For Immediate Release
Unity Bancorp, Inc. (NSDQ: UNTY)
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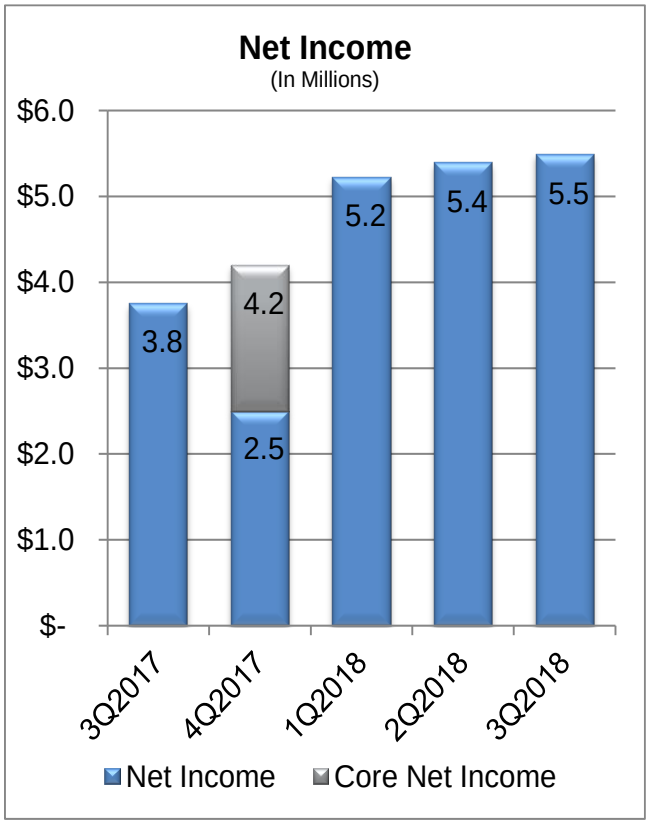
Unity Bancorp Reports Quarterly Earnings up 46% over Prior Year

Net Income per Diluted Share = $0.50	ROA = 1.50%	ROE = 16.64%	Net Interest Margin = 3.92%

CEO COMMENTARY:

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

"I am pleased to report that Unity had record net income in the third quarter. All business lines performed extremely well and Unity continues to be recognized as a premiere franchise in our market place. We continued to grow our market share in the third quarter and our performance is a reflection of our commitment to our clients, communities, employees and shareholders. I continue to remain very optimistic about our future, despite the headwinds caused by the rising interest rate environment."



(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, October 18, 2018 - Unity Bancorp, Inc. (NASDAQ: UNTY), parent company of Unity Bank, reported net income of $5.5 million, or $0.50 per diluted share, for the quarter ended September 30, 2018, compared to $3.8 million, or $0.35 per diluted share, for the prior year's third quarter. Approximately $775 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 nine months ended September 30, 2018, Unity reported net income of $16.1 million, or $1.48 per diluted share, compared to $10.4 million, or $0.97 per diluted share for the prior year's period. Approximately $2.3 million, or $0.21 per diluted share, of this increase is attributed to the lower effective tax rate due to the tax reform bill.

Third Quarter Earnings Highlights

- Net interest income, our primary driver of earnings, increased $1.8 million to $13.6 million for the quarter ended September 30, 2018, compared to the prior year's quarter, due to strong loan growth and an increased net interest margin.
- Net interest margin expanded 4 basis points to 3.92%, compared to 3.88% for the prior year's quarter. The net interest margin declined slightly from 3.95% in the prior sequential quarter ended June 30, 2018, due to the rising cost of deposits. The net interest margin is expected to remain stable as we actively manage the spread between our loan pricing and cost of funding in this rising interest rate environment.
- The provision for loan losses was stable at $500 thousand during the quarters ended September 30, 2018 and 2017. Asset quality remains strong.
- Noninterest income increased $471 thousand to $2.5 million compared to the prior year's quarter and $167 thousand compared to the prior sequential quarter. The quarter included a $291 thousand death benefit on bank-owned life insurance.
- Noninterest expense increased $1.2 million to $8.8 million compared to the prior year's quarter and $643 thousand compared to the prior sequential quarter. 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. Noninterest expense included two nonrecurring transactions this quarter: an $850 thousand supplemental executive retirement ("SERP") benefit expense, partially offset by a $317 thousand legal settlement related to an OREO property. The SERP expense represents the time of service cost due to modifying the SERP benefit for our President and CEO to equal 60 percent of the average of his base salary for the thirty-six months prior to separation, as compared to the previous 40 percent.
- The effective tax rate declined to 18.6% for the quarter compared to 34.9% 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 is expected to range between 25% and 27% in January 2019 as a result of the recent NJ tax legislation.

Balance Sheet Highlights

- Total loans increased $112.6 million, or 9.6%, from year-end 2017 to $1.3 billion at September 30, 2018. Commercial, residential mortgage and consumer loan portfolios increased $68.2 million, $48.5 million, and $8.6 million, respectively, partially offset by a decline of $12.7 million in SBA loans. Our pipeline in all categories remains strong. Mortgage originations year-to-date totaled $170.5 million through September 30, 2018 and are at a record level.
- Total deposits increased $176.3 million, or 16.9%, from year-end 2017 to $1.2 billion at September 30, 2018. Growth in noninterest-bearing demand deposits was 5.9% from year-end 2017.
- Borrowed funds decreased $95.0 million to $180.0 million at September 30, 2018, due to decreased overnight borrowings, the maturity of a repo and FHLB advances being called.
- Shareholders' equity was $133.1 million at September 30, 2018, an increase of $15.0 million from year-end 2017, due to retained net income offset in part by declines in other comprehensive income resulting from unrealized losses on securities.
- Book value per common share was $12.37 as of September 30, 2018.

- At September 30, 2018, the leverage, common equity Tier I, Tier I and Total Risk Based Capital ratios were 9.74%, 11.15%, 12.00% and 13.25% respectively, all in excess of the ratios required to be deemed "well-capitalized."
- Credit quality remains strong with nonperforming assets to total assets of 0.39% at September 30, 2018.

Other Highlights

- Unity Bancorp has been named to the Sandler O'Neill Sm-All Stars Class of 2018. This prestigious award recognizes financial institutions, with a market capitalization below $2.5 billion, based on criteria such as growth, profitability, credit quality and capital strength. Unity was one of only thirty publicly traded banks and thrifts recognized and one of two banks headquartered in New Jersey, which were recognized.

Unity Bancorp, Inc. is a financial service organization headquartered in Clinton, New Jersey, with approximately $1.6 billion in assets and $1.2 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
September 30, 2018

(In thousands, except percentages and per share amounts)	**September 30, 2018**	**June 30, 2018**	**September 30, 2017**	**September 30, 2018 vs. June 30, 2018 %**	**September 30, 2018 vs. September 30, 2017 %**
BALANCE SHEET DATA:					
Total assets	**$ 1,553,152**	$ 1,514,120	$ 1,329,834	2.6 %	16.8 %
Total deposits	**1,219,473**	1,146,399	1,043,632	6.4	16.8
Total loans	**1,283,304**	1,246,511	1,092,873	3.0	17.4
Total securities	**63,399**	65,682	72,105	(3.5)	(12.1)
Total shareholders' equity	**133,067**	128,141	115,814	3.8	14.9
Allowance for loan losses	**(14,988)**	(14,634)	(13,113)	2.4	14.3
FINANCIAL DATA - QUARTER TO DATE:					
Income before provision for income taxes	**$ 6,745**	$ 6,748	$ 5,771	-	16.9
Provision for income taxes	**1,255**	1,351	2,014	(7.1)	(37.7)
Net income	**$ 5,490**	$ 5,397	$ 3,757	1.7	46.1
Net income per common share - Basic	**$ 0.51**	$ 0.50	$ 0.36	2.0	41.7
Net income per common share - Diluted	**$ 0.50**	$ 0.49	$ 0.35	2.0	42.9
Performance ratios:					
Return on average assets	**1.50 %**	1.53 %	1.17 %	(2.0)	28.2
Return on average equity	**16.64 %**	17.32 %	13.00 %	(3.9)	28.0
Efficiency ratio	**54.86 %**	52.80 %	54.86 %	3.9	-
Net interest margin	**3.92 %**	3.95 %	3.88 %	(0.8)	1.0
Noninterest expense to average assets	**2.41 %**	2.32 %	2.35 %	3.9	2.6
FINANCIAL DATA - YEAR TO DATE:					
Income before provision for income taxes	**$ 19,958**		$ 16,025		24.5
Provision for income taxes	**3,841**		5,632		(31.8)
Net income	**$ 16,117**		$ 10,393		55.1
Net income per common share - Basic	**$ 1.50**		$ 0.99		51.5
Net income per common share - Diluted	**$ 1.48**		$ 0.97		52.6
Performance ratios:					
Return on average assets	**1.52 %**		1.12 %		35.7
Return on average equity	**17.14 %**		12.51 %		37.0
Efficiency ratio	**53.90 %**		56.72 %		(5.0)
Net interest margin	**3.95 %**		3.79 %		4.2
Noninterest expense to average assets	**2.38 %**		2.41 %		(1.2)
SHARE INFORMATION:					
Market price per share	**$ 22.90**	$ 22.75	$ 19.80	0.7	15.7
Dividends paid	**$ 0.07**	$ 0.07	$ 0.06	-	16.7
Book value per common share	**$ 12.37**	$ 11.94	$ 10.94	3.6	13.1
Average diluted shares outstanding (QTD)	**10,936**	10,915	10,761	0.2	1.6
CAPITAL RATIOS:					
Total equity to total assets	**8.57 %**	8.46 %	8.71 %	1.3	(1.6)
Leverage ratio	**9.74 %**	9.63 %	9.70 %	1.1	0.4
Common equity tier 1 risk-based capital ratio	**11.15 %**	11.05 %	11.27 %	0.9	(1.1)
Tier 1 risk-based capital ratio	**12.00 %**	11.92 %	12.26 %	0.7	(2.1)
Total risk-based capital ratio	**13.25 %**	13.14 %	13.30 %	0.8	(0.4)
CREDIT QUALITY AND RATIOS:					
Nonperforming assets	**$ 6,043**	$ 5,265	$ 4,449	14.8	35.8
QTD net chargeoffs (annualized) to QTD average loans	**0.05 %**	0.04 %	0.07 %	25.0	(28.6)
Allowance for loan losses to total loans	**1.17 %**	1.17 %	1.20 %	-	(2.5)
Nonperforming assets to total loans and OREO	**0.47 %**	0.42 %	0.41 %	11.9	14.6
Nonperforming assets to total assets	**0.39 %**	0.35 %	0.33 %	11.4 %	18.2 %

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

(In thousands, except percentages)	September 30, 2018	December 31, 2017	September 30, 2017	September 30, 2018 vs. December 31, 2017 %	September 30, 2018 vs. September 30, 2017 %
ASSETS					
Cash and due from banks	**$ 23,217**	$ 23,701	$ 20,318	(2.0) %	14.3 %
Fed funds, interest-bearing deposits and repos	**121,339**	126,553	84,512	(4.1)	43.6
Cash and cash equivalents	**144,556**	150,254	104,830	(3.8)	37.9
Securities:					
Securities available for sale	**46,874**	52,287	51,538	(10.4)	(9.0)
Securities held to maturity	**15,325**	16,307	19,355	(6.0)	(20.8)
Equity securities	**1,200**	1,206	1,212	(0.5)	(1.0)
Total securities	**63,399**	69,800	72,105	(9.2)	(12.1)
Loans:					
SBA loans held for sale	**13,029**	22,810	17,724	(42.9)	(26.5)
SBA loans held for investment	**41,051**	43,999	44,001	(6.7)	(6.7)
Commercial loans	**697,075**	628,865	591,005	10.8	17.9
Residential mortgage loans	**413,652**	365,145	330,787	13.3	25.1
Consumer loans	**118,497**	109,855	109,356	7.9	8.4
Total loans	**1,283,304**	1,170,674	1,092,873	9.6	17.4
Allowance for loan losses	**(14,988)**	(13,556)	(13,113)	10.6	14.3
Net loans	**1,268,316**	1,157,118	1,079,760	9.6	17.5
Premises and equipment, net	**23,416**	23,470	23,080	(0.2)	1.5
Bank owned life insurance ("BOLI")	**24,544**	24,227	24,047	1.3	2.1
Deferred tax assets	**5,310**	4,017	5,842	32.2	(9.1)
Federal Home Loan Bank ("FHLB") stock	**9,445**	12,863	7,328	(26.6)	28.9
Accrued interest receivable	**6,412**	5,447	5,222	17.7	22.8
Other real estate owned ("OREO")	**56**	426	707	(86.9)	(92.1)
Goodwill	**1,516**	1,516	1,516	-	-
Other assets	**6,182**	6,358	5,397	(2.8)	14.5
Total assets	**$ 1,553,152**	$ 1,455,496	$ 1,329,834	6.7 %	16.8 %
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities:					
Deposits:					
Noninterest-bearing demand	**$ 271,321**	$ 256,119	$ 258,519	5.9 %	5.0 %
Interest-bearing demand	**180,189**	164,997	166,529	9.2	8.2
Savings	**408,927**	396,557	403,871	3.1	1.3
Time deposits	**359,036**	225,464	214,713	59.2	67.2
Total deposits	**1,219,473**	1,043,137	1,043,632	16.9	16.8
Borrowed funds	**180,000**	275,000	152,000	(34.5)	18.4
Subordinated debentures	**10,310**	10,310	10,310	-	-
Accrued interest payable	**506**	436	400	16.1	26.5
Accrued expenses and other liabilities	**9,796**	8,508	7,678	15.1	27.6
Total liabilities	**1,420,085**	1,337,391	1,214,020	6.2	17.0
Shareholders' equity:					
Common stock	**88,149**	86,782	86,423	1.6	2.0
Retained earnings	**45,121**	31,117	29,260	45.0	54.2
Accumulated other comprehensive (loss) income	**(203)**	206	131	NM	NM
Total shareholders' equity	**133,067**	118,105	115,814	12.7	14.9
Total liabilities and shareholders' equity	**$ 1,553,152**	$ 1,455,496	$ 1,329,834	6.7 %	16.8 %
Issued and outstanding common shares	**10,756**	10,615	10,586		

NM=Not meaningful



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

	For the three months ended			September 30, 2018 vs. June 30, 2018		September 30, 2018 vs. September 30, 2017	
(In thousands, except percentages and per share amounts)	**September 30, 2018**	**June 30, 2018**	**September 30, 2017**	**$**	**%**	**$**	**%**
INTEREST INCOME							
Fed funds, interest-bearing deposits and repos	**$ 187**	$ 171	$ 262	$ 16	9.4 %	$ (75)	(28.6) %
FHLB stock	**101**	123	85	(22)	(17.9)	16	18.8
Securities:							
Taxable	**465**	484	512	(19)	(3.9)	(47)	(9.2)
Tax-exempt	**28**	30	40	(2)	(6.7)	(12)	(30.0)
Total securities	**493**	514	552	(21)	(4.1)	(59)	(10.7)
Loans:							
SBA loans	**1,050**	1,131	1,042	(81)	(7.2)	8	0.8
Commercial loans	**8,784**	8,209	7,211	575	7.0	1,573	21.8
Residential mortgage loans	**4,803**	4,522	3,636	281	6.2	1,167	32.1
Consumer loans	**1,776**	1,699	1,407	77	4.5	369	26.2
Total loans	**16,413**	15,561	13,296	852	5.5	3,117	23.4
Total interest income	**17,194**	16,369	14,195	825	5.0	2,999	21.1
INTEREST EXPENSE							
Interest-bearing demand deposits	**330**	259	168	71	27.4	162	96.4
Savings deposits	**1,049**	943	733	106	11.2	316	43.1
Time deposits	**1,739**	1,303	823	436	33.5	916	111.3
Borrowed funds and subordinated debentures	**509**	720	654	(211)	(29.3)	(145)	(22.2)
Total interest expense	**3,627**	3,225	2,378	402	12.5	1,249	52.5
Net interest income	**13,567**	13,144	11,817	423	3.2	1,750	14.8
Provision for loan losses	**500**	550	500	(50)	(9.1)	-	-
Net interest income after provision for loan losses	**13,067**	12,594	11,317	473	3.8	1,750	15.5
NONINTEREST INCOME							
Branch fee income	**357**	419	355	(62)	(14.8)	2	0.6
Service and loan fee income	**465**	411	448	54	13.1	17	3.8
Gain on sale of SBA loans held for sale, net	**253**	582	385	(329)	(56.5)	(132)	(34.3)
Gain on sale of mortgage loans, net	**597**	421	392	176	41.8	205	52.3
BOLI income	**464**	175	111	289	165.1	353	318.0
Net security gains	**2**	7	53	(5)	(71.4)	(51)	(96.2)
Other income	**341**	297	264	44	14.8	77	29.2
Total noninterest income	**2,479**	2,312	2,008	167	7.2	471	23.5
NONINTEREST EXPENSE							
Compensation and benefits	**5,704**	4,736	4,268	968	20.4	1,436	33.6
Occupancy	**675**	693	600	(18)	(2.6)	75	12.5
Processing and communications	**709**	674	656	35	5.2	53	8.1
Furniture and equipment	**586**	610	513	(24)	(3.9)	73	14.2
Professional services	**270**	161	247	109	67.7	23	9.3
Loan collection & OREO expenses	**(331)**	6	114	(337)	(5,616.7)	(445)	(390.4)
Other loan expenses	**51**	53	47	(2)	(3.8)	4	8.5
Deposit insurance	**191**	216	156	(25)	(11.6)	35	22.4
Advertising	**370**	362	299	8	2.2	71	23.7
Director fees	**175**	165	150	10	6.1	25	16.7
Other expenses	**401**	482	504	(81)	(16.8)	(103)	(20.4)
Total noninterest expense	**8,801**	8,158	7,554	643	7.9	1,247	16.5
Income before provision for income taxes	**6,745**	6,748	5,771	(3)	-	974	16.9
Provision for income taxes	**1,255**	1,351	2,014	(96)	(7.1)	(759)	(37.7)
Net income	**$ 5,490**	$ 5,397	$ 3,757	$ 93	1.7 %	$ 1,733	46.1 %
Effective tax rate	**18.6 %**	20.0 %	34.9 %				
Net income per common share - Basic	**$ 0.51**	$ 0.50	$ 0.36				
Net income per common share - Diluted	**$ 0.50**	$ 0.49	$ 0.35				
Weighted average common shares outstanding - Basic	**10,743**	10,717	10,572				
Weighted average common shares outstanding - Diluted	**10,936**	10,915	10,761				

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

(In thousands, except percentages and per share amounts)	For the nine months ended September 30, 2018	2017	Current YTD vs. Prior YTD $	Current YTD vs. Prior YTD %
INTEREST INCOME				
Fed funds, interest-bearing deposits and repos	**$ 563**	$ 595	$ (32)	(5.4) %
FHLB stock	**359**	252	107	42.5
Securities:				
Taxable	**1,442**	1,543	(101)	(6.5)
Tax-exempt	**88**	127	(39)	(30.7)
Total securities	**1,530**	1,670	(140)	(8.4)
Loans:				
SBA loans	**3,365**	2,781	584	21.0
Commercial loans	**24,718**	20,562	4,156	20.2
Residential mortgage loans	**13,666**	10,603	3,063	28.9
Consumer loans	**5,003**	3,806	1,197	31.5
Total loans	**46,752**	37,752	9,000	23.8
Total interest income	**49,204**	40,269	8,935	22.2
INTEREST EXPENSE				
Interest-bearing demand deposits	**813**	482	331	68.7
Savings deposits	**2,768**	1,994	774	38.8
Time deposits	**4,042**	2,441	1,601	65.6
Borrowed funds and subordinated debentures	**1,997**	1,992	5	0.3
Total interest expense	**9,620**	6,909	2,711	39.2
Net interest income	**39,584**	33,360	6,224	18.7
Provision for loan losses	**1,550**	1,150	400	34.8
Net interest income after provision for loan losses	**38,034**	32,210	5,824	18.1
NONINTEREST INCOME				
Branch fee income	**1,107**	1,029	78	7.6
Service and loan fee income	**1,441**	1,472	(31)	(2.1)
Gain on sale of SBA loans held for sale, net	**1,383**	1,348	35	2.6
Gain on sale of mortgage loans, net	**1,442**	1,188	254	21.4
BOLI income	**810**	289	521	180.3
Net security gains (losses)	**(6)**	69	(75)	(108.7)
Other income	**900**	838	62	7.4
Total noninterest income	**7,077**	6,233	844	13.5
NONINTEREST EXPENSE				
Compensation and benefits	**15,274**	12,662	2,612	20.6
Occupancy	**2,057**	1,791	266	14.9
Processing and communications	**2,072**	1,892	180	9.5
Furniture and equipment	**1,732**	1,537	195	12.7
Professional services	**682**	724	(42)	(5.8)
Loan collection & OREO expenses	**(320)**	493	(813)	(164.9)
Other loan expenses	**137**	149	(12)	(8.1)
Deposit insurance	**593**	376	217	57.7
Advertising	**1,051**	859	192	22.4
Director fees	**502**	496	6	1.2
Other expenses	**1,373**	1,439	(66)	(4.6)
Total noninterest expense	**25,153**	22,418	2,735	12.2
Income before provision for income taxes	**19,958**	16,025	3,933	24.5
Provision for income taxes	**3,841**	5,632	(1,791)	(31.8)
Net income	**$ 16,117**	$ 10,393	$ 5,724	55.1 %
Effective tax rate	**19.2 %**	35.1 %		
Net income per common share - Basic	**$ 1.50**	$ 0.99		
Net income per common share - Diluted	**$ 1.48**	$ 0.97		
Weighted average common shares outstanding - Basic	**10,713**	10,543		
Weighted average common shares outstanding - Diluted	**10,910**	10,734		

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

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

	For the three months ended					
	September 30, 2018			June 30, 2018		
	Average Balance	Interest	Rate/Yield	Average Balance	Interest	Rate/Yield
ASSETS						
Interest-earning assets:						
Fed funds, interest-bearing deposits and repos	**$ 40,060**	**$ 187**	**1.85 %**	$ 39,418	$ 171	1.74 %
FHLB stock	**5,805**	**101**	**6.90**	7,811	123	6.32
Securities:						
Taxable	**59,916**	**465**	**3.08**	61,342	484	3.16
Tax-exempt	**5,095**	**35**	**2.73**	5,202	37	2.85
Total securities (A)	**65,011**	**500**	**3.05**	66,544	521	3.14
Loans:						
SBA loans	**56,837**	**1,050**	**7.33**	62,467	1,131	7.26
Commercial loans	**683,632**	**8,784**	**5.10**	657,031	8,209	5.01
Residential mortgage loans	**404,439**	**4,803**	**4.71**	387,086	4,522	4.69
Consumer loans	**116,421**	**1,776**	**6.05**	116,547	1,699	5.85
Total loans (B)	**1,261,329**	**16,413**	**5.16**	1,223,131	15,561	5.10
Total interest-earning assets	**$ 1,372,205**	**$ 17,201**	**4.97 %**	$ 1,336,904	$ 16,376	4.91 %
Noninterest-earning assets:						
Cash and due from banks	**25,560**			24,145		
Allowance for loan losses	**(14,909)**			(14,419)		
Other assets	**65,645**			64,811		
Total noninterest-earning assets	**76,296**			74,537		
Total assets	**$ 1,448,501**			$ 1,411,441		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities:						
Total interest-bearing demand deposits	**$ 173,515**	**$ 330**	**0.75 %**	$ 168,298	$ 259	0.62 %
Total savings deposits	**407,287**	**1,049**	**1.02**	401,195	943	0.94
Total time deposits	**350,747**	**1,739**	**1.97**	296,078	1,303	1.77
Total interest-bearing deposits	**931,549**	**3,118**	**1.33**	865,571	2,505	1.16
Borrowed funds and subordinated debentures	**109,408**	**509**	**1.85**	154,250	720	1.87
Total interest-bearing liabilities	**$ 1,040,957**	**$ 3,627**	**1.38 %**	$ 1,019,821	$ 3,225	1.27 %
Noninterest-bearing liabilities:						
Noninterest-bearing demand deposits	**266,833**			257,238		
Other liabilities	**9,805**			9,418		
Total noninterest-bearing liabilities	**276,638**			266,656		
Total shareholders' equity	**130,906**			124,964		
Total liabilities and shareholders' equity	**$ 1,448,501**			$ 1,411,441		
Net interest spread		**$ 13,574**	**3.59 %**		$ 13,151	3.64 %
Tax-equivalent basis adjustment		**(7)**			(7)	
Net interest income		**$ 13,567**			$ 13,144	
Net interest margin			**3.92 %**			3.95 %

(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
September 30, 2018

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

	For the three months ended					
	September 30, 2018			September 30, 2017		
	Average Balance	Interest	Rate/Yield	Average Balance	Interest	Rate/Yield
ASSETS						
Interest-earning assets:						
Fed funds, interest-bearing deposits and repos	**$ 40,060**	**$ 187**	**1.85 %**	$ 64,579	$ 262	1.61 %
FHLB stock	**5,805**	**101**	**6.90**	5,697	85	5.92
Securities:						
Taxable	**59,916**	**465**	**3.08**	67,178	512	3.02
Tax-exempt	**5,095**	**35**	**2.73**	6,234	60	3.82
Total securities (A)	**65,011**	**500**	**3.05**	73,412	572	3.09
Loans:						
SBA loans	**56,837**	**1,050**	**7.33**	60,221	1,042	6.86
Commercial loans	**683,632**	**8,784**	**5.10**	576,039	7,211	4.97
Residential mortgage loans	**404,439**	**4,803**	**4.71**	322,172	3,636	4.48
Consumer loans	**116,421**	**1,776**	**6.05**	106,976	1,407	5.22
Total loans (B)	**1,261,329**	**16,413**	**5.16**	1,065,408	13,296	4.95
Total interest-earning assets	**$ 1,372,205**	**$ 17,201**	**4.97 %**	$ 1,209,096	$ 14,215	4.66 %
Noninterest-earning assets:						
Cash and due from banks	**25,560**			23,407		
Allowance for loan losses	**(14,909)**			(13,053)		
Other assets	**65,645**			57,179		
Total noninterest-earning assets	**76,296**			67,533		
Total assets	**$ 1,448,501**			$ 1,276,629		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities:						
Total interest-bearing demand deposits	**$ 173,515**	**$ 330**	**0.75 %**	$ 160,184	$ 168	0.42 %
Total savings deposits	**407,287**	**1,049**	**1.02**	406,064	733	0.72
Total time deposits	**350,747**	**1,739**	**1.97**	215,501	823	1.52
Total interest-bearing deposits	**931,549**	**3,118**	**1.33**	781,749	1,724	0.87
Borrowed funds and subordinated debentures	**109,408**	**509**	**1.85**	124,369	654	2.09
Total interest-bearing liabilities	**$ 1,040,957**	**$ 3,627**	**1.38 %**	$ 906,118	$ 2,378	1.04 %
Noninterest-bearing liabilities:						
Noninterest-bearing demand deposits	**266,833**			248,259		
Other liabilities	**9,805**			7,598		
Total noninterest-bearing liabilities	**276,638**			255,857		
Total shareholders' equity	**130,906**			114,654		
Total liabilities and shareholders' equity	**$ 1,448,501**			$ 1,276,629		
Net interest spread		**$ 13,574**	**3.59 %**		$ 11,837	3.62 %
Tax-equivalent basis adjustment		**(7)**			(20)	
Net interest income		**$ 13,567**			$ 11,817	
Net interest margin			**3.92 %**			3.88 %

(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
September 30, 2018

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

	For the nine months ended					
	September 30, 2018			September 30, 2017		
	Average Balance	Interest	Rate/Yield	Average Balance	Interest	Rate/Yield
ASSETS						
Interest-earning assets:						
Fed funds, interest-bearing deposits and repos	**$ 42,772**	**$ 563**	**1.76 %**	$ 73,011	$ 595	1.09 %
FHLB stock	**7,131**	**359**	**6.73**	5,795	252	5.81
Securities:						
Taxable	**61,538**	**1,442**	**3.13**	66,155	1,543	3.12
Tax-exempt	**5,214**	**109**	**2.80**	6,479	192	3.96
Total securities (A)	**66,752**	**1,551**	**3.11**	72,634	1,735	3.19
Loans:						
SBA loans	**62,517**	**3,365**	**7.20**	57,951	2,781	6.42
Commercial loans	**657,879**	**24,718**	**5.02**	557,231	20,562	4.93
Residential mortgage loans	**387,651**	**13,666**	**4.71**	310,460	10,603	4.57
Consumer loans	**114,658**	**5,003**	**5.83**	100,740	3,806	5.05
Total loans (B)	**1,222,705**	**46,752**	**5.11**	1,026,382	37,752	4.92
Total interest-earning assets	**$ 1,339,360**	**$ 49,225**	**4.91 %**	$ 1,177,822	$ 40,334	4.58 %
Noninterest-earning assets:						
Cash and due from banks	**24,325**			23,346		
Allowance for loan losses	**(14,429)**			(12,919)		
Other assets	**65,380**			56,018		
Total noninterest-earning assets	**75,276**			66,445		
Total assets	**$ 1,414,636**			$ 1,244,267		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities:						
Total interest-bearing demand deposits	**$ 173,381**	**$ 813**	**0.63 %**	$ 156,853	$ 482	0.41 %
Total savings deposits	**403,916**	**2,768**	**0.92**	394,206	1,994	0.68
Total time deposits	**299,970**	**4,042**	**1.80**	219,790	2,441	1.48
Total interest-bearing deposits	**877,267**	**7,623**	**1.16**	770,849	4,917	0.85
Borrowed funds and subordinated debentures	**143,492**	**1,997**	**1.86**	125,304	1,992	2.13
Total interest-bearing liabilities	**$ 1,020,759**	**$ 9,620**	**1.26 %**	$ 896,153	$ 6,909	1.03 %
Noninterest-bearing liabilities:						
Noninterest-bearing demand deposits	**258,787**			229,978		
Other liabilities	**9,382**			7,050		
Total noninterest-bearing liabilities	**268,169**			237,028		
Total shareholders' equity	**125,708**			111,086		
Total liabilities and shareholders' equity	**$ 1,414,636**			$ 1,244,267		
Net interest spread		**$ 39,605**	**3.65 %**		$ 33,425	3.55 %
Tax-equivalent basis adjustment		**(21)**			(65)	
Net interest income		**$ 39,584**			$ 33,360	
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.
QUARTERLY ALLOWANCE FOR LOAN LOSSES AND LOAN QUALITY SCHEDULES
September 30, 2018

Amounts in thousands, except percentages	Sept. 30, 2018	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017	Sept. 30, 2017
ALLOWANCE FOR LOAN LOSSES:					
Balance, beginning of period	**$ 14,634**	$ 14,196	$ 13,556	$ 13,113	$ 12,800
Provision for loan losses charged to expense	**500**	550	500	500	500
	15,134	14,746	14,056	13,613	13,300
Less: Chargeoffs					
SBA loans	**169**	104	81	-	34
Commercial loans	**-**	-	-	-	31
Residential mortgage loans	**-**	-	-	50	5
Consumer loans	**-**	16	6	83	170
Total chargeoffs	**169**	120	87	133	240
Add: Recoveries					
SBA loans	**1**	3	64	45	36
Commercial loans	**5**	4	16	31	15
Residential mortgage loans	**-**	-	13	-	-
Consumer loans	**17**	1	134	-	2
Total recoveries	**23**	8	227	76	53
Net chargeoffs (recoveries)	**146**	112	(140)	57	187
Balance, end of period	**$ 14,988**	$ 14,634	$ 14,196	$ 13,556	$ 13,113
LOAN QUALITY INFORMATION:					
Nonperforming loans (1)	**$ 5,987**	$ 5,209	$ 4,277	$ 2,994	$ 3,742
Other real estate owned ("OREO")	**56**	56	56	426	707
Nonperforming assets	**6,043**	5,265	4,333	3,420	4,449
Less: Amount guaranteed by SBA	**104**	129	27	27	27
Net nonperforming assets	**$ 5,939**	$ 5,136	$ 4,306	$ 3,393	$ 4,422
Loans 90 days past due & still accruing	**$ 754**	$ -	$ -	$ 60	$ 2,216
Performing Troubled Debt Restructurings (TDRs)	**$ 755**	$ 767	$ 774	$ 786	$ -
(1) Nonperforming TDRs included in nonperforming loans	**-**	-	-	-	-
Total TDRs	**$ 755**	$ 767	$ 774	$ 786	$ -
Allowance for loan losses to:					
Total loans at quarter end	**1.17 %**	1.17 %	1.19 %	1.16 %	1.20 %
Nonperforming loans (1)	**250.34**	280.94	331.91	452.77	350.43
Nonperforming assets	**248.02**	277.95	327.63	396.37	294.74
Net nonperforming assets	**252.37**	284.93	329.68	399.53	296.54
QTD net chargeoffs (annualized) to QTD average loans:					
SBA loans	**1.17 %**	0.65 %	0.10 %	(0.28) %	(0.01) %
Commercial loans	**-**	-	(0.01)	(0.02)	0.01
Residential mortgage loans	-	-	(0.01)	0.06	0.01
Consumer loans	**(0.06)**	0.05	(0.47)	0.30	0.62
Total loans	**0.05 %**	0.04 %	(0.05) %	0.02 %	0.07 %
Nonperforming loans to total loans	**0.47 %**	0.42 %	0.36 %	0.26 %	0.34 %
Nonperforming loans and TDRs to total loans	**0.53**	0.48	0.42	0.32	0.34
Nonperforming assets to total loans and OREO	**0.47**	0.42	0.36	0.29	0.41
Nonperforming assets to total assets	**0.39**	0.35	0.30	0.23	0.33

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

(In thousands, except percentages and per share amounts)	**Sept. 30, 2018**	**Jun. 30, 2018**	**Mar. 31, 2018**	**Dec. 31, 2017**	**Sept. 30, 2017**
SUMMARY OF INCOME:					
Total interest income	**$ 17,194**	$ 16,369	$ 15,640	$ 15,044	$ 14,195
Total interest expense	**3,627**	3,225	2,768	2,544	2,378
Net interest income	**13,567**	13,144	12,872	12,500	11,817
Provision for loan losses	**500**	550	500	500	500
Net interest income after provision for loan losses	**13,067**	12,594	12,372	12,000	11,317
Total noninterest income	**2,479**	2,312	2,286	2,037	2,008
Total noninterest expense	**8,801**	8,158	8,194	7,629	7,554
Income before provision for income taxes	**6,745**	6,748	6,464	6,408	5,771
Provision for income taxes	**1,255**	1,351	1,235	2,175	2,014
Impact of Tax Reform Bill	**-**	-	-	1,733	-
Net income	**$ 5,490**	$ 5,397	$ 5,229	$ 2,500	$ 3,757
Net income per common share - Basic	**$ 0.51**	$ 0.50	$ 0.49	$ 0.24	$ 0.36
Net income per common share - Diluted	**$ 0.50**	$ 0.49	$ 0.48	$ 0.23	$ 0.35
COMMON SHARE DATA:					
Market price per share	**$ 22.90**	$ 22.75	$ 22.00	$ 19.75	$ 19.80
Dividends paid	**$ 0.07**	$ 0.07	$ 0.06	$ 0.06	$ 0.06
Book value per common share	**$ 12.37**	$ 11.94	$ 11.50	$ 11.13	$ 10.94
Weighted average common shares outstanding - Basic	**10,743**	10,717	10,678	10,604	10,572
Weighted average common shares outstanding - Diluted	**10,936**	10,915	10,853	10,794	10,761
Issued and outstanding common shares	**10,756**	10,731	10,709	10,615	10,586
PERFORMANCE RATIOS (Annualized):					
Return on average assets	**1.50 %**	1.53 %	1.53 %	0.74 %	1.17 %
Return on average equity	**16.64**	17.32	17.69	8.54	13.00
Efficiency ratio	**54.86**	52.80	54.00	52.45	54.86
Noninterest expense to average assets	**2.41**	2.32	2.40	2.25	2.35
BALANCE SHEET DATA:					
Total assets	**$ 1,553,152**	$ 1,514,120	$ 1,439,902	$ 1,455,496	$ 1,329,834
Total deposits	**1,219,473**	1,146,399	1,117,514	1,043,137	1,043,632
Total loans	**1,283,304**	1,246,511	1,195,110	1,170,674	1,092,873
Total securities	**63,399**	65,682	67,521	69,800	72,105
Total shareholders' equity	**133,067**	128,141	123,104	118,105	115,814
Allowance for loan losses	**(14,988)**	(14,634)	(14,196)	(13,556)	(13,113)
TAX EQUIVALENT YIELDS AND RATES:					
Interest-earning assets	**4.97 %**	4.91 %	4.85 %	4.71 %	4.66 %
Interest-bearing liabilities	**1.38**	1.27	1.12	1.05	1.04
Net interest spread	**3.59**	3.64	3.73	3.66	3.62
Net interest margin	**3.92**	3.95	3.99	3.91	3.88
CREDIT QUALITY:					
Nonperforming assets	**$ 6,043**	$ 5,265	$ 4,333	$ 3,420	$ 4,449
QTD net chargeoffs (annualized) to QTD average loans	**0.05 %**	0.04 %	(0.05) %	0.02 %	0.07 %
Allowance for loan losses to total loans	**1.17**	1.17	1.19	1.16	1.20
Nonperforming assets to total loans and OREO	**0.47**	0.42	0.36	0.29	0.41
Nonperforming assets to total assets	**0.39**	0.35	0.30	0.23	0.33
CAPITAL RATIOS AND OTHER:					
Total equity to total assets	**8.57 %**	8.46 %	8.55 %	8.11 %	8.71 %
Leverage ratio	**9.74**	9.63	9.46	9.37	9.70
Common equity tier 1 risk-based capital ratio	**11.15**	11.05	11.14	10.81	11.27
Tier 1 risk-based capital ratio	**12.00**	11.92	12.07	11.75	12.26
Total risk-based capital ratio	**13.25**	13.14	13.24	12.87	13.30
Number of banking offices	**19**	19	18	18	17
Number of ATMs	**20**	20	19	19	18
Number of employees	**197**	197	199	199	166