



2016 Investor Update



"In December we celebrated our first year anniversary as an independent bank. Established over 30 years ago, our vision was to create a bank that would serve the needs of its customers and enrich society as a whole.

In 2016 we set out our 3 year strategy as an independent entity, free to pursue our ambitions, differentiated and defined by our social purpose. We made considerable progress throughout the year, accelerating growth in a number of key areas.

Unity Trust Bank is a strong brand and well known amongst social sector organisations and the trade union movement. While the Bank is seen as relevant, distinctive and stands for something, we remain relatively unknown outside of our core customer base and this is something we want to address in the year ahead. Put simply, Unity aims to become the 'bank of choice' for customers who share these values and philosophy. We will continue to leverage the Bank's financial strength to deliver on our commitments and work tirelessly to develop Unity to its full potential.

In closing I would like to personally thank you for choosing Unity and sharing in our determination to make positive and lasting change. We remain energised by the encouragement of our shareholders; this enables us to support customers to prosper and 'give back' to the communities we collectively serve."

Margaret Willis, CEO



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Accelerating growth following independence

- 1 Our lending has grown by 26%. Growth in lending amplifies social impact
- 2 Safe growth consistent with our conservative attitude to risk
- 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. reduction in base rate, but Unity is well positioned
- 7 We continue to seek additional capital to fuel our growth

An excellent year for the Bank

- Underlying PBT⁽¹⁾ up 288% to £2.6m
- Simplified current account proposition
- Cost/income ratio improved
- Increasing return on capital⁽²⁾
- Strong capital position, improving utilisation

Underlying profit before tax⁽¹⁾ (£m)



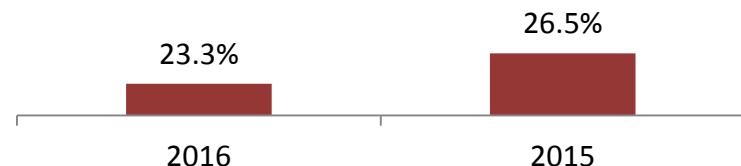
Cost/income ratio (%)



Return on capital⁽²⁾ (%)



CET1 capital ratio⁽³⁾ (%)



(1) Excluding pre-tax profit from sale of Gilt of £0.8m and pre-tax severance related costs of £0.7m in 2016

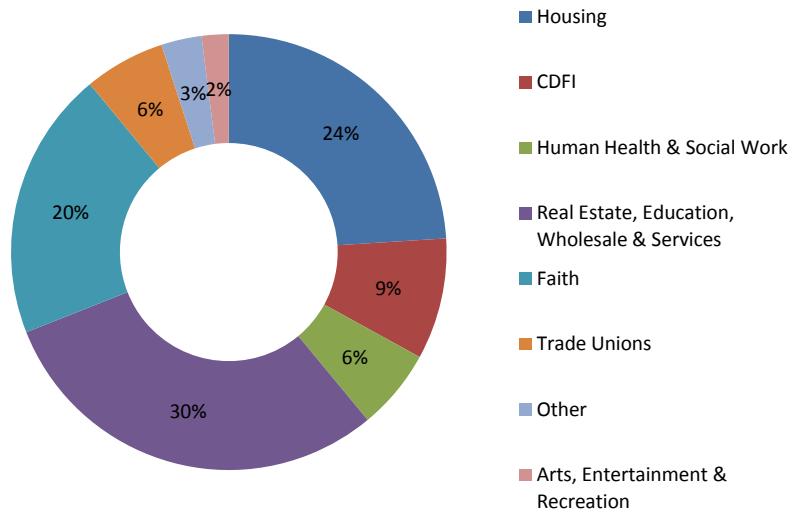
(2) Return on capital = PBT / Closing Capital

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

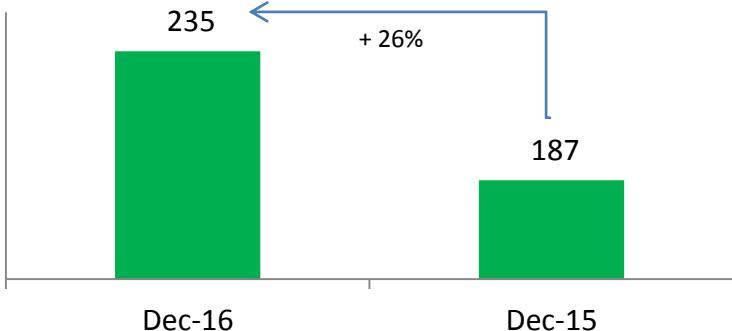
Safe growth amplifies social purpose

- New loans amplify our social purpose
- Loan approvals 2016 exceed 2015 by 336%
- Loan to customers increased by 26%
- Lending quality remains strong
- Credit performance excellent

Drawdowns by Sector



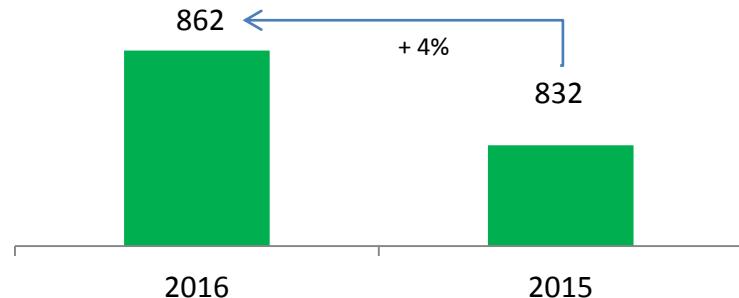
Loans to customers (£m)



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 2016

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).

Apprenticeships,
training and
internships
27

Jobs created or
protected
1,895

Amplifying
Social
Impact

Bed spaces
1,026

Helping
underserved
communities
gain access to
finance
835 loans £4.7m

Living Wage
accredited
organisations
4

Reporting based on drawn loans

Continuing to be a force for good...

1 We've made excellent progress in 2016; profit exceeded expectations

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

3 We continue to grow our capacity, building a scalable operating model

4 Differentiating through our social credentials