

CASTLE COMMUNITY BANK

SOCIAL IMPACT

**REPORT**

2023



# INTRODUCTION



**"At Castle Community Bank we're proud to offer 'Savings and Loans.**

**Fair and Square'.**

**We pay top tier market rates to our savers and provide fair loan pricing to our borrowers, whilst focusing on expanding support to our member community"**

**Adrian Sargent, Chief Executive**

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# WHO WE ARE

## A CREDIT UNION WITH A DIFFERENCE...

**We're different to other UK credit unions because we're able to offer savings and loans to members across the UK rather than in just one region or profession.**

**Savers who want their money to do good can typically benefit from top tier interest rates, while enabling us to make affordable loans available to those who need them.**

**We use innovative fintech outsourcing to unlock greater scale and efficiencies, thereby helping more people across the country.**

**And while we don't look to maximise profit, any surplus generated is invested into our business for our members and our communities.**

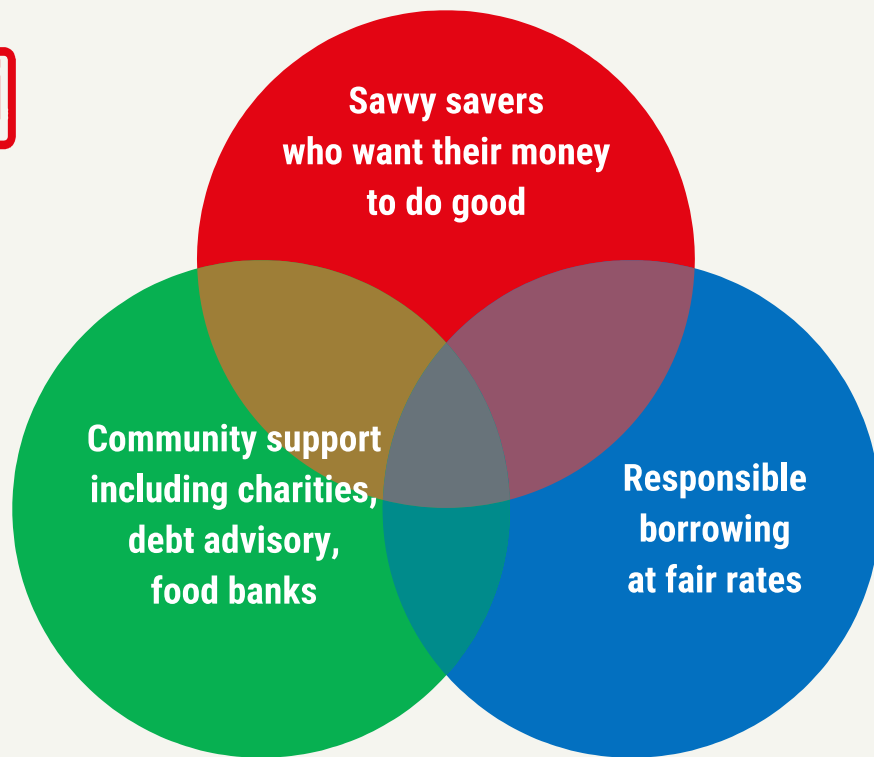
### **Our credit union objectives:**

- Encouraging thrift by growing members' savings and putting their money to good use**
- Making affordable loans available to members at fair and reasonable rates of interest**
- Helping members with financial education and money management.**



# CASTLE COMMUNITY BANK

## FOR GOOD



Castle Community Bank operates as a credit union which is a self-sustaining savings and loans business. We create **social impact** through our provision of inclusive and affordable financial services and giving back to our communities. Our members help more members - our savvy savers enable us to help our borrowers obtain loans at affordable rates, which in turn enables our support of community programmes.



# HOW WE ARE DOING

## 2022/23

"With no quick end to the cost of living crisis in sight, it is critical that the credit union sector expands to help more people."

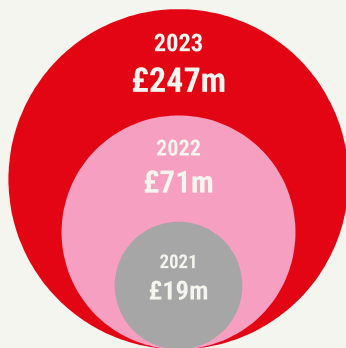
Adrian Sargent, Chief Executive

## Membership

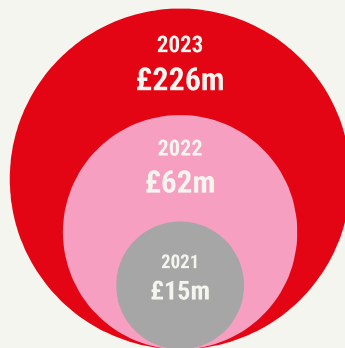
Our members in numbers:

- In Sept 2023 we had over 46,000 members, up from 1,284 in September 2020
- More than one in four loans\* are to people from the 20% most deprived areas of the country
- Nearly a fifth\*\* of our deposit base comes from the wealthiest areas of the country.

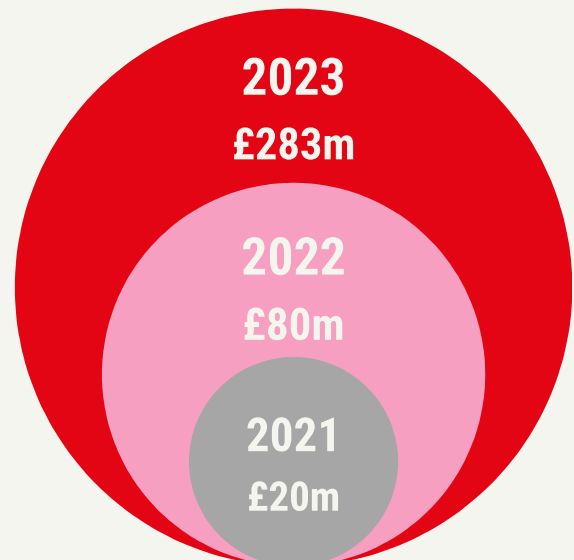
## Savings



## Loans



## Total Assets



## Sustainability

Our journey towards sustainability looks like this:

- Our strategic aim is to grow the business to a self sustaining level by operating at scale
- We're investing in our technology and our people, and aim to have total assets of at least £500m.

Our total assets<sup>^</sup> have grown substantially over the past three years, meaning we can help more savvy savers and borrowers.

\*Index positions 1/2

\*\*Index position 10

<sup>^</sup> Total assets is how we measure of our member loans and cash reserves, as funded by our member deposits and capital.



# HOW WE ARE DOING

## 2022/23

## Impact Summary

**46,000**  
members

**£206m**  
new  
loans

**£176m**  
new  
savings

**263%**  
lending book  
growth

**48%**  
lent to  
deprived areas

**39%**  
of borrowers  
we're only offer  
available\*

**51%**  
loans for  
debt  
consolidation

**100%**  
depositors  
received market  
leading rates

**45%**  
lent to those  
under 35

**100%**  
growth  
in Scottish  
credit unions

\*via major aggregator



**Castle Community Bank is a social enterprise and aims to balance the needs of our members in offering good value products with making sure we are a sustainable.**

# MAKING AN IMPACT

**A number of initiatives are under way to further assist our members and wider society.**

Generally the credit union movement in Scotland is static with little or no growth. We are the exception and continued growth will enable us to have greater social impact.

Our future ambitions are multi layered but grounded in community and financial inclusion, providing greater access to affordable finance. Some of our future ambitions are:

- When growth allows, we are committed to increasing our support for debt advice and other community projects in Leith. We have recently committed to a new partnership for money and debt advice with Citizens Advice Bureau North Edinburgh. This will provide much needed funding for CAB's money and advice team whilst also providing Castle's members with dedicated money advice support.
- We are working with Scottish Government's Community Wealth Building programme to ensure credit unions and Castle specifically prioritise the use of resources from local communities.





# MAKING AN IMPACT

- We aim to introduce similar community programmes in other areas of Scotland where we find a proportion of our members who live in areas requiring regeneration, for example 9% of our Scottish borrowers live in the 3 lowest categories of the Social Deprivation Index areas of Glasgow.
- We aim to expand our offering to local churches and charities who are underserved by the mainstream banks. We will look to offer loans, as required, to support the charity sector. This may also extend to social enterprises and not for profit entities.
- We intend to increase our product range to include a variety of products that we know will assist with financial inclusion. These could include:
  - Smaller loans: we aim to offer loans and / or grants below our current £1,500 threshold, extending the loan product to sub-prime borrowers subject to credit assessment and approval.
  - Financial education: we intend to continue the aims of the Credit Union Act and further promote financial education through partnerships and using digital technology.





# MAKING AN IMPACT

Key KPIs which best outline our current impact, these will only grow as we do

## Reaching underserved communities

- **48%** of our loan balance in Scotland is extended to those living in areas defined as most deprived (using decile 1-4 of the government Social Deprivation Index)

## Supporting improving financial standing and independence

- **37%** of our borrowers earn less than £30k
- **45%** of loans are extended to those under the age of 35

## Supporting those excluded from the Financial Services industry

- **91%** of our loans via aggregator websites are provided to those where Castle Community Bank is either the only or the cheapest loan offer available

## Increased resilience and financial self-resilience

- **51%** of our loans are to consolidate existing debt



# MAKING AN IMPACT

## Drive the growth of the Scottish Credit Union movement

- **£286m** of assets account for 27% of total market (of est. 1bn)
- **>100%** growth in members to **c.49,000** accounting for total growth reported by entire Scottish sector

## Supporting our local community

- As a direct result of our support to local foodbanks over **28,000** meals are provided to people in need in North Edinburgh and Lothians per annum
- Leith Rugby Club youth development sponsorship **£3,000**

- For every £1 spent Edinburgh Citizens Advice Bureau clients are benefitted by £14 so our support of CAB will improve financial well-being by **£84,000**

- Our workforce has increased tenfold in the last three years with our National Insurance contributions increased to over **£70k**
- We're committed to working with local/ Scottish businesses as we grow, which in turn helps support a strong local infrastructure. In Sept 2023 this totalled in excess of **£80K**
- 2023 salaries paid to employees equalled to **£0.8m**



# WHAT OUR MEMBERS SAY

## Member reviews:

Castle Community Bank is focused on ensuring good consumer outcomes and great service.

Our Trustpilot rating is 4.8 out of 5 with consistently good feedback for both our borrowing members and depositing members.



**Castle Community Bank**

★★★★★ 4.8 ⓘ

★★★★★ Verified

**Extremely easy to apply and very quick.**

Date of experience: 29 June 2023

★★★★★ Verified

15 Aug 2023

### Castle Community Bank Review

Quick, easy and efficient loan process with decent interest rates charged for today's financial climate

Date of experience: 08 May 2023

★★★★★ Verified

3 Apr 2023

### Great Bank to patronise

When I was really in need, this bank was there for me. No unnecessary delays. Unlike others, their service is fast and excellent. I will recommend this bank any day

Date of experience: 03 January 2023

★★★★★ Verified

11 Mar 2023

### All so very simple and easy to access .....

All so very simple and easy to access ... no problems making my deposits and clear guidance on interest rates. Great service which always works. Compare this to my high street bank, Barclays..hours waiting to contact anyone on the phone and then not getting any anywhere trying to make changes to my account.

Date of experience: 10 December 2022

★★★★★ Verified

4 Feb 2023

### Castle Community Bank customer support

First of all, it was good to be able to invest in a Community Bank and I can hope my money is used well to support local communities. That point aside, the process of becoming a member and making the investment was easy. Also, I once had cause to write to them and I received an informed answer from a senior officer of the bank the next day. I thought that was excellent. These three factors are what lead me to giving Castle Community Bank the 5 stars.

Date of experience: 04 February 2023



## A good service for borrowers:

We consistently ensure our members have a great product and service when borrowing money from our members.



We're improving customers' lives through responsible lending

★★★★★ Verified

7 Sep 2023

### These really are the best I have ever met

I was on a credit score company when I needed a loan and I used the credit score company to help me find my loan. The very top was Castle community Bank. The lowest payment for a high amount of money and they really helped me out and there communication is great I get email reminders to let me know up coming dates. They have helped me out financially and I will continue to turn to them when I need them.

Date of experience: 08 June 2023

★★★★★ Verified

1 Jul 2022

### Efficient process & very competitive...

Efficient process & very competitive interest rates harnessed to community benefit - what's not to like?

★★★★★ Verified

21 Sep 2023

### Great service

Great service, loan in quick, easy user interface on the website to sort anything out.

Date of experience: 23 June 2023

★★★★★ Verified

19 Jul 2022

### Nice and easy!

After searching for a loan we settled on this company, and we weren't disappointed. we got our decision quickly and with repayments we could afford. i would recommend Castle community bank, especially with the APR we got too.

Date of experience: 19 July 2022

★★★★★ Verified

10 Sep 2023

### Excellent help

Excellent, fast service, thank you, you helped my car get back on the road

Date of experience: 04 June 2023

**A similarly good service  
for our savers:**

Our members who save are consistently very satisfied with our products, pricing and service.

**We're improving  
customers' lives  
through competitive  
savings rates**



**Fantastic Service**

Simple to set up Savings account with good fixed rate interest  
Feel good factor investing in Community Bank  
Would definitely recommend

**Date of experience:** 07 September 2022



Verified

**Well....That was easy!**

Easy to apply and great response to any issues

**Date of experience:** 16 June 2023



Verified

14 Aug 2022

**was looking to put away a little money...**

was looking to put away a little money for 12 months. with rates as low as they have been for so long castle stood out as offering just a little more than most. easy to apply online. easy to look after online.

**Date of experience:** 14 August 2022



Verified

16 Sept 2022

**Opening Savings Account**

Fairly easy to open an account on line and some of the best rates for savings if you can afford to leave your money in a fixed rate bond for one or two years

**Date of experience:** 16 June 2022



# COMMUNITY PROGRAMMES

We're committed to supporting our community and to grow this engagement as we also grow

## Debt management support

We are also supporting local debt advisory work through Mustard Seed and Christians Against Poverty (CAP) who provide personal and free at the point of use debt advice in North Edinburgh.

Mark Harris of Mustard Seed said: "The Edinburgh North CAP Debt Centre covers some of the most deprived areas of our city. At a time when financial pressures are growing for everyone but which hit those on the lowest incomes hardest, we are hugely grateful for the [financial] support provided to us by Castle Community Bank. Their support has allowed us to extend our debt advisory support at a critical time, so that we can help more people like Sara\*" (\*name changed to preserve confidentiality)



Sara lives on her own in a flat with her three children. She has been in two abusive relationships with the two men who are father to her children. She felt very frightened and was not confident in dealing with her finances. She had fallen behind with paying her rent, council tax, utility bills and childcare bills. She was terrified that her ex-husband was going to find out where she lives. The worry was impacting on her physical and mental health. She was unable to work as a result. She was referred to CAP by an organisation supporting vulnerable women in Edinburgh. CAP was able to provide financial advice for her. The situation was not as bad as she had feared and CAP recommended a repayment plan, which Sara has signed up to and has successfully maintained her monthly payments. Sara said: "I am so grateful for the support I have received from CAP. I was terrified that my children might be taken from me. I am feeling much better now."

## Food banks

Castle Community Bank has supported three local food banks for over a year. We provide monthly donations to allow the food banks some level of certainty as to income at Craigmillar, Leith and Lauder. We are committed to providing sustainable support rather than one off donations, therefore providing some consistency.

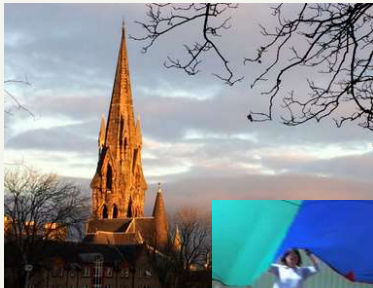




# CHURCHES & CHARITIES

**North Berwick Day Care Centre** is a charity that provides much needed help and support to older people who live independently, with meals, activities and good company. Director, Colin Campbell said: **"We were looking to invest our reserves in a safe place that would pay a better rate of interest than the high street banks. Castle Community Bank was the ideal solution. We get a good return on our deposit plus we like the fact that our money is being put to good use, helping to make affordable loans available to those who need them. And the service was personal and responsive. It was a great outcome for everyone."**

**Charities and churches often feel let down by their mainstream banks. They tell us they would like to see their money doing some good as well as earning a favourable rate of interest. So we offer a bespoke service to help them invest with social purpose.**



**Barclay Viewforth Church** in Edinburgh were concerned about the ongoing cost of living crisis and wanted to ensure that their cash reserves were wisely invested, to do some social good. Andrew Stephenson said **"We were keen to invest a portion of our accumulated reserves in ways which could potentially help people struggling with the cost of living crisis. In common with other Church of Scotland congregations, we contacted Castle Community Bank and learned of the particular socially beneficial merits of making capital loan investments into its credit union model way of working. Although the risk of making capital investments is higher than deposit banking, in common with the potentially higher returns, we were impressed with Castle Community Bank's socially aware goals and business rationale and duly invested in subordinated debt capital alongside making a deposit. We consider the capital loan investment worth the risk and are prompted by the biblical Parable of the Talents (Matthew 25:14 -30)."**



# WHAT'S NEXT

## AIMS FOR 2024

**Castle Community Bank aims to lead the way in expanding the credit union movement in the UK through innovation and fintech outsourcing, so helping more people cope with financial challenges**



### **Our aims for 2024 and beyond:**

- To continue to build a resilient and sustainable business for generations to come
- To achieve total assets of £300m and more
- To diversify our products to help our members save more easily and borrow on an affordable basis
- To expand our community programmes, with more debt advice and food bank support and more community funding for social enterprises
- To expand our community products, for example, to churches and charities, to make their money go further.



**Castle Community Bank deposits are protected up to £85,000 by the FSCS, regulated by the FCA and PRA, and we support FairLife.**

**A trusted brand in  
the consumer  
lending sector**



Castle Community Bank is registered as a credit union, authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the PRA. Customer deposits are protected by the Financial Services Compensation Scheme (FSCS).



Our Trustpilot consumer review rating is graded as “excellent”, at 4.8 stars. We're consistently praised as being easy to use, offering competitive rates, and providing excellent customer service.



We're proud providers of FairLife, a charity which works with consumers and the finance industry to improve everyday financial products and services.





# SUSTAINABLE DEVELOPMENT GOALS



**As a community bank, with aims to help our members help themselves and each other, we are aligned with the United Nations Sustainable Development Goals**

## How we aim to meet relevant UN SDGs



Savings help members save for unexpected costs. Fair loans help members manage their debt and reduce outgoings as well as improve credit quality to afford cheaper finance in the future. Promoting financial education helps members budget.



Fair loans, savings and financial education help members manage their money therefore enabling them to afford the basic necessities. For those who struggle we also support three food banks with donations every month.



As financial worries are often related to a deterioration in mental well being and an increase in levels of stress that then contribute to further health and well issues, by being a fair and responsible lender we aim to minimise stress on our members.



Education is key to any credit union and we aim to continue to expand our investment in the area of financial education.



We focus on our community of members and the local community where we are based here in North Edinburgh. We support local charities with contributions to food banks and debt advisory services. Community is key all that we do and we aim to expand our community support across the UK.





# Castle Community Bank



The information contained in this document contains forward looking statements which, by their nature, are hypothetical and uncertain. They cannot be relied upon and do not amount to a warranty or representation.

Castle Community Bank is the trading name of North Edinburgh and Castle Credit Union (Credit Union number 19CUS) and is authorised by the PRA and regulated by the FCA (register number 213877) and PRA, it's registered office at 49 Great Junction Street, Edinburgh, EH6 5HX.

