

Dear Shareholder,

20 August 2020

Half year business update

The six months to 30 June 2020 have been unprecedented socially, economically and emotionally. The Covid-19 outbreak has naturally caused a great deal of concern and we have worked hard to support our people and our customers to navigate these challenging times. Our thoughts go out to all those who have been affected by the virus.

Customer satisfaction continues to be our priority and we appreciate all customer feedback. We were particularly pleased to hear from those of you who complimented the service you have received from our customer service centre. We thank customers who used internet banking as a primary method of communication, this released telephone capacity at critical points and enabled us to support those customers with more complex needs.

Despite the uncertainty, Unity has remained resilient and open for business. In the six months to 30 June 2020 our loan book grew by £50m to £528m. This has helped us support 409 jobs, 19 community facilities, 383 bed spaces and much more. You can find our impact report here www.unity.co.uk/investor-relations. We have strengthened our impact framework to align to the UN Sustainable Development Goals. You will also see a number of case studies detailing some of the support we have been able to provide to customers and their communities.

Half year results - financial highlights

Loan interest increased compared to June 2019, driven by increased volumes, overall interest income was however lower as the Bank of England reduced rates to historic lows. Careful cost control in Q2 has mitigated some of the lost income.

The Bank's loan book is yet to see any significant signs of credit deterioration, we remain vigilant to the impact of the current and evolving economic situation and the potential impact on our customers. We have increased our loan provision at 30 June 2020 to reflect this.

The net asset value of Unity has increased to £3.93 per share unaudited (£3.80 at 31 December 2019). Shareholder equity is now £88.1m (£85.1m at 31 December 2019).

Further details of the H1 2020 financial performance are available for shareholders below.

The bank is financially strong and operationally resilient with a proven track record of safe and sustainable growth. The Covid-19 outbreak is having far reaching implications and the outlook is highly uncertain. We will continue to closely monitor the implications on our business and adapt at pace focusing on the long term needs of our customers, employee well-being and the best interests of our shareholders.

Yours sincerely,

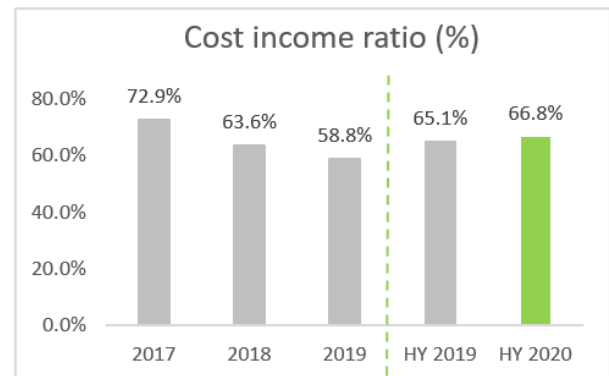
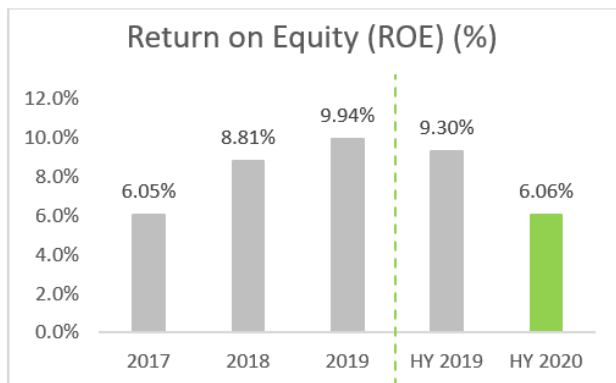
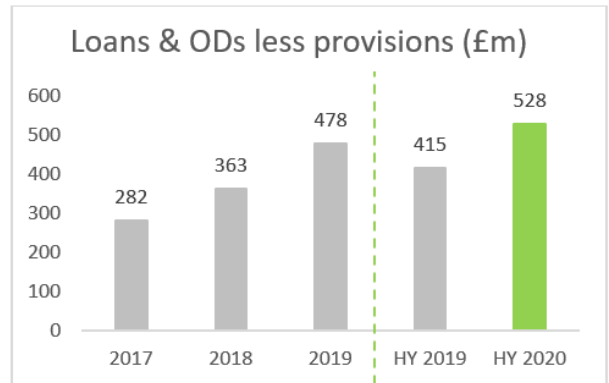
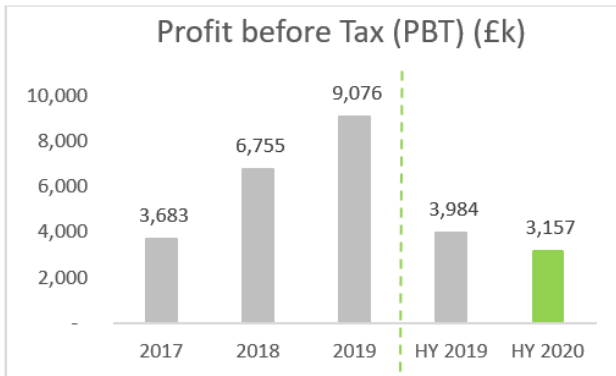
A handwritten signature in black ink, appearing to read 'Margaret Willis'.

Margaret Willis

CEO

Half year results – key performance indicators

The following KPIs compare the 2020 and 2019 unaudited half year results with the 2017-19 audited year end results.



*cost:income ratio includes exceptional items

