

Dear Shareholder,

## Half year to 30 June 2023 (HY 23): growing lending, impact and financial returns

### HIGHLIGHTS

- Net lending increased to £910.8m (31<sup>st</sup> December 2022: £836.6m, audited)
- Profit before tax (unaudited) for the period to date rose to £28.7m (period to 30<sup>th</sup> June 2022: £9.6m)
- Net-asset value (unaudited) of Unity increased to £5.72 per share (£5.01 at 31<sup>st</sup> December 2022 audited)
- Shareholder equity (unaudited) increased to £141.5m (£123.8m at 31<sup>st</sup> December 2022 audited)
- Customer deposits increased to £1,579.1m (£1,538.7m at 31<sup>st</sup> December 2022, audited)

### Business update

Supporting our customers through difficult market conditions has been our priority during the first half of the year. Lending to customers continued to grow, exceeding £900m for the first time in the bank's history. 37% of our lending went to organisations based in areas of high deprivation as we continue to focus on creating impact where it is most needed. Our impairment provision charge rose to £2.8m (HY22 £0.8m) reflecting the potential impact from rising rates and the economic environment. We remain committed to our values and will work to support any customers facing challenges or who are in distress.

Profit before tax increased to £28.7m, driven by the increase in the loan book and the transition away from an exceptionally low interest rate environment. Increased profitability has been reinvested into the growth of the bank through additional lending, operational resilience, customer facing staff to maintain and improve our service and investing in technology to enhance customer experiences.

Increases in our savings rates were applied immediately following each Bank Rate rise, ensuring our products remain competitive. Two new fixed term deposit products were also launched during the period offering more choice and the option for higher returns for our customers.

Unity's new online banking service was launched in the first half of the year. A major milestone for the bank, the new service introduces a range of new features to improve our customer interface, remove manual process and enable businesses to manage their finances more efficiently. Customer migration is underway and is to be completed in Q3 '23.

Unity's performance and impact is underpinned by a robust balance sheet and strong financial discipline. Net Asset Value per share rose to £5.72, ROE<sup>1</sup> increased to 32.9% and the Cost Income ratio fell to 25.5%.

Our purpose is to be the bank with a social conscience, to provide banking services to organisations that contribute to the common good and to deliver sustainable returns. Unity continues to thrive through this purpose and increase the positive social impact we make in the UK. We are also proud to become a signatory to the Partnerships for Carbon Accounting Financials (PCAF) to ensure our measurement of climate impact aligns to our purpose. An overall summary of the HY 23 impact metrics is included with this correspondence.

Yours sincerely,



Deborah Hazell

**Chief Executive Officer**

<sup>1</sup> Return on Equity: Profit after tax divided by average shareholders' equity for the period.

### Contact Us

 Call us: **0345 140 1000\***

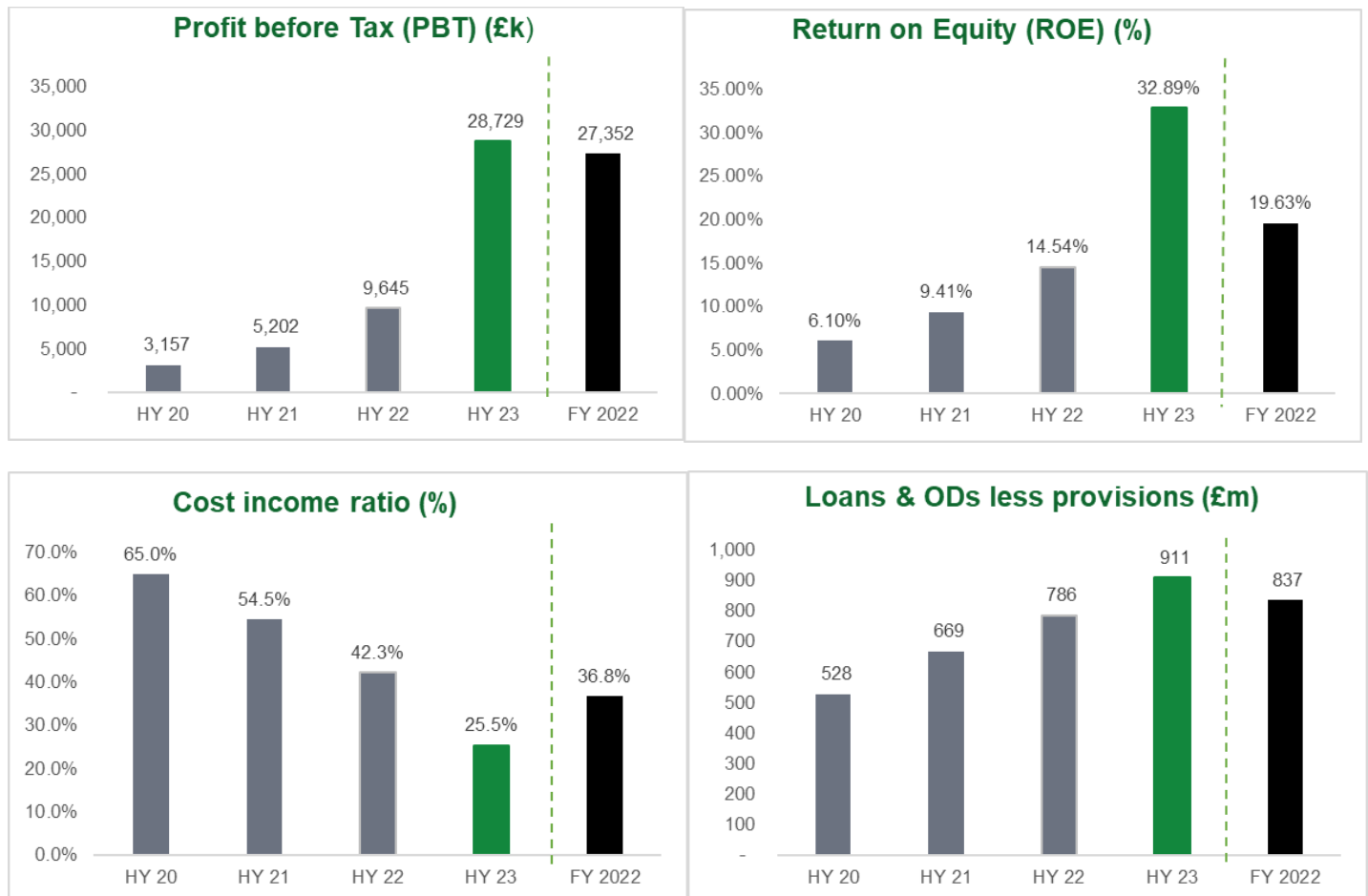
 Email us: **us@unity.co.uk**

 Visit us: **unity.co.uk**



# HY 2023 Key Performance Indicators

The following KPIs compare the unaudited results for the six months to June (2020-2023) along with the full year 2022 audited year end results.



# HY 2023 Financial Highlights

## Income Statement (unaudited)

for the six months ended 30 June 2023

	H1 2023 (Unaudited)	H1 2022 (Unaudited)	Full year 2022 (Audited)
Total income	41,591	18,110	47,183
Operating expenses	(10,610)	(7,706)	(17,354)
<b>Operating profit</b>	<b>30,981</b>	<b>10,404</b>	<b>29,829</b>
Impairment charge on loans and advances	(2,252)	(759)	(2,477)
<b>Profit before taxation</b>	<b>28,729</b>	<b>9,645</b>	<b>27,352</b>
Taxation charge	(7,096)	(1,640)	(4,509)
<b>Profit for the period attributable to shareholders</b>	<b>21,633</b>	<b>8,005</b>	<b>22,843</b>

All amounts are stated in £000s unless otherwise indicated

## Statement of Financial Position (unaudited)

as at 30 June 2023

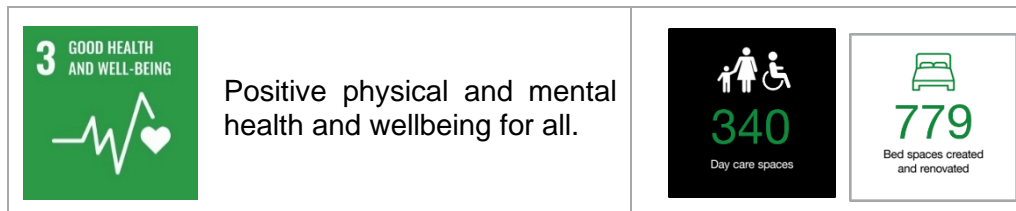
	H1 2023 (Unaudited)	YE 2022 (Audited)
<b>Assets</b>		
Loans and advances to customers	910,801	836,576
Cash and investment securities	812,858	824,339
Other assets	8,246	8,264
<b>Total assets</b>	<b>1,731,905</b>	<b>1,669,179</b>
Amounts owed to banks	-	85
Customer accounts	1,579,146	1,538,657
Other liabilities	11,294	6,622
<b>Total liabilities</b>	<b>1,590,440</b>	<b>1,545,364</b>
<b>Shareholders' equity</b>	<b>141,465</b>	<b>123,815</b>
<b>Total liabilities and equity</b>	<b>1,731,905</b>	<b>1,669,179</b>

All amounts are stated in £000s unless otherwise indicated

# Our Social Impact – HY 2023 year to date

We support organisations to develop and improve facilities and services across these key outcomes, contributing to the following United Nations Sustainable Development Goals<sup>1</sup>. In 2023, we continued to develop our measurement of social impact and sustainability within our loan book and have included crosscutting outcomes demonstrating our ongoing commitment to help change the lives of people in their local communities:

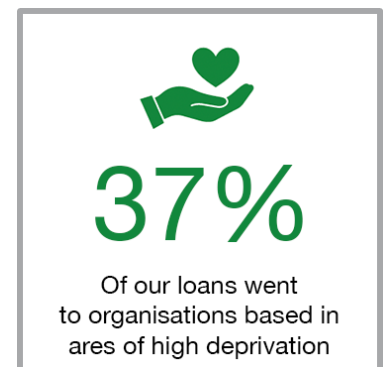
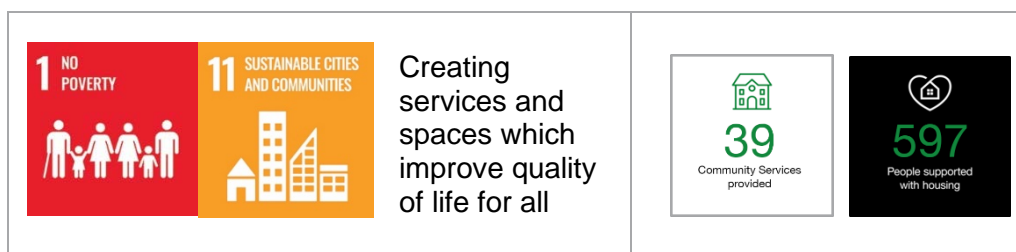
## Health & Wellbeing



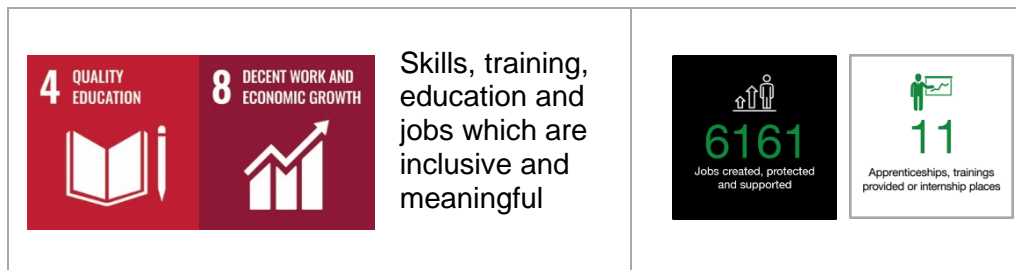
## Crosscutting impact<sup>2</sup>



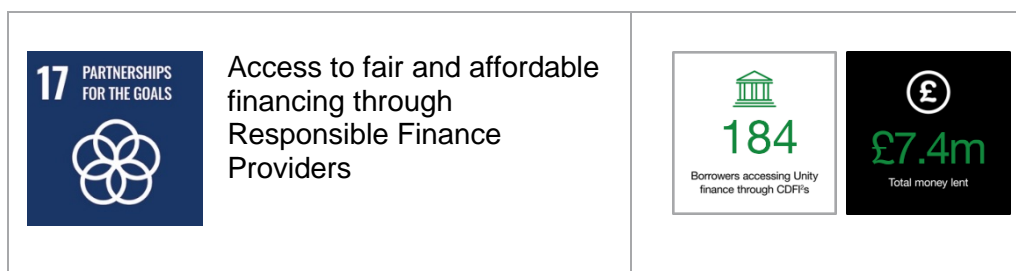
## Community Spaces & Services



## Education, Skills and Employment<sup>3</sup>



## Financial Inclusion



<sup>1</sup> The United Nations Sustainable Development Goals are the blueprint to achieve a better and more sustainable future for all, addressing the global challenges faced.

<sup>2</sup> Crosscutting impact aims to bring new insights to the social, environmental, community and economic outcomes Unity supports with our lending as measured in our updated impact management approach in 2023. The 81% engaging at a local level and 15% specifically focused on supporting disadvantaged people is based on a sample of 19% of all deals committed with drawdown in Jan to June 2023.

<sup>3</sup> Measures of employment have increased significantly following an update to the measurement form. Unity treats all FTEs supported by our lending as jobs supported and measures whether jobs are living wage accredited or compliant and engagement with worker's rights.