

Investor Update

Half year to 30 June 2016

Note that the numbers in this presentation are unaudited

A message from the CEO

“In 1984 Unity was founded on the philosophy of serving the common good, not simply maximising profit. This vision, set out by the trade union movement, was to create a bank that would both serve the needs of its customers and enrich society as a whole; this vision remains firm today.

A successful capital raise at the end of 2015 has enabled us to make material progress in the first half of 2016. Loan approvals have significantly increased, deposits continue to grow and we have simplified our current account offering, introducing clear and transparent pricing and bringing the Bank into line with market practice.

We are enormously energised by the support of our shareholders, both existing and new, and the trust placed in us to develop Unity to its full potential.”

Margaret Willis, CEO

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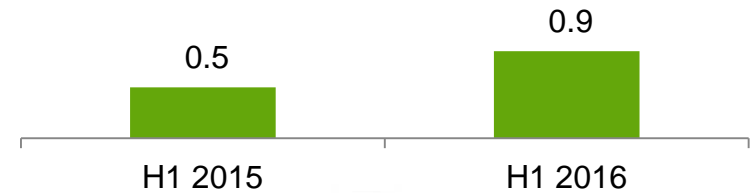
Growth following independence

- 1 Our lending has grown by 7%. Growth in lending amplifies social impact
- 2 We only write business that meets our strong and prudent underwriting standards
- 3 Our capital and liquidity positions remain strong
- 4 We simplified the current account proposition and aligned it to market practice
- 5 Our transformation plan is improving people capability and customer experience
- 6 There are headwinds to our plans, e.g. reducing base rate, but Unity is well positioned

A strong six months for the Bank

- Underlying PBT⁽¹⁾ up 70% to £0.9m
- Simplified current account proposition
- Underlying cost/income ratio⁽¹⁾ improved
- Increasing return on capital
- Strong capital position

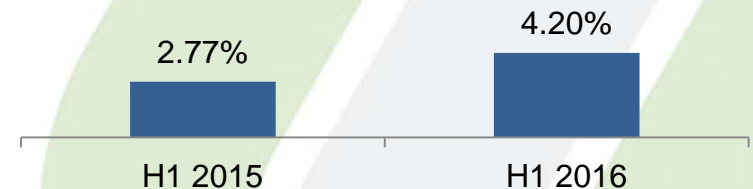
Underlying profit before tax (£m)⁽¹⁾



Underlying cost income ratio (%)⁽¹⁾



Return on capital (%)



CET1 capital ratio⁽²⁾ (%)



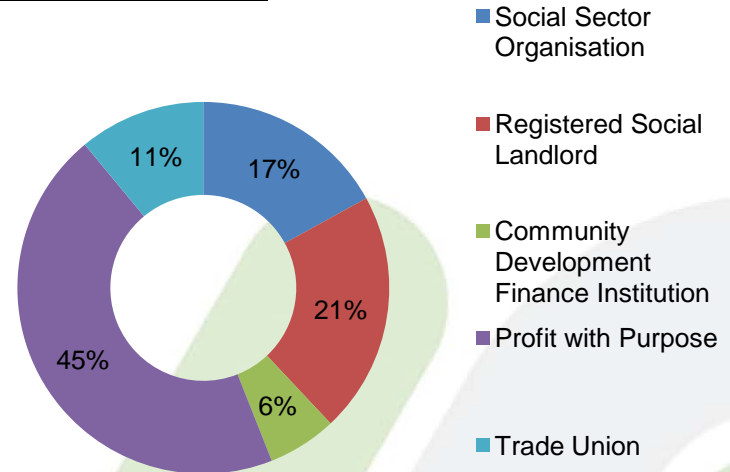
(1) Excluding pre-tax profit from sale of Gilt of £0.8m and pre-tax severance related costs of £0.3m in H1 2016

(2) CET1 capital ratio = Common Equity Tier 1 capital / risk weighted assets

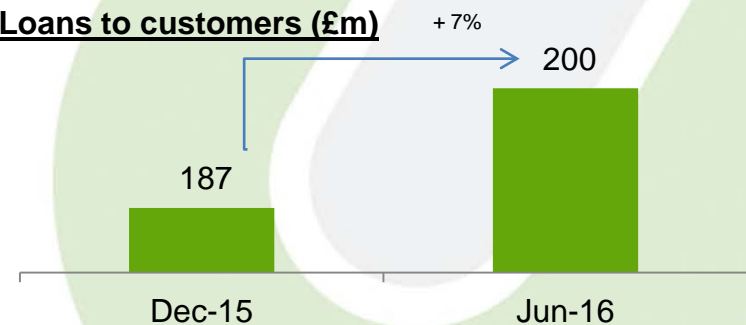
Safe growth amplifies social purpose

- New loans amplify our social purpose
 - Non-core lending continues to run off
- Loan approvals H1 2016 exceed 2015 full year approvals
- Drawn loans up 7% since end 2015
- Lending quality remains strong
- Credit performance excellent
 - Cost of risk below expectations

Approvals by sector



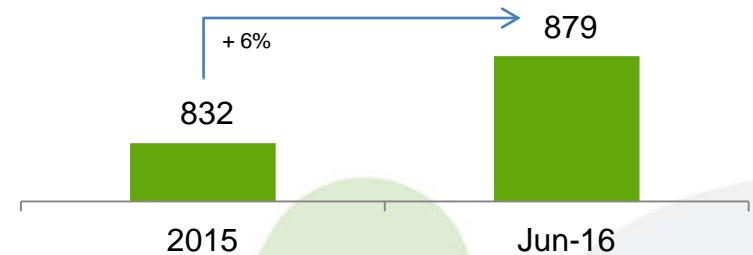
Loans to customers (£m)



Bank of choice for those with shared philosophy

- Unity is positioned as the bank of choice for organisations that share our philosophy
- Current account proposition simplified
- Customer accounts and deposit balances continue to grow
- Awarded Greater Birmingham Chambers of Commerce Excellence in Customer Service
- Unity Custom and Current Account Moneyfacts 5 star 2016

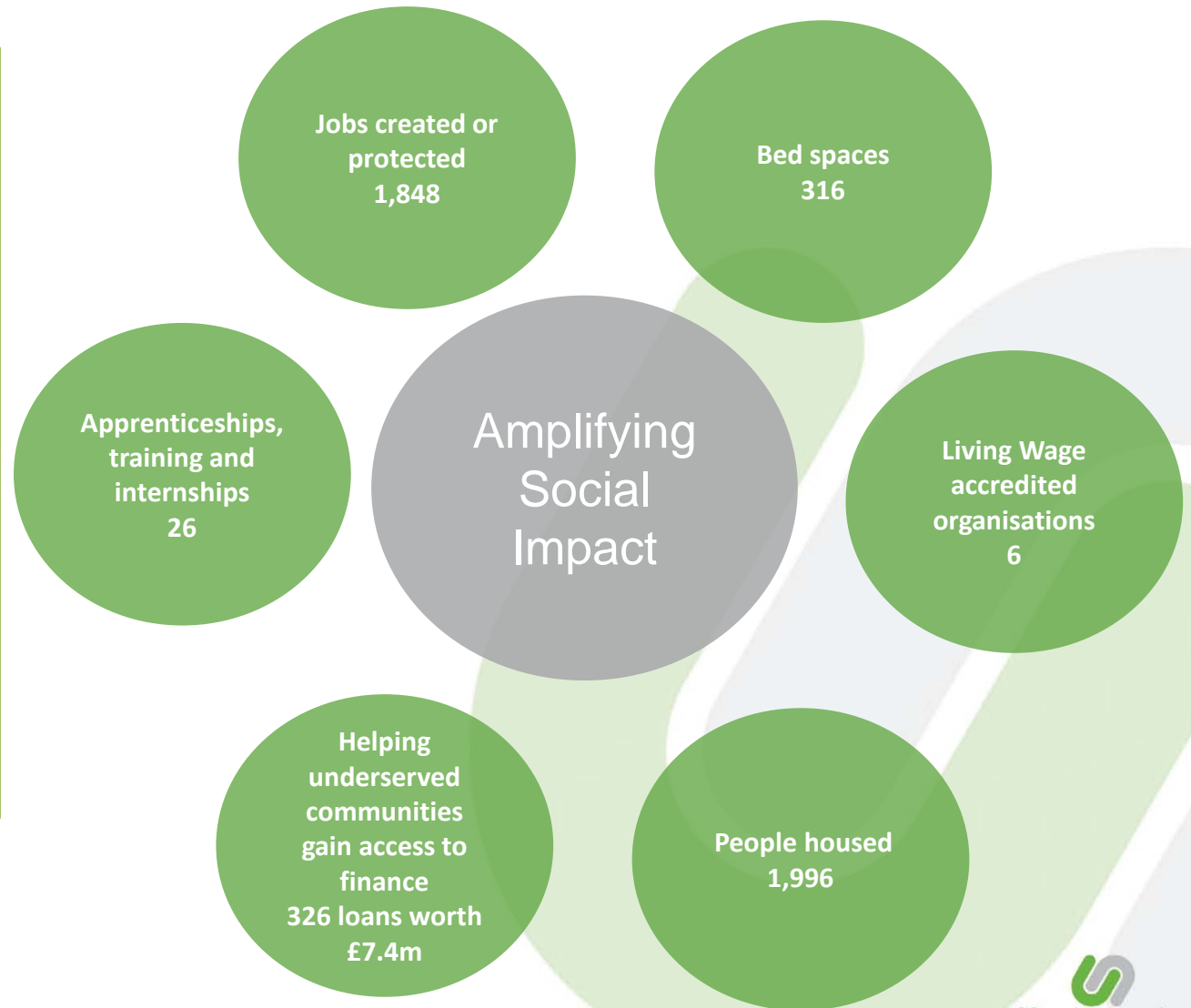
Deposit Balances (£m)



Social impact metrics

New business is considered in light of both credit worthiness and social impact.

Each loan we provide has either a direct impact (e.g. creates bed spaces, housing or creates jobs) or an indirect impact (e.g. money lent to intermediaries is lent on to companies without direct access to finance).



Continuing to be a force for good...

1 We've made strong progress in H1 2016; in line with expectations

2 We continue to grow our capability for both customers and staff

3 We continue to grow our capacity

4 Differentiating through our social credentials