For Immediate Release
Unity Bancorp, Inc. (NSDQ: UNTY)
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News Media & Financial Analyst Contact:
Alan J. Bedner, EVP and CFO
(908)713-4308

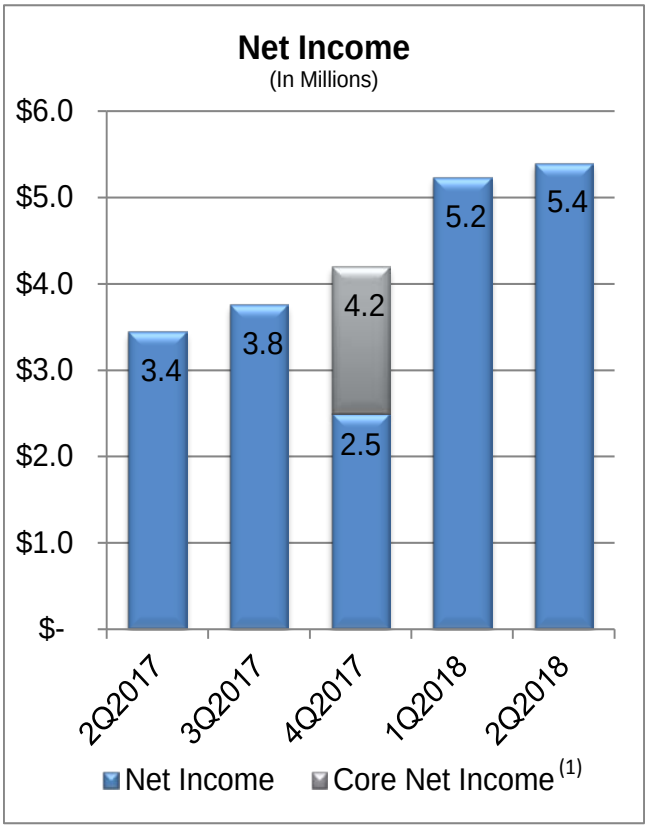
Unity Bancorp Reports Quarterly Earnings up 56% over Prior Year

Net Income per Diluted Share = $0.49	ROA = 1.53%	ROE = 17.32%	Net Interest Margin = 3.95%

CEO COMMENTARY:

James A. Hughes, President and CEO, commented on the financial results:

"The first half of 2018 is off to a great start with our businesses performing well across the board, driving strong top-line growth and building on the momentum from last year. Overall, our performance reflected the strength of our balance sheet and our ability to invest in the future of our company. We will continue to be a source of strength for our clients, communities, employees and the markets in which we serve."



(1) Core Net Income is a Non-GAAP financial measure consisting of net income and excluding the impact of the Tax Cuts and Jobs Act. See the reconcilement of GAAP and Non-GAAP financials.

Clinton, NJ, July 19, 2018 - Unity Bancorp, Inc. (NASDAQ: UNTY), parent company of Unity Bank, reported net income of $5.4 million, or $0.49 per diluted share, for the quarter ended June 30, 2018, compared to $3.4 million, or $0.32 per diluted share, for the prior year's second quarter. Approximately $794 thousand, or $0.07 per diluted share, of this increase is attributed to the lower effective tax rate due to the tax reform bill.

For the six months ended June 30, 2018, Unity reported net income of $10.6 million, or $0.98 per diluted share, compared to $6.6 million, or $0.62 per diluted share for the prior year's period. Approximately $1.5 million, or $0.14 per diluted share, of this increase is attributed to the lower effective tax rate due to the tax reform bill.

Second Quarter Earnings Highlights

- Net interest income, our primary driver of earnings, increased $2.0 million to $13.1 million for the quarter ended June 30, 2018, compared to the prior year's quarter due to strong loan growth and an increased net interest margin.
- Net interest margin expanded 16 basis points to 3.95%, compared to 3.79% for the prior year's quarter. The net interest margin declined slightly from 3.99% in the prior sequential quarter ended March 31, 2018, due to the rising cost of deposits.
- The provision for loan losses increased to $550 thousand during the quarter ended June 30, 2018, compared to $400 thousand in the prior year's quarter due to the growth in the loan portfolio.
- Noninterest expense increased $737 thousand compared to the prior year's quarter but was consistent with the prior sequential quarter at $8.2 million. The year-over-year increase was the result of expansion costs from two additional branches and increased headcount which resulted in higher compensation, benefits, occupancy and equipment expenses.
- The effective tax rate declined to 20.0% for the quarter compared to 35.6% in the prior year's quarter, as a result of the "Tax Cuts and Jobs Act," which was enacted December 22, 2017, and lowered the corporate tax rate. The effective tax rate in the quarter also benefited from the exercise of stock options. The effective tax rate increased slightly compared to the prior sequential quarter ended March 31, 2018, due to the recent NJ tax legislation and is expected to increase in the future as a result.

Balance Sheet Highlights

- Total loans increased $75.8 million or 6.5%, from year-end 2017 to $1.2 billion at June 30, 2018. Commercial, residential mortgage and consumer loan portfolios increased $44.6 million, $33.2 million, and $8.6 million, respectively, partially offset by a decline of $10.6 million in SBA loans. Our pipeline in all categories remains strong.
- Total deposits increased $103.3 million, or 9.9%, to $1.1 billion at June 30, 2018. Growth was the result of a combination of retail and broker generated time deposits.
- Borrowed funds decreased $55.0 million to $220.0 million at June 30, 2018, due to decreased overnight borrowings, the maturity of a repo and an FHLB advance being called.
- Shareholders' equity was $128.1 million at June 30, 2018, an increase of $10.0 million from year-end 2017, due to retained net income.
- Book value per common share was $11.94 as of June 30, 2018.
- At June 30, 2018, the leverage, common equity Tier I, Tier I and Total Risk Based Capital ratios were 9.63%, 11.05%, 11.92% and 13.14% respectively, all in excess of the ratios required to be deemed "well-capitalized."
- Credit quality remains strong with nonperforming assets to total assets of 0.35% at June 30, 2018.

Other Highlights

- Opened our 19th branch in Bethlehem, PA.
- Unity Bank received 5-Star Rating from BauerFinancial.

Unity Bancorp, Inc. is a financial service organization headquartered in Clinton, New Jersey, with approximately $1.5 billion in assets and $1.1 billion in deposits. Unity Bank provides financial services to retail, corporate and small business customers through its 19 retail service centers located in Bergen, Hunterdon, Middlesex, Somerset, Union and Warren Counties in New Jersey and Northampton County in Pennsylvania. For additional information about Unity, visit our website at www.unitybank.com , or call 800-618-BANK.

This news release contains certain forward-looking statements, either expressed or implied, which are provided to assist the reader in understanding anticipated future financial performance. These statements may be identified by use of the words "believe", "expect", "intend", "anticipate", "estimate", "project" or similar expressions. These statements involve certain risks, uncertainties, estimates and assumptions made by management, which are subject to factors beyond the company's control and could impede its ability to achieve these goals. These factors include those items included in our Annual Report on Form 10-K under the heading "Item IA-Risk Factors" as well as general economic conditions, trends in interest rates, the ability of our borrowers to repay their loans, our ability to manage and reduce the level of our nonperforming assets, and results of regulatory exams, among other factors.

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

UNITY BANCORP, INC.
SUMMARY FINANCIAL HIGHLIGHTS
June 30, 2018

(In thousands, except percentages and per share amounts)	June 30, 2018	March 31, 2018	June 30, 2017	June 30, 2018 vs. March 31, 2018 %	June 30, 2018 vs. June 30, 2017 %
BALANCE SHEET DATA:					
Total assets	**$ 1,514,120**	$ 1,439,902	$ 1,275,517	5.2 %	18.7 %
Total deposits	**1,146,399**	1,117,514	1,003,967	2.6	14.2
Total loans	**1,246,511**	1,195,110	1,046,804	4.3	19.1
Total securities	**65,682**	67,521	75,066	(2.7)	(12.5)
Total shareholders' equity	**128,141**	123,104	112,447	4.1	14.0
Allowance for loan losses	**(14,634)**	(14,196)	(12,800)	3.1	14.3
FINANCIAL DATA - QUARTER TO DATE:					
Income before provision for income taxes	**$ 6,748**	$ 6,464	$ 5,350	4.4	26.1
Provision for income taxes	**1,351**	1,235	1,906	9.4	(29.1)
Net income	**$ 5,397**	$ 5,229	$ 3,444	3.2	56.7
Net income per common share - Basic	**$ 0.50**	$ 0.49	$ 0.33	2.0	51.5
Net income per common share - Diluted	**$ 0.49**	$ 0.48	$ 0.32	2.1	53.1
Performance ratios:					
Return on average assets	**1.53 %**	1.53 %	1.11 %	-	37.8
Return on average equity	**17.32 %**	17.69 %	12.47 %	2.7	45.7
Efficiency ratio	**52.80 %**	54.00 %	56.41 %	(2.2)	(6.4)
Net interest margin	**3.95 %**	3.99 %	3.79 %	(1.0)	4.2
Noninterest expense to average assets	**2.32 %**	2.40 %	2.39 %	(3.3)	(2.9)
FINANCIAL DATA - YEAR TO DATE:					
Income before provision for income taxes	**$ 13,213**		$ 10,254		28.9
Provision for income taxes	**2,586**		3,618		(28.5)
Net income	**$ 10,627**		$ 6,636		60.1
Net income per common share - Basic	**$ 0.99**		$ 0.63		57.1
Net income per common share - Diluted	**$ 0.98**		$ 0.62		58.1
Performance ratios:					
Return on average assets	**1.53 %**		1.09 %		40.4
Return on average equity	**17.41 %**		12.25 %		46.4
Efficiency ratio	**53.40 %**		57.71 %		(7.5)
Net interest margin	**3.97 %**		3.75 %		5.9
Noninterest expense to average assets	**2.36 %**		2.44 %		(3.3)
SHARE INFORMATION:					
Market price per share	**$ 22.75**	$ 22.00	$ 17.20	3.4	32.3
Dividends paid	**$ 0.07**	$ 0.06	$ 0.06	20.0	20.0
Book value per common share	**$ 11.94**	$ 11.50	$ 10.64	3.8	12.2
Average diluted shares outstanding (QTD)	**10,915**	10,853	10,735	0.6	1.7
CAPITAL RATIOS:					
Total equity to total assets	**8.46 %**	8.55 %	8.82 %	(1.1)	(4.1)
Leverage ratio	**9.63 %**	9.46 %	9.66 %	1.8	(0.3)
Common equity tier 1 risk-based capital ratio	**11.05 %**	11.14 %	11.32 %	(0.8)	(2.4)
Tier 1 risk-based capital ratio	**11.92 %**	12.07 %	12.34 %	(1.2)	(3.4)
Total risk-based capital ratio	**13.14 %**	13.24 %	13.59 %	(0.8)	(3.3)
CREDIT QUALITY AND RATIOS:					
Nonperforming assets	**$ 5,265**	$ 4,333	$ 6,262	21.5	(15.9)
QTD net chargeoffs (annualized) to QTD average loans	**0.04 %**	(0.05) %	0.11 %	180.0	(63.6)
Allowance for loan losses to total loans	**1.17 %**	1.19 %	1.22 %	(1.7)	(4.1)
Nonperforming assets to total loans and OREO	**0.42 %**	0.36 %	0.60 %	16.7	(30.0)
Nonperforming assets to total assets	**0.35 %**	0.30 %	0.49 %	16.7 %	(28.6) %

UNITY BANCORP, INC.
CONSOLIDATED BALANCE SHEETS
June 30, 2018

(In thousands, except percentages)	June 30, 2018	December 31, 2017	June 30, 2017	June 30, 2018 vs. December 31, 2017 %	June 30, 2018 vs. June 30, 2017 %
ASSETS					
Cash and due from banks	**$ 26,784**	$ 23,701	$ 21,745	13.0 %	23.2 %
Fed funds, interest-bearing deposits and repos	**112,491**	126,553	83,070	(11.1)	35.4
Cash and cash equivalents	**139,275**	150,254	104,815	(7.3)	32.9
Securities:					
Securities available for sale	**48,707**	52,287	53,726	(6.8)	(9.3)
Securities held to maturity	**15,777**	16,307	20,241	(3.3)	(22.1)
Equity securities	**1,198**	1,206	1,099	(0.7)	9.0
Total securities	**65,682**	69,800	75,066	(5.9)	(12.5)
Loans:					
SBA loans held for sale	**14,889**	22,810	13,950	(34.7)	6.7
SBA loans held for investment	**41,351**	43,999	43,329	(6.0)	(4.6)
Commercial loans	**673,480**	628,865	568,461	7.1	18.5
Residential mortgage loans	**398,383**	365,145	315,396	9.1	26.3
Consumer loans	**118,408**	109,855	105,668	7.8	12.1
Total loans	**1,246,511**	1,170,674	1,046,804	6.5	19.1
Allowance for loan losses	**(14,634)**	(13,556)	(12,800)	8.0	14.3
Net loans	**1,231,877**	1,157,118	1,034,004	6.5	19.1
Premises and equipment, net	**23,493**	23,470	23,134	0.1	1.6
Bank owned life insurance ("BOLI")	**24,573**	24,227	13,936	1.4	76.3
Deferred tax assets	**4,438**	4,017	5,617	10.5	(21.0)
Federal Home Loan Bank ("FHLB") stock	**11,245**	12,863	7,101	(12.6)	58.4
Accrued interest receivable	**6,027**	5,447	4,669	10.6	29.1
Other real estate owned ("OREO")	**56**	426	581	(86.9)	(90.4)
Goodwill	**1,516**	1,516	1,516	-	-
Other assets	**5,938**	6,358	5,078	(6.6)	16.9
Total assets	**$ 1,514,120**	$ 1,455,496	$ 1,275,517	4.0 %	18.7 %
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities:					
Deposits:					
Noninterest-bearing demand	**$ 250,500**	$ 256,119	$ 232,545	(2.2) %	7.7 %
Interest-bearing demand	**160,327**	164,997	149,703	(2.8)	7.1
Savings	**398,694**	396,557	403,722	0.5	(1.2)
Time deposits	**336,878**	225,464	217,997	49.4	54.5
Total deposits	**1,146,399**	1,043,137	1,003,967	9.9	14.2
Borrowed funds	**220,000**	275,000	142,000	(20.0)	54.9
Subordinated debentures	**10,310**	10,310	10,310	-	-
Accrued interest payable	**509**	436	410	16.7	24.1
Accrued expenses and other liabilities	**8,761**	8,508	6,383	3.0	37.3
Total liabilities	**1,385,979**	1,337,391	1,163,070	3.6	19.2
Shareholders' equity:					
Common stock	**87,755**	86,782	86,112	1.1	1.9
Retained earnings	**40,386**	31,117	26,137	29.8	54.5
Accumulated other comprehensive (loss) income	**-**	206	198	NM	NM
Total shareholders' equity	**128,141**	118,105	112,447	8.5	14.0
Total liabilities and shareholders' equity	**$ 1,514,120**	$ 1,455,496	$ 1,275,517	4.0 %	18.7 %
Issued and outstanding common shares	**10,731**	10,615	10,567		

NM=Not meaningful

UNITY BANCORP, INC.
QTD CONSOLIDATED STATEMENTS OF INCOME
June 30, 2018

	For the three months ended			June 30, 2018 vs. March 31, 2018		June 30, 2018 vs. June 30, 2017	
(In thousands, except percentages and per share amounts)	**June 30, 2018**	**March 31, 2018**	**June 30, 2017**	**$**	**%**	**$**	**%**
INTEREST INCOME							
Fed funds, interest-bearing deposits and repos	**$ 171**	$ 205	$ 203	$ (34)	(16.6) %	$ (32)	(15.8) %
FHLB stock	**123**	134	73	(11)	(8.2)	50	68.5
Securities:							
Taxable	**484**	492	538	(8)	(1.6)	(54)	(10.0)
Tax-exempt	**30**	31	44	(1)	(3.2)	(14)	(31.8)
Total securities	**514**	523	582	(9)	(1.7)	(68)	(11.7)
Loans:							
SBA loans	**1,131**	1,183	886	(52)	(4.4)	245	27.7
Commercial loans	**8,209**	7,726	6,882	483	6.3	1,327	19.3
Residential mortgage loans	**4,522**	4,340	3,584	182	4.2	938	26.2
Consumer loans	**1,699**	1,529	1,267	170	11.1	432	34.1
Total loans	**15,561**	14,778	12,619	783	5.3	2,942	23.3
Total interest income	**16,369**	15,640	13,477	729	4.7	2,892	21.5
INTEREST EXPENSE							
Interest-bearing demand deposits	**259**	224	161	35	15.6	98	60.9
Savings deposits	**943**	776	678	167	21.5	265	39.1
Time deposits	**1,303**	1,000	814	303	30.3	489	60.1
Borrowed funds and subordinated debentures	**720**	768	674	(48)	(6.3)	46	6.8
Total interest expense	**3,225**	2,768	2,327	457	16.5	898	38.6
Net interest income	**13,144**	12,872	11,150	272	2.1	1,994	17.9
Provision for loan losses	**550**	500	400	50	10.0	150	37.5
Net interest income after provision for loan losses	**12,594**	12,372	10,750	222	1.8	1,844	17.2
NONINTEREST INCOME							
Branch fee income	**419**	330	344	89	27.0	75	21.8
Service and loan fee income	**411**	564	512	(153)	(27.1)	(101)	(19.7)
Gain on sale of SBA loans held for sale, net	**582**	547	479	35	6.4	103	21.5
Gain on sale of mortgage loans, net	**421**	424	264	(3)	(0.7)	157	59.5
BOLI income	**175**	171	89	4	2.3	86	96.6
Net security gains (losses)	**7**	(15)	16	22	146.7	(9)	(56.3)
Other income	**297**	265	317	32	12.1	(20)	(6.3)
Total noninterest income	**2,312**	2,286	2,021	26	1.1	291	14.4
NONINTEREST EXPENSE							
Compensation and benefits	**4,736**	4,834	4,299	(98)	(2.0)	437	10.2
Occupancy	**693**	690	590	3	0.4	103	17.5
Processing and communications	**674**	689	632	(15)	(2.2)	42	6.6
Furniture and equipment	**610**	536	513	74	13.8	97	18.9
Professional services	**161**	251	251	(90)	(35.9)	(90)	(35.9)
Loan collection & OREO expenses	**6**	6	38	-	-	(32)	(84.2)
Other loan expenses	**53**	33	18	20	60.6	35	194.4
Deposit insurance	**216**	186	144	30	16.1	72	50.0
Advertising	**362**	319	323	43	13.5	39	12.1
Director fees	**165**	162	149	3	1.9	16	10.7
Other expenses	**482**	488	464	(6)	(1.2)	18	3.9
Total noninterest expense	**8,158**	8,194	7,421	(36)	(0.4)	737	9.9
Income before provision for income taxes	**6,748**	6,464	5,350	284	4.4	1,398	26.1
Provision for income taxes	**1,351**	1,235	1,906	116	9.4	(555)	(29.1)
Net income	**$ 5,397**	$ 5,229	$ 3,444	$ 168	3.2 %	$ 1,953	56.7 %
Effective tax rate	**20.0 %**	19.1 %	35.6 %				
Net income per common share - Basic	**$ 0.50**	$ 0.49	$ 0.33				
Net income per common share - Diluted	**$ 0.49**	$ 0.48	$ 0.32				
Weighted average common shares outstanding - Basic	**10,717**	10,678	10,546				
Weighted average common shares outstanding - Diluted	**10,915**	10,853	10,735				

UNITY BANCORP, INC.
YTD CONSOLIDATED STATEMENTS OF INCOME
June 30, 2018

(In thousands, except percentages and per share amounts)	For the six months ended June 30, 2018	2017	Current YTD vs. Prior YTD $	%
INTEREST INCOME				
Fed funds, interest-bearing deposits and repos	**$ 376**	$ 332	$ 44	13.3 %
FHLB stock	**257**	166	91	54.8
Securities:				
Taxable	**976**	1,030	(54)	(5.2)
Tax-exempt	**61**	88	(27)	(30.7)
Total securities	**1,037**	1,118	(81)	(7.2)
Loans:				
SBA loans	**2,314**	1,739	575	33.1
Commercial loans	**15,934**	13,350	2,584	19.4
Residential mortgage loans	**8,863**	6,967	1,896	27.2
Consumer loans	**3,228**	2,400	828	34.5
Total loans	**30,339**	24,456	5,883	24.1
Total interest income	**32,009**	26,072	5,937	22.8
INTEREST EXPENSE				
Interest-bearing demand deposits	**483**	314	169	53.8
Savings deposits	**1,719**	1,261	458	36.3
Time deposits	**2,302**	1,618	684	42.3
Borrowed funds and subordinated debentures	**1,489**	1,338	151	11.3
Total interest expense	**5,993**	4,531	1,462	32.3
Net interest income	**26,016**	21,541	4,475	20.8
Provision for loan losses	**1,050**	650	400	61.5
Net interest income after provision for loan losses	**24,966**	20,891	4,075	19.5
NONINTEREST INCOME				
Branch fee income	**750**	675	75	11.1
Service and loan fee income	**976**	1,024	(48)	(4.7)
Gain on sale of SBA loans held for sale, net	**1,130**	963	167	17.3
Gain on sale of mortgage loans, net	**845**	796	49	6.2
BOLI income	**346**	178	168	94.4
Net security gains (losses)	**(9)**	16	(25)	(156.3)
Other income	**560**	573	(13)	(2.3)
Total noninterest income	**4,598**	4,225	373	8.8
NONINTEREST EXPENSE				
Compensation and benefits	**9,570**	8,394	1,176	14.0
Occupancy	**1,383**	1,190	193	16.2
Processing and communications	**1,363**	1,236	127	10.3
Furniture and equipment	**1,146**	1,024	122	11.9
Professional services	**412**	477	(65)	(13.6)
Loan collection & OREO expenses	**11**	379	(368)	(97.1)
Other loan expenses	**86**	102	(16)	(15.7)
Deposit insurance	**402**	220	182	82.7
Advertising	**681**	560	121	21.6
Director fees	**327**	346	(19)	(5.5)
Other expenses	**970**	934	36	3.9
Total noninterest expense	**16,351**	14,862	1,489	10.0
Income before provision for income taxes	**13,213**	10,254	2,959	28.9
Provision for income taxes	**2,586**	3,618	(1,032)	(28.5)
Net income	**$ 10,627**	$ 6,636	$ 3,991	60.1 %
Effective tax rate	**19.6 %**	35.3 %		
Net income per common share - Basic	**$ 0.99**	$ 0.63		
Net income per common share - Diluted	**$ 0.98**	$ 0.62		
Weighted average common shares outstanding - Basic	**10,698**	10,528		
Weighted average common shares outstanding - Diluted	**10,897**	10,720		

UNITY BANCORP, INC.
QUARTER TO DATE NET INTEREST MARGIN
June 30, 2018

(Dollar amounts in thousands, interest amounts and interest rates/yields on a fully tax-equivalent basis)

	For the three months ended					
	June 30, 2018			March 31, 2018		
	Average Balance	Interest	Rate/Yield	Average Balance	Interest	Rate/Yield
ASSETS						
Interest-earning assets:						
Fed funds, interest-bearing deposits and repos	**$ 39,418**	**$ 171**	**1.74 %**	$ 48,936	$ 205	1.70 %
FHLB stock	**7,811**	**123**	**6.32**	7,799	134	6.97
Securities:						
Taxable	**61,342**	**484**	**3.16**	63,393	492	3.15
Tax-exempt	**5,202**	**37**	**2.85**	5,349	38	2.88
Total securities (A)	**66,544**	**521**	**3.14**	68,742	530	3.13
Loans:						
SBA loans	**62,467**	**1,131**	**7.26**	68,376	1,183	7.02
Commercial loans	**657,031**	**8,209**	**5.01**	632,409	7,726	4.95
Residential mortgage loans	**387,086**	**4,522**	**4.69**	371,061	4,340	4.74
Consumer loans	**116,547**	**1,699**	**5.85**	110,947	1,529	5.59
Total loans (B)	**1,223,131**	**15,561**	**5.10**	1,182,793	14,778	5.07
Total interest-earning assets	**$ 1,336,904**	**$ 16,376**	**4.91 %**	$ 1,308,270	$ 15,647	4.85 %
Noninterest-earning assets:						
Cash and due from banks	**24,145**			23,244		
Allowance for loan losses	**(14,419)**			(13,949)		
Other assets	**64,811**			65,686		
Total noninterest-earning assets	**74,537**			74,981		
Total assets	**$ 1,411,441**			$ 1,383,251		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities:						
Total interest-bearing demand deposits	**$ 168,298**	**$ 259**	**0.62 %**	$ 178,385	$ 224	0.51 %
Total savings deposits	**401,195**	**943**	**0.94**	403,222	776	0.78
Total time deposits	**296,078**	**1,303**	**1.77**	252,000	1,000	1.61
Total interest-bearing deposits	**865,571**	**2,505**	**1.16**	833,607	2,000	0.97
Borrowed funds and subordinated debentures	**154,250**	**720**	**1.87**	167,458	768	1.86
Total interest-bearing liabilities	**$ 1,019,821**	**$ 3,225**	**1.27 %**	$ 1,001,065	$ 2,768	1.12 %
Noninterest-bearing liabilities:						
Noninterest-bearing demand deposits	**257,238**			252,128		
Other liabilities	**9,418**			10,165		
Total noninterest-bearing liabilities	**266,656**			262,293		
Total shareholders' equity	**124,964**			119,893		
Total liabilities and shareholders' equity	**$ 1,411,441**			$ 1,383,251		
Net interest spread		**$ 13,151**	**3.64 %**		$ 12,879	3.73 %
Tax-equivalent basis adjustment		**(7)**			(7)	
Net interest income		**$ 13,144**			$ 12,872	
Net interest margin			**3.95 %**			3.99 %

(A) Yields related to securities exempt from federal and state income taxes are stated on a fully tax-equivalent basis. They are reduced by the nondeductible portion of interest expense, assuming a federal tax rate of 21 percent in 2018 and 35 percent in 2017 and applicable state rates.
(B) The loan averages are stated net of unearned income, and the averages include loans on which the accrual of interest has been discontinued.

UNITY BANCORP, INC.
QUARTER TO DATE NET INTEREST MARGIN
June 30, 2018

(Dollar amounts in thousands, interest amounts and interest rates/yields on a fully tax-equivalent basis)

	For the three months ended					
	June 30, 2018			June 30, 2017		
	Average Balance	Interest	Rate/Yield	Average Balance	Interest	Rate/Yield
ASSETS						
Interest-earning assets:						
Fed funds, interest-bearing deposits and repos	**$ 39,418**	**$ 171**	**1.74 %**	$ 76,656	$ 203	1.06 %
FHLB stock	**7,811**	**123**	**6.32**	5,912	73	4.95
Securities:						
Taxable	**61,342**	**484**	**3.16**	67,102	538	3.22
Tax-exempt	**5,202**	**37**	**2.85**	6,764	67	3.97
Total securities (A)	**66,544**	**521**	**3.14**	73,866	605	3.29
Loans:						
SBA loans	**62,467**	**1,131**	**7.26**	55,650	886	6.39
Commercial loans	**657,031**	**8,209**	**5.01**	556,645	6,882	4.96
Residential mortgage loans	**387,086**	**4,522**	**4.69**	311,730	3,584	4.61
Consumer loans	**116,547**	**1,699**	**5.85**	100,889	1,267	5.04
Total loans (B)	**1,223,131**	**15,561**	**5.10**	1,024,914	12,619	4.94
Total interest-earning assets	**$ 1,336,904**	**$ 16,376**	**4.91 %**	$ 1,181,348	$ 13,500	4.58 %
Noninterest-earning assets:						
Cash and due from banks	**24,145**			23,055		
Allowance for loan losses	**(14,419)**			(12,916)		
Other assets	**64,811**			55,367		
Total noninterest-earning assets	**74,537**			65,506		
Total assets	**$ 1,411,441**			$ 1,246,854		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities:						
Total interest-bearing demand deposits	**$ 168,298**	**$ 259**	**0.62 %**	$ 157,896	$ 161	0.41 %
Total savings deposits	**401,195**	**943**	**0.94**	397,813	678	0.68
Total time deposits	**296,078**	**1,303**	**1.77**	221,636	814	1.47
Total interest-bearing deposits	**865,571**	**2,505**	**1.16**	777,345	1,653	0.85
Borrowed funds and subordinated debentures	**154,250**	**720**	**1.87**	126,057	674	2.14
Total interest-bearing liabilities	**$ 1,019,821**	**$ 3,225**	**1.27 %**	$ 903,402	$ 2,327	1.03 %
Noninterest-bearing liabilities:						
Noninterest-bearing demand deposits	**257,238**			225,909		
Other liabilities	**9,418**			6,752		
Total noninterest-bearing liabilities	**266,656**			232,661		
Total shareholders' equity	**124,964**			110,791		
Total liabilities and shareholders' equity	**$ 1,411,441**			$ 1,246,854		
Net interest spread		**$ 13,151**	**3.64 %**		$ 11,173	3.55 %
Tax-equivalent basis adjustment		**(7)**			(23)	
Net interest income		**$ 13,144**			$ 11,150	
Net interest margin			**3.95 %**			3.79 %

(A) Yields related to securities exempt from federal and state income taxes are stated on a fully tax-equivalent basis. They are reduced by the nondeductible portion of interest expense, assuming a federal tax rate of 21 percent in 2018 and 35 percent in 2017 and applicable state rates.
(B) The loan averages are stated net of unearned income, and the averages include loans on which the accrual of interest has been discontinued.

UNITY BANCORP, INC.
YEAR TO DATE NET INTEREST MARGIN
June 30, 2018

(Dollar amounts in thousands, interest amounts and interest rates/yields on a fully tax-equivalent basis)

	For the six months ended					
	June 30, 2018			June 30, 2017		
	Average Balance	Interest	Rate/Yield	Average Balance	Interest	Rate/Yield
ASSETS						
Interest-earning assets:						
Fed funds, interest-bearing deposits and repos	**$ 44,151**	**$ 376**	**1.72 %**	$ 77,297	$ 332	0.87 %
FHLB stock	**7,805**	**257**	**6.64**	5,844	166	5.73
Securities:						
Taxable	**62,361**	**976**	**3.16**	65,635	1,030	3.16
Tax-exempt	**5,276**	**76**	**2.90**	6,603	132	4.03
Total securities (A)	**67,637**	**1,052**	**3.14**	72,238	1,162	3.24
Loans:						
SBA loans	**65,405**	**2,314**	**7.13**	56,798	1,739	6.17
Commercial loans	**644,788**	**15,934**	**4.98**	547,670	13,350	4.92
Residential mortgage loans	**379,118**	**8,863**	**4.71**	304,507	6,967	4.61
Consumer loans	**113,762**	**3,228**	**5.72**	97,571	2,400	4.96
Total loans (B)	**1,203,073**	**30,339**	**5.09**	1,006,546	24,456	4.90
Total interest-earning assets	**$ 1,322,666**	**$ 32,024**	**4.88 %**	$ 1,161,925	$ 26,116	4.53 %
Noninterest-earning assets:						
Cash and due from banks	**23,697**			23,315		
Allowance for loan losses	**(14,185)**			(12,851)		
Other assets	**65,246**			55,428		
Total noninterest-earning assets	**74,758**			65,892		
Total assets	**$ 1,397,424**			$ 1,227,817		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities:						
Total interest-bearing demand deposits	**$ 173,314**	**$ 483**	**0.56 %**	$ 155,159	$ 314	0.41 %
Total savings deposits	**402,203**	**1,719**	**0.86**	388,179	1,261	0.66
Total time deposits	**274,160**	**2,302**	**1.69**	221,970	1,618	1.47
Total interest-bearing deposits	**849,677**	**4,504**	**1.07**	765,308	3,193	0.84
Borrowed funds and subordinated debentures	**160,817**	**1,489**	**1.87**	125,780	1,338	2.15
Total interest-bearing liabilities	**$ 1,010,494**	**$ 5,993**	**1.20 %**	$ 891,088	$ 4,531	1.02 %
Noninterest-bearing liabilities:						
Noninterest-bearing demand deposits	**254,697**			220,686		
Other liabilities	**9,166**			6,771		
Total noninterest-bearing liabilities	**263,863**			227,457		
Total shareholders' equity	**123,067**			109,272		
Total liabilities and shareholders' equity	**$ 1,397,424**			$ 1,227,817		
Net interest spread		**$ 26,031**	**3.68 %**		$ 21,585	3.51 %
Tax-equivalent basis adjustment		**(15)**			(44)	
Net interest income		**$ 26,016**			$ 21,541	
Net interest margin			**3.97 %**			3.75 %

(A) Yields related to securities exempt from federal and state income taxes are stated on a fully tax-equivalent basis. They are reduced by the nondeductible portion of interest expense, assuming a federal tax rate of 21 percent in 2018 and 35 percent in 2017 and applicable state rates.
(B) The loan averages are stated net of unearned income, and the averages include loans on which the accrual of interest has been discontinued.

UNITY BANCORP, INC.
QUARTERLY ALLOWANCE FOR LOAN LOSSES AND LOAN QUALITY SCHEDULES
June 30, 2018

Amounts in thousands, except percentages	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017	Sept. 30, 2017	Jun. 30, 2017
ALLOWANCE FOR LOAN LOSSES:					
Balance, beginning of period	**$ 14,196**	$ 13,556	$ 13,113	$ 12,800	$ 12,681
Provision for loan losses charged to expense	**550**	500	500	500	400
	14,746	14,056	13,613	13,300	13,081
Less: Chargeoffs					
SBA loans	**104**	81	-	34	150
Commercial loans	**-**	-	-	31	120
Residential mortgage loans	**-**	-	50	5	-
Consumer loans	**16**	6	83	170	17
Total chargeoffs	**120**	87	133	240	287
Add: Recoveries					
SBA loans	**3**	64	45	36	3
Commercial loans	**4**	16	31	15	3
Residential mortgage loans	**-**	13	-	-	-
Consumer loans	**1**	134	-	2	-
Total recoveries	**8**	227	76	53	6
Net chargeoffs (recoveries)	**112**	(140)	57	187	281
Balance, end of period	**$ 14,634**	$ 14,196	$ 13,556	$ 13,113	$ 12,800
LOAN QUALITY INFORMATION:					
Nonperforming loans (1)	**$ 5,209**	$ 4,277	$ 2,994	$ 3,742	$ 5,681
Other real estate owned ("OREO")	**56**	56	426	707	581
Nonperforming assets	**5,265**	4,333	3,420	4,449	6,262
Less: Amount guaranteed by SBA	**129**	27	27	27	41
Net nonperforming assets	**$ 5,136**	$ 4,306	$ 3,393	$ 4,422	$ 6,221
Loans 90 days past due & still accruing	**$ 286**	$ -	$ 60	$ 2,216	$ 230
Performing Troubled Debt Restructurings (TDRs)	**$ 767**	$ 774	$ 786	$ -	$ -
(1) Nonperforming TDRs included in nonperforming loans	**$ -**	$ -	$ -	$ -	$ -
Total TDRs	**$ 767**	$ 774	$ 786	$ -	$ -
Allowance for loan losses to:					
Total loans at quarter end	**1.17 %**	1.19 %	1.16 %	1.20 %	1.22 %
Nonperforming loans (1)	**280.94**	331.91	452.77	350.43	225.31
Nonperforming assets	**277.95**	327.63	396.37	294.74	204.41
Net nonperforming assets	**284.93**	329.68	399.53	296.54	205.75
QTD net chargeoffs (annualized) to QTD average loans:					
SBA loans	**0.65 %**	0.10 %	(0.28) %	(0.01) %	1.06 %
Commercial loans	**-**	(0.01)	(0.02)	0.01	0.09
Residential mortgage loans	**-**	(0.01)	0.06	0.01	-
Consumer loans	**0.05**	(0.47)	0.30	0.62	0.07
Total loans	**0.04 %**	(0.05) %	0.02 %	0.07 %	0.11 %
Nonperforming loans to total loans	**0.42 %**	0.36 %	0.26 %	0.34 %	0.54 %
Nonperforming loans and TDRs to total loans	**0.48**	0.42	0.32	0.34	0.54
Nonperforming assets to total loans and OREO	**0.42**	0.36	0.29	0.41	0.60
Nonperforming assets to total assets	**0.35**	0.30	0.23	0.33	0.49

UNITY BANCORP, INC.
QUARTERLY FINANCIAL DATA
June 30, 2018

(In thousands, except percentages and per share amounts)	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017	Sept. 30, 2017	Jun. 30, 2017
SUMMARY OF INCOME:					
Total interest income	**$ 16,369**	$ 15,640	$ 15,044	$ 14,195	$ 13,477
Total interest expense	**3,225**	2,768	2,544	2,378	2,327
Net interest income	**13,144**	12,872	12,500	11,817	11,150
Provision for loan losses	**550**	500	500	500	400
Net interest income after provision for loan losses	**12,594**	12,372	12,000	11,317	10,750
Total noninterest income	**2,312**	2,286	2,037	2,008	2,021
Total noninterest expense	**8,158**	8,194	7,629	7,554	7,421
Income before provision for income taxes	**6,748**	6,464	6,408	5,771	5,350
Provision for income taxes	**1,351**	1,235	2,175	2,014	1,906
Impact of Tax Reform Bill	**-**	-	1,733	-	-
Net income	**$ 5,397**	$ 5,229	$ 2,500	$ 3,757	$ 3,444
Net income per common share - Basic	**$ 0.50**	$ 0.49	$ 0.24	$ 0.36	$ 0.33
Net income per common share - Diluted	**$ 0.49**	$ 0.48	$ 0.23	$ 0.35	$ 0.32
COMMON SHARE DATA:					
Market price per share	**$ 22.75**	$ 22.00	$ 19.75	$ 19.80	$ 17.20
Dividends paid	**$ 0.07**	$ 0.06	$ 0.06	$ 0.06	$ 0.06
Book value per common share	**$ 11.94**	$ 11.50	$ 11.13	$ 10.94	$ 10.64
Weighted average common shares outstanding - Basic	**10,717**	10,678	10,604	10,572	10,546
Weighted average common shares outstanding - Diluted	**10,915**	10,853	10,794	10,761	10,735
Issued and outstanding common shares	**10,731**	10,709	10,615	10,586	10,567
PERFORMANCE RATIOS (Annualized):					
Return on average assets	**1.53 %**	1.53 %	0.74 %	1.17 %	1.11 %
Return on average equity	**17.32**	17.69	8.54	13.00	12.47
Efficiency ratio	**52.80**	54.00	52.45	54.86	56.41
Noninterest expense to average assets	**2.32**	2.40	2.25	2.35	2.39
BALANCE SHEET DATA:					
Total assets	**$ 1,514,120**	$ 1,439,902	$ 1,455,496	$ 1,329,834	$ 1,275,517
Total deposits	**1,146,399**	1,117,514	1,043,137	1,043,632	1,003,967
Total loans	**1,246,511**	1,195,110	1,170,674	1,092,873	1,046,804
Total securities	**65,682**	67,521	69,800	72,105	75,066
Total shareholders' equity	**128,141**	123,104	118,105	115,814	112,447
Allowance for loan losses	**(14,634)**	(14,196)	(13,556)	(13,113)	(12,800)
TAX EQUIVALENT YIELDS AND RATES:					
Interest-earning assets	**4.91 %**	4.85 %	4.71 %	4.66 %	4.58 %
Interest-bearing liabilities	**1.27**	1.12	1.05	1.04	1.03
Net interest spread	**3.64**	3.73	3.66	3.62	3.55
Net interest margin	**3.95**	3.99	3.91	3.88	3.79
CREDIT QUALITY:					
Nonperforming assets	**5,265**	4,333	3,420	4,449	6,262
QTD net chargeoffs (annualized) to QTD average loans	**0.04 %**	(0.05) %	0.02 %	0.07 %	0.11 %
Allowance for loan losses to total loans	**1.17**	1.19	1.16	1.20	1.22
Nonperforming assets to total loans and OREO	**0.42**	0.36	0.29	0.41	0.60
Nonperforming assets to total assets	**0.35**	0.30	0.23	0.33	0.49
CAPITAL RATIOS AND OTHER:					
Total equity to total assets	**8.46 %**	8.55 %	8.11 %	8.71 %	8.82 %
Leverage ratio	**9.63**	9.46	9.37	9.70	9.66
Common equity tier 1 risk-based capital ratio	**11.05**	11.14	10.81	11.27	11.32
Tier 1 risk-based capital ratio	**11.92**	12.07	11.75	12.26	12.34
Total risk-based capital ratio	**13.14**	13.24	12.87	13.30	13.59
Number of banking offices	**19**	18	18	17	17
Number of ATMs	**20**	19	19	18	18
Number of employees	**197**	199	199	166	186

UNITY BANCORP, INC.
Reconciliation of GAAP vs. Non-GAAP Financials
June 30, 2018

(In thousands, except percentages and per share amounts)	QTD Dec. 31, 2017
GAAP	
Income before provision for income taxes	$ 6,408
Provision for income taxes	3,908
Net income	$ 2,500
Effective tax rate	61.0 %
Net income per:	
Common share - basic	$ 0.24
Common share - diluted	$ 0.23
Performance ratios:	
Return on average assets	0.74 %
Return on average equity	8.54 %
NON-GAAP	
Income before provision for income taxes	$ 6,408
Provision for income taxes	3,908
Net income before nonrecurring adjustments (GAAP)	2,500
Nonrecurring adjustments:	
Impact of Tax Reform Bill	1,733
Core net income (Non-GAAP)	$ 4,233
Core effective tax rate	33.9 %
Core net income per:	
Common share - basic	$ 0.40
Common share - diluted	$ 0.39
Core performance ratios:	
Return on average assets	1.25 %
Return on average equity	14.46 %