well as making the charity more resilient and financially stable, the redevelopment has also made a significant impact on residents’ lives. They are now living far more independently, with greater privacy and autonomy.

“We were haemorrhaging money before; the rest of the charity was basically propping up this old-fashioned service, but we didn’t have enough money to change how we were doing things. With the support of Charity Bank, we’ve gone from this huge residential home that was losing a lot of money and had dilapidated outbuildings, to a modern housing scheme with a waiting list. Our forecasts are completely different; it’s really transformed the charity.”

Matt Larkin, Operations Manager of Mayfield Trust

**IMPACT**

| 100% occupancy | £32,000 saved in rent |
JUBILEE HALL TRUST

Helping Londoners to get active

REGION: London
LOAN AMOUNT: £500,000
DEPRIVATION: Least

According to Sport England, one in four people do less than 30 minutes of physical activity a week. London gym Jubilee Hall is helping to remove some of the barriers to exercise. The charity offers significant discounts to people who may otherwise be unable to afford a membership, including unemployed people, over 60s, students and people with disabilities.

The Trust’s flagship gym in Covent Garden is in a Grade II listed Victorian building. It is a beautiful space but was badly in need of refurbishment. The Trust relies on full-price members to subsidise its discounted schemes but was losing members to local competitors.

With the help of a £500,000 loan from Charity Bank and a £150,000 grant from the London Marathon Charitable Trust, Jubilee Hall was able to transform the gym, including creating spaces likely to appeal to under-represented groups. It now has a high-tech cycling studio, lighter free weights zone, upgraded café and a 14.5m² ‘living wall’ with more than 700 plants.

“I’d recommend Charity Bank as a lender. They’re easy to work with, flexible, willing to listen and efficient. Jubilee Hall has always been an amazing space, but it really has been transformed.”

Phil Rumbelow, Chief Executive of Jubilee Hall Trust

IMPACT

25% of all memberships are free or concessionary

328,802 activity sessions in 2018/19
FROM INVESTMENT TO SOCIAL PURPOSE

When we lend, we lend for a specific purpose – this could be to help an organisation purchase a property to extend its work, renovate a property to improve its service, or bridge a gap in finance while waiting on a grant.

This in turn helps our borrowers to deliver positive outcomes for people and communities.

The infographic to the right shows the purpose of the Charity Bank loan and the people who benefit.

The loan purpose accounting for the greatest share of our lending last year was Property or Land Purchase (£18.6 million). These loans were to organisations working in a variety of fields and reaching nine different beneficiary groups.

“By increasing the retail business, we’ve been able to provide more homes for homeless people. Back then we offered 27 rooms; now we have 42.”

*Colin Bramall, Trustee of Emmaus Village Carlton*

Multiple motivations for borrowing

There are often several drivers behind the decision to take out loan finance, such as: innovation or new opportunity (66%); desire to grow (63%); or diversification/sustainability (50%).

“The loan has allowed us to open a new revenue area, which not only delivers a great community impact but works towards the long term sustainability of the charity.”

*James Browning, CEO of West Faversham Community Association*
Growing front-line services

In 2019, 78% of the money we lent (represented by the gold coins in the infographic) had a direct impact on the people the borrower supports and 22% had an indirect impact through improved financial resilience, indicating that 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.

“We’d like to thank everyone who has invested or saved their money with Charity Bank to make this possible. The more people and organisations that support social change by consciously investing and saving their money, the greater the impact organisations like Baltic Creative can make.”

Mark Lawler, Managing Director, Baltic Creative CIC

Building financial resilience

While some organisations borrow money for a specific project, such as a new service or building, others take out loans for other purposes, such as consolidating finances to reduce costs, or ensuring the sustainability of existing services.

“One of the biggest plus points is the security that ownership gives us; the land can’t just be whipped away from us. We can now dream bigger! We now have the confidence to apply for bigger and better grants and projects. We’re continuing to grow when a lot of indoor skate parks are struggling.”

Mandy Young MBE DL, Founder and Director of Adrenaline Alley

The gold coins represent changes to front-line services, having a direct impact on individuals and communities. The silver coins show the ways the organisation has improved its financial resilience, which is indirectly serving people and communities. The coloured lines show the outcome area the borrower is focused on and the far right shows the group benefiting from that service.
HOW OUR BORROWERS IMPROVE THEIR COMMUNITIES

BENEFICIARY GROUPS

- Addiction issues
- Children
- Ex-offender
- General public
- Homeless
- Learning disabilities
- Living in poverty
- Long-term health issues
- Multiple groups
- Older people
- Physical disability / sensory impairment
- Young people

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

£9.3m
Improved quality of existing services

£1.1m
Improved central services

£145k
Service stayed open (was at risk)

£1.1m
Improved financial health

£9.3m
Increased offer of services

£26.6m
Improved quality of existing services
STRENGTHENING BORROWERS TO DELIVER THEIR MISSION

Helping organisations survive and thrive

As COVID-19 has shown us, 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.

“We’re quite a robust organisation now, which wouldn’t have happened without The Street. And The Street wouldn’t have happened without the loans we took out.”

Mel Bonney-Kane, Chief Executive of CoVCA

Building resilience

£11.1m (22%) of the money we lent in 2019 has directly helped to improve the resilience of our borrowers by, for example, building their reserves or improving their financial health. 42% of our borrowers said that their loan helped them to stay afloat and 52% have reported a growth in income.

“The loan has been invaluable for us. It has allowed us to free up our resources to assist with our mission of helping people into work and self-employment”

Paul Tabor, Finance Officer of Access 2 Business

Strengthening and growing

Our aim is to always leave an organisation in a stronger position, both in terms of its ability to carry out its mission, and financially. In many cases, this means a borrower will grow its core team. 31% of our survey respondents have increased the number of employees they have and 21% have been able to grow their volunteer base. Before COVID-19 struck, 66% of borrowers reported an increased likelihood for growth in the next 12 months.

Improving financial management

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. 57% of our borrowers reported improved financial planning as a result of Charity Bank’s support, and more than a third (35%) reported improved management accounts.

“When we started, most lenders made hurdles we could not jump over, we now get the same lenders come to us and want our business because we are financially stable and good borrowers, but we would not be in that situation without the Charity Bank’s ethical lending.”

Malcolm Putko, Operations Director of Cosgarne Hall
New facilities and reduced costs

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, for example through opening a shop or cafe, or providing a new rental income. 89% of borrowers reported growth in facilities/assets and almost a quarter (24%) of all borrowers said that their loan had helped them to reduce costs.

Attracting grant funding

When asked about the challenges facing the charity sector, 86% of respondents were concerned about a reduction in grant funding, while 82% believe that sustaining donations will be difficult. 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 for 79% of our borrowers last year.

"None of what we've achieved would have been possible without Charity Bank. It was their initial investment in us that led to other grants and loans becoming available so that we could continue to grow."

Tessa Stickler, General Manager of Folkestone Sports Centre Trust

Bringing the sector together

In 2019, we held seven free half-day seminars across the UK. Trustees and senior leaders from charities and social enterprises were invited to come along to discuss the state of the sector, learn about new funding opportunities and gain practical insights from experts in the field. More than 900 people registered, and delegates reported a wide range of benefits and actionable takeaways, including new connections, insights and greater understanding of key issues.

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. 81% of our borrowers reported that their project would not have gone ahead without the Charity Bank loan.
Family Action has been offering vulnerable families vital support for 150 years. With one in five people in the UK living in poverty, the need for the charity’s services has never been greater. Family Action provides a wide range of community-based services, from mentoring young care leavers and helping children to overcome a history of abuse, to providing parenting support. Altogether, it supports 60,000 families every year.

Family Action approached Charity Bank for a £2.7 million loan to buy a new 9,000 square foot head office in central London. Time was of the essence, as the charity didn’t want to sign up to another five year lease on its rented office. Charity Bank worked with Family Action to make sure the deal was completed on time. As well as accommodating 100 staff at any one time, the new building offers spaces for meetings, training events, parenting groups and therapy. It’s also saving the charity money, as the loan payments are considerably lower than the rent Family Action was paying previously.

“Charity Bank was able to offer us a loan that met all our requirements at a competitive rate. The current financial climate is extremely challenging, so it’s now even more important to have a loan provider that really understands the charity sector. Charity Bank worked with us to sculpt a deal that gives us the stability and flexibility we need. We now have extra confidence that we can continue with our core work, knowing we have the security of a major asset that should appreciate in value.”

David Holmes CBE, Chief Executive of Family Action

IMPACT

supports 60,000 families every year

Almost 95% of families said that Family Action made a positive difference
The Culture Trust Luton aims to connect communities of Luton and beyond through culture by providing opportunities to engage with arts, museums and heritage. The Trust is contributing to an increasingly cultural, vibrant and inclusive town.

As part of its longer-term plans, the charity was looking to become more financially sustainable as well as increase its involvement and impact within the wider creative industries in Luton. With the help of a national capital fundraising campaign and a loan of £1.365m from Charity Bank, it completed two refurbishments of former Hat Factories in 2019. The Hat District project led by the Trust is a long-term strategy to purchase historic buildings and sensitively develop them into useful and income generating workspaces to help fund the charities core cultural engagement work, heritage conservation and public engagement.

As well as increasing the charity’s impact, the loan has enabled the charity to boost its income and become less reliant on external funding.

“From the very start, our conversations with Charity Bank were really fruitful. They quickly understood how we work, what we do and why we need a loan. It never felt as cold cut as a simple loan to us and Charity Bank has made it really clear that this is about building a long-term relationship and how they can continue to work with us towards our future goals.

“We never fail to be impressed with how much Tim, our Charity Bank relationship manager, knows about our business. You don’t get that if a file gets passed from person to person. Tim knows the personalities of our business, the details of what we do and therefore we can hit the ground running.”

Marie Kirbyshaw, Chief Executive of The Culture Trust Luton

IMPACT

| Footfall of 500,000 people per annum across all sites | Engaged 171,500 young people in cultural activity in 2018-19 | Generated over £150,000 in value of volunteering as match funding | 139 jobs estimated to be created by the Hat District Project |

*Data supplied by Durnin Research
We use the indices of multiple deprivation published for England, Northern Ireland, Scotland and Wales to identify 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’.5

The most deprived areas have a high proportion of people on very low incomes, higher numbers of people dying prematurely and more people experiencing difficulty finding an affordable home. 57% of our lending in 2019 was to the four most deprived deciles of the UK (represented by the outer band in the diagram).

Within the most deprived areas (outer band) our borrowers are working to address a wide range of issues to help raise people out of poverty. In comparison, our lending to the least deprived areas (inner band) is less diverse, with the vast majority directed towards organisations addressing the related lack of appropriate housing.

Housing and deprivation

In 2019, we loaned £26.6 million for housing services. There’s a severe lack of affordable housing in the UK, with 1.1 million people currently on the waiting list for social housing6 and 280,000 people registered as homeless.7

Housing is an issue in all areas of deprivation and for all ages. 26% of young adults aged 21 to 35 live with family, and 41% of them say they can’t afford to move to their own home.8 Suitable housing for over 55s is also a particular problem. A quarter of over 55s are currently considering moving home, but over half feel that the housing options available are inadequate.9

This failure to plan for an older population is putting a huge strain on the public purse, due to the health and social care costs of inappropriate housing. The cost to the NHS of inappropriate housing for people over-55 is projected to reach £1 billion a year by 2041.9 90% of our lending to the four least deprived deciles was for housing, with the majority (90%) for provision of older persons services.
First Fruit is a family of charities tackling homelessness and long-term unemployment in the London borough of Newham, where one person in every 24 is classed as homeless. First Fruit offers accommodation to two distinct groups of people – single homeless men with access to benefits, and single mothers who can’t access benefits. The women the charity supports have often been trafficked to the UK or brought here as children.

As asylum seekers, they cannot access state benefits. Historically, this has often resulted in women being forced into prostitution or having their children taken into care.

First Fruit offers a holistic package of support to both groups of beneficiaries – helping the women to claim asylum, attend parenting classes and learn English, and the men to access training opportunities and find jobs.

First Fruit had been renting one of its hostels for 15 years. When the landlord decided to sell, the charity realised it needed to take out a loan or lose the property. However, the commercial banks that the charity approached had strict stipulations, including requiring trustees to give a personal guarantee, which the charity was unable to meet. We made no such demands and agreed to lend First Fruit £400,000 so it could buy the hostel.

**IMPACT**

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<td>men have moved on in last 10 months</td>
<td>mothers with children have moved on in last 10 months</td>
<td>service users have found employment or employment based training in last year</td>
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To find affordable housing, people often have to move to a different area, away from their friends and family. The Andrew Windsor Almshouse charity has been providing affordable homes in Farnham, Surrey, for 400 years and focuses on local people over 60. Most tenants are widows on housing benefit.

There are 10 almshouses in total, four of which were built in 1620. These Grade II* listed older homes were in urgent need of major roof repairs, but the charity was unable to access any grant funding. Charity Bank stepped in with a loan of £250,000. The building is now watertight and the 17th century accommodation has been preserved for many years to come. Thanks to the almshouses and our loan, people are able to stay in the community they love.

“Charity Bank is ethically compatible with us. It was a case of charity talking to charity and understanding each other’s needs.”

Michael McAleenan, Chair of the Andrew Windsor Almshouse charity

“My ex left me suddenly after over 30 years of marriage. I was left with nothing. No house to sell, literally no money in the bank (or anywhere else…) My son-in-law saw an advertisement for a vacancy in an almshouse. I was granted one. It has changed my life… I will be forever grateful for being given the opportunity to live in an almshouse.”

A resident

THE ANDREW WINDSOR ALMSHOUSE CHARITY
Helping elderly people to stay in their community

REGION: South East
LOAN AMOUNT: £250,000
DEPRIVATION: Least

IMPACT
over 1,000 people supported over the life of this almshouse charity
10 properties
SMALL LOANS, BIG IMPACT

Research has shown that the greatest gap in provision of credit to social sector organisations is amongst smaller charities and social enterprises requiring smaller loan amounts that many mainstream lenders find economically unattractive. In an effort to fill this gap, Charity Bank has tailored its approach to assessing smaller loan requests, enabling us to make such loans more quickly and efficiently.

We have a dedicated team responsible for managing smaller loans. Last year, we made 40 loans under £500,000. 15 of the loans were for less than £150,000.

Together, these smaller loans amounted to £7.8 million – 16% of our total lending. More than half (55%) of the money lent went to organisations working in the most deprived areas of the UK.

Most of our borrowers of smaller loans are organisations that address housing or physical health needs and more than three quarters (80%) of the loans were for property related purposes. These ranged from £63,000 for supported accommodation in Carlisle to £220,000 towards extending a leisure facility in Kent.

Loans £50k-£500k in 2019

PURPOSE

- Build property
- Property improvement / renovation
- Purchase property / land
- Refinancing other borrowing
- Restructure existing Charity Bank loan
- Support working capital

OUTCOME AREA / DEPRIVATION

- Housing & local facilities
- Physical health & wellbeing
- Arts, heritage, sports & faith
- Employment, training & education
- Mental health & wellbeing
- Citizenship & community

DEPRIVATION ➔ MOST (40%) ➔ AVERAGE (20%) ➔ LEAST (40%)
CHOOSELIFE WALES

Laying a path to recovery

REGION: Wales
LOAN AMOUNT: £110,000
DEPRIVATION: Most

Chooselife Wales was set up almost 25 years ago by Alan Andrews, who had overcome his own substance misuse problems and wanted to help others do the same. The charity helps people to tackle addiction and gain the skills they need to move forward. It provides a holistic package of support, from counselling and employment guidance to housing.

Chooselife Wales bought two of its properties with the help of a £110,000 Charity Bank loan, meaning that 12 people have a safe place to call home while they’re recovering from addiction. Owning, rather than renting, the houses, gives the charity greater stability and security, as it doesn’t have to worry about rent increases and other uncertainties.

“We never want to end up in a position where we have to ask people to move out because rent has increased too much or the landlord has decided to sell. Charity Bank don’t lend to just anyone, but want to make sure it’s right for you as an organisation as well as financially viable for them. 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. And when you get a loan with them it feels like a real stamp of approval.”

Alan Andrews, Managing Director of Chooselife Wales

IMPACT

6 houses operated

31 bedspaces currently offered across the supported accommodation

205 people accessed drop-in centre services over 2018-19 year
Social impact and the social sector

43% of our borrowers do not gather data to evidence their impact. 30% have carried out a one-off service evaluation, whereby key stakeholders have been interviewed in order to give the charity insights around key successes or areas for improvement.

Many borrowers are keen to carry out a greater degree of impact measurement. Indeed, only 6% said there isn’t an appetite at senior management level for such data.

The main challenge that seems to be holding charities back is technology. 42% of respondents said that they need to invest in IT and 42% reported concerns around IT training. Additionally, 35% highlighted a lack of expertise in knowing what data to gather.

Successes since the last report

The lack of measurement by our borrowers presents challenges when it comes to us evaluating our own impact. It is also difficult to categorise our lending using standardised indicators as our borrowers’ activities are so diverse. However, we have successfully developed monitoring processes to identify how beneficiary groups benefit from the loan.

We have worked to improve our impact survey and can now use it to evidence trust, growth and impact monitoring. We also obtain soft outcomes relating to the specific activities of our borrowers, as can be seen in the case studies in this report.

Future development

Our goal is further integration, standardisation and transparency, including detailing how social impact influences our loan application decision making process. We plan to work with key stakeholders to develop hard outcomes and show how each loan is contributing towards the Sustainable Development Goals.

REFERENCES

1 Good Finance (2016), The outcomes matrix
3 Ethical Consumer (2019), Twenty Years of Ethical Consumerism
4 Charity Bank (2019), UK Social Sector Health Check Report
6 Shelter (2019), 280,000 people in England are homeless, with thousands more at risk
7 Shelter (2020), Build more social housing
8 Experian (2017), Generation Rent – The cost of moving out
9 Royal Institute of British Architects (2019), Severe lack of age-friendly homes - ‘England’s hidden housing crisis’
10 Positive Money (2018), Polling: 10 years after the financial crisis, the British public still don’t trust banks
Certified B Corporation
Charity Bank is a Certified B Corporation, meaning that we have been judged to meet the highest standards when it comes to balancing profit and purpose.

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 13 years running.

Living Wage Employer
The Living Wage is an hourly rate of pay, which is calculated against the cost of living in the UK. Charity Bank is a Living Wage Employer and also seeks to work with Living Wage suppliers.

NCVO Trusted Supplier
This status is only awarded to suppliers that NCVO consider offer ‘exceptional value, outstanding quality, and have lots of experience working with voluntary organisations.’

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 certified
Charity Bank is the only bank that’s eligible to use the certified social enterprise badge, as we meet strict criteria relating to our social mission, ownership and the way in which we reinvest our profits in support of social purpose.

Global Alliance for Banking on Values (GABV) member
GABV is an independent network of banks and banking co-operatives that use finance to deliver sustainable economic, social and environmental development.

89% of our borrowers trust Charity Bank to work in the best interests of UK society (the remaining 11% stated that they didn’t know). In comparison, a nationwide poll by YouGov found only 20% of people trust UK banks to work in the best interests of society.\(^\text{10}\)
Guilloche Rosette

Our Impact Report design is inspired by the Guilloche Rosette.

The Guilloche Rosette printed on banknotes helps to protect against forgery.

The repeating circular pattern could also be said to represent the effect money has once it’s in circulation. Money is neutral – it’s what you do with it that counts, and the effects can radiate beyond its initial purpose to impact entire communities. Whether those effects are positive or negative depends on how you spend, save and invest.

Unless indicated otherwise the photographs in this report are of our staff, savers, investors or organisations we have loaned money to.

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

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