For Immediate Release
Unity Bancorp, Inc. (NSDQ: UNTY)
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Unity Bancorp Reports Quarterly Earnings up 8.1%

Net Income per Diluted Share = $0.53	ROA = 1.54%	ROE = 16.01%	Net Interest Margin = 3.96%

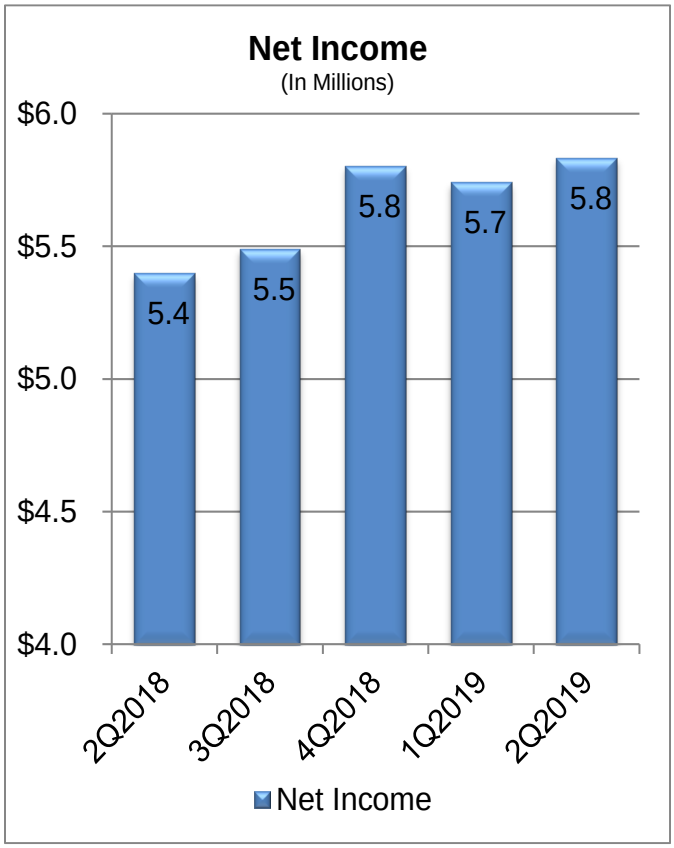
CEO COMMENTARY:

James A. Hughes, President and CEO, stated:

The first half of 2019 is off to a good start with our business lines performing well across the board. We have built momentum off of last year's performance and had another quarter of record earnings despite the challenges of an inverted yield curve and an increased state tax rate. Our loan originations continue to be strong, however significant payoffs resulted in modest loan growth.

Unity Bank was recognized by American Banker magazine as the 13th highest performing community bank in the nation, for public banks less than $2.0 billion measured by 3-year return on average equity. This is a testament to our exceptional employees.

I look forward to reporting Unity's future results.



Clinton, NJ, July 18, 2019 - Unity Bancorp, Inc. (NASDAQ: UNTY), parent company of Unity Bank, reported net income of $5.8 million, or $0.53 per diluted share, an 8.2 percent increase, for the quarter ended June 30, 2019, compared to $5.4 million, or $0.49 per diluted share for the prior year's second quarter. For the six months ended June 30, 2019, Unity reported net income of $11.6 million, or $1.05 per diluted share, a 7.1 percent increase compared to $10.6 million or $0.98 per diluted share for the prior year's period.

Second Quarter Earnings Highlights

- Net interest income, our primary driver of earnings, increased $1.1 million to $14.2 million for the quarter ended June 30, 2019, compared to the prior year's quarter, due to loan growth and a stable net interest margin.
- Net interest margin totaled 3.96% for the quarter ended June 30, 2019, compared to 3.95% for the prior year's quarter, but decreased 10 basis points from 4.06% in the prior sequential quarter ended March 31, 2019. The net interest margin is expected to remain stable for the remainder of 2019.
- The provision for loan losses was $350 thousand for the quarter ended June 30, 2019, a decline of $200 thousand from the prior year's quarter due to a lower level of net charge-offs and slower loan growth.
- Noninterest income increased $99 thousand to $2.4 million compared to the prior year's quarter and increased $391 thousand compared to the prior sequential quarter. Quarterly noninterest income included increased mortgage gains, higher loan payoff charges, and gains from the appreciation of equity securities offset by reduced premiums received on SBA loan sales.
- Noninterest expense increased $633 thousand to $8.8 million compared to the prior year's quarter and increased $315 thousand compared to the prior sequential quarter. The increases were primarily due to higher compensation and benefits expense, mortgage commissions on a higher origination volume, and supplemental executive retirement ("SERP") benefit expense. In addition, we continue to invest in software and equipment to remain efficient, secure and competitive.
- The effective tax rate was 22.0% compared to 20.0% in the prior year's quarter due to recent New Jersey tax legislation changes. The effective tax rate is expected to increase in the future as a result of this legislation.

Balance Sheet Highlights

- Total loans increased $40.2 million, or 3.1%, from year-end 2018 to $1.3 billion at June 30, 2019. Loan originations for the quarter were on plan, however, overall growth was impacted by increased payoffs in both commercial and residential mortgage loans. Commercial, residential mortgage and consumer loan portfolios increased $19.8 million, $13.5 million and $10.6 million, respectively, partially offset by a decline of $3.8 million in SBA loans.
- Total deposits increased $56.7 million, or 4.7%, from year-end 2018 to $1.3 billion at June 30, 2019. Growth resulted primarily from time deposit promotions while interest-bearing demand deposits declined due to seasonal outflows of municipal deposits.
- Borrowed funds decreased $20.0 million to $190.0 million at June 30, 2019.
- Shareholders' equity was $149.4 million at June 30, 2019, an increase of $10.9 million from year-end 2018, due to retained net income. Shareholders' equity continues to grow organically at a rate that exceeds balance sheet growth.
- Book value per common share was $13.76 as of June 30, 2019.
- At June 30, 2019, the leverage, common equity Tier I, Tier I and Total Risk Based Capital ratios were 10.36%, 11.99%, 12.81% and 14.06% respectively, all in excess of the ratios required to be deemed "well-capitalized."
- Credit quality improved. Nonperforming loans totaled $4.4 million and included $3.9 million of well-secured residential mortgage loans. Nonperforming assets to total assets were 0.33% and the allowance to total loans ratio remained at 1.19% at June 30, 2019. Net charge-offs were $69 thousand for the quarter.

Other Highlights

- American Banker magazine released its list of the top publicly traded community banks. There were 601 banks with total assets of less than $2 billion as of December 31, 2018, of which Unity Bank was ranked 13th nationally with a three-year return on average equity of 14.63 percent.
- Unity Bank announced that its Board of Directors has approved a new Share Repurchase Program. Under this new program, the Company may repurchase up to 525,000 shares of its outstanding common stock, or approximately 5 percent of its common stock.
- In the second quarter, the Board of Directors increased the quarterly cash dividend $0.01 or 14 percent, from $0.07 to $0.08 per share.

Unity Bancorp, Inc. is a financial service organization headquartered in Clinton, New Jersey, with approximately $1.6 billion in assets and $1.3 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

UNITY BANCORP, INC.
SUMMARY FINANCIAL HIGHLIGHTS
June 30, 2019

(In thousands, except percentages and per share amounts)	June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019 vs. March 31, 2019 %	June 30, 2019 vs. June 30, 2018 %
BALANCE SHEET DATA:					
Total assets	**$ 1,626,737**	$ 1,590,046	$ 1,514,120	2.3 %	7.4 %
Total deposits	**1,264,353**	1,226,586	1,146,399	3.1	10.3
Total loans	**1,344,757**	1,312,994	1,246,511	2.4	7.9
Total securities	**62,122**	62,962	65,682	(1.3)	(5.4)
Total shareholders' equity	**149,383**	143,717	128,141	3.9	16.6
Allowance for loan losses	**(15,965)**	(15,684)	(14,634)	1.8	9.1
FINANCIAL DATA - QUARTER TO DATE:					
Income before provision for income taxes	**$ 7,480**	$ 7,260	$ 6,748	3.0	10.8
Provision for income taxes	**1,646**	1,520	1,351	8.3	21.8
Net income	**$ 5,834**	$ 5,740	$ 5,397	1.6	8.1
Net income per common share - Basic	**$ 0.54**	$ 0.53	$ 0.50	1.9	8.0
Net income per common share - Diluted	**$ 0.53**	$ 0.52	$ 0.49	1.9	8.2
Performance ratios:					
Return on average assets	**1.54 %**	1.55 %	1.53 %		
Return on average equity	**16.01 %**	16.52 %	17.32 %		
Efficiency ratio	**53.20 %**	52.53 %	52.80 %		
Net interest margin	**3.96 %**	4.06 %	3.95 %		
Noninterest expense to average assets	**2.32 %**	2.29 %	2.32 %		
FINANCIAL DATA - YEAR TO DATE:					
Income before provision for income taxes	**$ 14,740**		$ 13,213		11.6
Provision for income taxes	**3,166**		2,586		22.4
Net income	**$ 11,574**		$ 10,627		8.9
Preferred stock dividends and discount accretion	**-**		-		-
Income available to common shareholders	**$ 11,574**		$ 10,627		8.9
Net income per common share - Basic	**$ 1.07**		$ 0.99		8.1
Net income per common share - Diluted	**$ 1.05**		$ 0.98		7.1
Performance ratios:					
Return on average assets	**1.55 %**		1.53 %		1.3
Return on average equity	**16.26 %**		17.41 %		(6.6)
Efficiency ratio	**52.87 %**		53.40 %		(1.0)
Net interest margin	**4.01 %**		3.97 %		1.0
Noninterest expense to average assets	**2.31 %**		2.36 %		(2.1)
SHARE INFORMATION:					
Market price per share	**$ 22.70**	$ 18.88	$ 22.75	20.2	(0.2)
Dividends paid	**$ 0.08**	$ 0.07	$ 0.07	14.3	14.3
Book value per common share	**$ 13.76**	$ 13.28	$ 11.94	3.6	15.2
Average diluted shares outstanding (QTD)	**11,026**	10,955	10,915	0.6	1.0
CAPITAL RATIOS:					
Total equity to total assets	**9.18 %**	9.04 %	8.46 %		
Leverage ratio	**10.36 %**	10.09 %	9.63 %		
Common equity tier 1 risk-based capital ratio	**11.99 %**	11.78 %	11.05 %		
Tier 1 risk-based capital ratio	**12.81 %**	12.62 %	11.92 %		
Total risk-based capital ratio	**14.06 %**	13.87 %	13.14 %		
CREDIT QUALITY AND RATIOS:					
Nonperforming assets	**$ 5,336**	$ 7,547	$ 5,265	(29.3)	1.3
QTD net chargeoffs (annualized) to QTD average loans	**0.02 %**	0.09 %	0.04 %		
Allowance for loan losses to total loans	**1.19 %**	1.19 %	1.17 %		
Nonperforming assets to total loans and OREO	**0.40 %**	0.57 %	0.42 %		
Nonperforming assets to total assets	**0.33 %**	0.47 %	0.35 %		

UNITY BANCORP, INC.
CONSOLIDATED BALANCE SHEETS
June 30, 2019

(In thousands, except percentages)	June 30, 2019	December 31, 2018	June 30, 2018	June 30, 2019 vs. December 31, 2018 %	June 30, 2019 vs. June 30, 2018 %
ASSETS					
Cash and due from banks	**$ 21,606**	$ 20,028	$ 26,784	7.9 %	(19.3) %
Fed funds, interest-bearing deposits and repos	**133,234**	125,487	112,491	6.2	18.4
Cash and cash equivalents	**154,840**	145,515	139,275	6.4	11.2
Securities:					
Securities available for sale	**45,326**	46,713	48,707	(3.0)	(6.9)
Securities held to maturity	**14,450**	14,875	15,777	(2.9)	(8.4)
Equity securities	**2,346**	2,144	1,198	9.4	95.8
Total securities	**62,122**	63,732	65,682	(2.5)	(5.4)
Loans:					
SBA loans held for sale	**9,118**	11,171	14,889	(18.4)	(38.8)
SBA loans held for investment	**37,608**	39,333	41,351	(4.4)	(9.1)
Commercial loans	**713,878**	694,102	673,480	2.8	6.0
Residential mortgage loans	**449,604**	436,056	398,383	3.1	12.9
Consumer loans	**134,549**	123,904	118,408	8.6	13.6
Total loans	**1,344,757**	1,304,566	1,246,511	3.1	7.9
Allowance for loan losses	**(15,965)**	(15,488)	(14,634)	3.1	9.1
Net loans	**1,328,792**	1,289,078	1,231,877	3.1	7.9
Premises and equipment, net	**22,813**	23,371	23,493	(2.4)	(2.9)
Bank owned life insurance ("BOLI")	**25,008**	24,710	24,573	1.2	1.8
Deferred tax assets	**5,605**	5,350	4,438	4.8	26.3
Federal Home Loan Bank ("FHLB") stock	**9,999**	10,795	11,245	(7.4)	(11.1)
Accrued interest receivable	**7,109**	6,399	6,027	11.1	18.0
Other real estate owned ("OREO")	**921**	56	56	1,544.6	1,544.6
Goodwill	**1,516**	1,516	1,516	-	-
Other assets	**8,012**	8,635	5,938	(7.2)	34.9
Total assets	**$ 1,626,737**	$ 1,579,157	$ 1,514,120	3.0 %	7.4 %
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities:					
Deposits:					
Noninterest-bearing demand	**$ 275,356**	$ 270,152	$ 250,500	1.9 %	9.9 %
Interest-bearing demand	**157,850**	185,792	160,327	(15.0)	(1.5)
Savings	**389,999**	394,727	398,694	(1.2)	(2.2)
Time deposits	**441,148**	357,016	336,878	23.6	31.0
Total deposits	**1,264,353**	1,207,687	1,146,399	4.7	10.3
Borrowed funds	**190,000**	210,000	220,000	(9.5)	(13.6)
Subordinated debentures	**10,310**	10,310	10,310	-	-
Accrued interest payable	**414**	406	509	2.0	(18.7)
Accrued expenses and other liabilities	**12,277**	12,266	8,761	0.1	40.1
Total liabilities	**1,477,354**	1,440,669	1,385,979	2.5	6.6
Shareholders' equity:					
Common stock	**89,327**	88,484	87,755	1.0	1.8
Retained earnings	**60,109**	50,161	40,386	19.8	48.8
Accumulated other comprehensive (loss) income	**(53)**	(157)	-	NM*	NM*
Total shareholders' equity	**149,383**	138,488	128,141	7.9	16.6
Total liabilities and shareholders' equity	**$ 1,626,737**	$ 1,579,157	$ 1,514,120	3.0 %	7.4 %
Issued and outstanding common shares	**10,856**	10,780	10,731		

*NM=Not meaningful

UNITY BANCORP, INC.
QTD CONSOLIDATED STATEMENTS OF INCOME
June 30, 2019

	For the three months ended			June 30, 2019 vs. March 31, 2019		June 30, 2019 vs. June 30, 2018	
(In thousands, except percentages and per share amounts)	**June 30, 2019**	**March 31, 2019**	**June 30, 2018**	**$**	**%**	**$**	**%**
INTEREST INCOME							
Fed funds, interest-bearing deposits and repos	**$ 232**	$ 221	$ 171	$ 11	5.0 %	$ 61	35.7 %
FHLB stock	**77**	116	123	(39)	(33.6)	(46)	(37.4)
Securities:							
Taxable	**461**	475	484	(14)	(2.9)	(23)	(4.8)
Tax-exempt	**27**	29	30	(2)	(6.9)	(3)	(10.0)
Total securities	**488**	504	514	(16)	(3.2)	(26)	(5.1)
Loans:							
SBA loans	**942**	995	1,131	(53)	(5.3)	(189)	(16.7)
Commercial loans	**9,357**	9,069	8,209	288	3.2	1,148	14.0
Residential mortgage loans	**5,535**	5,560	4,522	(25)	(0.4)	1,013	22.4
Consumer loans	**2,150**	2,035	1,699	115	5.7	451	26.5
Total loans	**17,984**	17,659	15,561	325	1.8	2,423	15.6
Total interest income	**18,781**	18,500	16,369	281	1.5	2,412	14.7
INTEREST EXPENSE							
Interest-bearing demand deposits	**442**	409	259	33	8.1	183	70.7
Savings deposits	**1,188**	1,119	943	69	6.2	245	26.0
Time deposits	**2,437**	2,007	1,303	430	21.4	1,134	87.0
Borrowed funds and subordinated debentures	**504**	749	720	(245)	(32.7)	(216)	(30.0)
Total interest expense	**4,571**	4,284	3,225	287	6.7	1,346	41.7
Net interest income	**14,210**	14,216	13,144	(6)	-	1,066	8.1
Provision for loan losses	**350**	500	550	(150)	(30.0)	(200)	(36.4)
Net interest income after provision for loan losses	**13,860**	13,716	12,594	144	1.0	1,266	10.1
NONINTEREST INCOME							
Branch fee income	**378**	368	419	10	2.7	(41)	(9.8)
Service and loan fee income	**569**	442	411	127	28.7	158	38.4
Gain on sale of SBA loans held for sale, net	**238**	316	582	(78)	(24.7)	(344)	(59.1)
Gain on sale of mortgage loans, net	**630**	350	421	280	80.0	209	49.6
BOLI income	**147**	151	175	(4)	(2.6)	(28)	(16.0)
Net security gains	**98**	100	7	(2)	(2.0)	91	1,300.0
Other income	**351**	293	297	58	19.8	54	18.2
Total noninterest income	**2,411**	2,020	2,312	391	19.4	99	4.3
NONINTEREST EXPENSE							
Compensation and benefits	**5,186**	4,845	4,736	341	7.0	450	9.5
Occupancy	**653**	694	693	(41)	(5.9)	(40)	(5.8)
Processing and communications	**748**	716	674	32	4.5	74	11.0
Furniture and equipment	**718**	657	610	61	9.3	108	17.7
Professional services	**277**	288	161	(11)	(3.8)	116	72.0
Loan collection & OREO expenses	**(10)**	66	6	(76)	(115.2)	(16)	(266.7)
Other loan expenses	**67**	46	53	21	45.7	14	26.4
Deposit insurance	**134**	167	216	(33)	(19.8)	(82)	(38.0)
Advertising	**374**	348	362	26	7.5	12	3.3
Director fees	**164**	163	165	1	0.6	(1)	(0.6)
Other expenses	**480**	486	482	(6)	(1.2)	(2)	(0.4)
Total noninterest expense	**8,791**	8,476	8,158	315	3.7	633	7.8
Income before provision for income taxes	**7,480**	7,260	6,748	220	3.0	732	10.8
Provision for income taxes	**1,646**	1,520	1,351	126	8.3	295	21.8
Net income	**$ 5,834**	$ 5,740	$ 5,397	$ 94	1.6 %	$ 437	8.1 %
Effective tax rate	**22.0 %**	20.9 %	20.0 %				
Net income per common share - Basic	**$ 0.54**	$ 0.53	$ 0.50				
Net income per common share - Diluted	**$ 0.53**	$ 0.52	$ 0.49				
Weighted average common shares outstanding - Basic	**10,843**	10,801	10,717				
Weighted average common shares outstanding - Diluted	**11,026**	10,955	10,915				

UNITY BANCORP INC

UNITY BANCORP, INC.
YTD CONSOLIDATED STATEMENTS OF INCOME
June 30, 2019

(In thousands, except percentages and per share amounts)	For the six months ended June 30, 2019	2018	Current YTD vs. Prior YTD $	Current YTD vs. Prior YTD %
INTEREST INCOME				
Fed funds, interest-bearing deposits and repos	**$ 453**	$ 376	$ 77	20.5 %
FHLB stock	**193**	257	(64)	(24.9)
Securities:				
Taxable	**937**	976	(39)	(4.0)
Tax-exempt	**55**	61	(6)	(9.8)
Total securities	**992**	1,037	(45)	(4.3)
Loans:				
SBA loans	**1,937**	2,314	(377)	(16.3)
Commercial loans	**18,426**	15,934	2,492	15.6
Residential mortgage loans	**11,095**	8,863	2,232	25.2
Consumer loans	**4,185**	3,228	957	29.6
Total loans	**35,643**	30,339	5,304	17.5
Total interest income	**37,281**	32,009	5,272	16.5
INTEREST EXPENSE				
Interest-bearing demand deposits	**851**	483	368	76.2
Savings deposits	**2,306**	1,719	587	34.1
Time deposits	**4,445**	2,302	2,143	93.1
Borrowed funds and subordinated debentures	**1,253**	1,489	(236)	(15.8)
Total interest expense	**8,855**	5,993	2,862	47.8
Net interest income	**28,426**	26,016	2,410	9.3
Provision for loan losses	**850**	1,050	(200)	(19.0)
Net interest income after provision for loan losses	**27,576**	24,966	2,610	10.5
NONINTEREST INCOME				
Branch fee income	**746**	750	(4)	(0.5)
Service and loan fee income	**1,011**	976	35	3.6
Gain on sale of SBA loans held for sale, net	**554**	1,130	(576)	(51.0)
Gain on sale of mortgage loans, net	**980**	845	135	16.0
BOLI income	**297**	346	(49)	(14.2)
Net security gains (losses)	**198**	(9)	207	2,300.0
Other income	**645**	560	85	15.2
Total noninterest income	**4,431**	4,598	(167)	(3.6)
NONINTEREST EXPENSE				
Compensation and benefits	**10,030**	9,570	460	4.8
Occupancy	**1,346**	1,383	(37)	(2.7)
Processing and communications	**1,464**	1,363	101	7.4
Furniture and equipment	**1,375**	1,146	229	20.0
Professional services	**565**	412	153	37.1
Loan collection & OREO expenses	**57**	**11**	46	418.2
Other loan expenses	**113**	86	27	31.4
Deposit insurance	**301**	402	(101)	(25.1)
Advertising	**722**	681	41	6.0
Director fees	**328**	327	1	0.3
Other expenses	**966**	970	(4)	(0.4)
Total noninterest expense	**17,267**	16,351	916	5.6
Income before provision for income taxes	**14,740**	13,213	1,527	11.6
Provision for income taxes	**3,166**	2,586	580	22.4
Net income	**$ 11,574**	**$** 10,627	$ 947	8.9 %
Effective tax rate	**21.5 %**	19.6 **%**		
Net income per common share - Basic	**$ 1.07**	$ 0.99		
Net income per common share - Diluted	**$ 1.05**	$ 0.98		
Weighted average common shares outstanding - Basic	**10,822**	10,698		
Weighted average common shares outstanding - Diluted	**11,011**	10,897		

UNITY BANCORP, INC.
QUARTER TO DATE NET INTEREST MARGIN
June 30, 2019

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

	For the three months ended					
	June 30, 2019			June 30, 2018		
	Average Balance	Interest	Rate/Yield	Average Balance	Interest	Rate/Yield
ASSETS						
Interest-earning assets:						
Fed funds, interest-bearing deposits and repos	**$ 39,103**	**$ 232**	**2.38 %**	$ 39,418	$ 171	1.74 %
FHLB stock	**5,236**	**77**	**5.90**	7,811	123	6.32
Securities:						
Taxable	**57,939**	**461**	**3.19**	61,342	484	3.16
Tax-exempt	**4,470**	**33**	**2.96**	5,202	37	2.85
Total securities (A)	**62,409**	**494**	**3.17**	66,544	521	3.14
Loans:						
SBA loans	**47,542**	**942**	**7.95**	62,467	1,131	7.26
Commercial loans	**707,022**	**9,357**	**5.31**	657,031	8,209	5.01
Residential mortgage loans	**445,315**	**5,535**	**4.99**	387,086	4,522	4.69
Consumer loans	**132,804**	**2,150**	**6.49**	116,547	1,699	5.85
Total loans (B)	**1,332,683**	**17,984**	**5.41**	1,223,131	15,561	5.10
Total interest-earning assets	**$ 1,439,431**	**$ 18,787**	**5.24 %**	$ 1,336,904	$ 16,376	4.91 %
Noninterest-earning assets:						
Cash and due from banks	**24,625**			24,145		
Allowance for loan losses	**(15,955)**			(14,419)		
Other assets	**69,663**			64,811		
Total noninterest-earning assets	**78,333**			74,537		
Total assets	**$ 1,517,764**			$ 1,411,441		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities:						
Total interest-bearing demand deposits	**$ 174,391**	**$ 442**	**1.02 %**	$ 168,298	$ 259	0.62 %
Total savings deposits	**395,185**	**1,188**	**1.21**	401,195	943	0.94
Total time deposits	**422,458**	**2,437**	**2.31**	296,078	1,303	1.77
Total interest-bearing deposits	**992,034**	**4,067**	**1.64**	865,571	2,505	1.16
Borrowed funds and subordinated debentures	**94,568**	**504**	**2.14**	154,250	720	1.87
Total interest-bearing liabilities	**$ 1,086,602**	**$ 4,571**	**1.69 %**	$ 1,019,821	$ 3,225	1.27 %
Noninterest-bearing liabilities:						
Noninterest-bearing demand deposits	**271,359**			257,238		
Other liabilities	**13,697**			9,418		
Total noninterest-bearing liabilities	**285,056**			266,656		
Total shareholders' equity	**146,106**			124,964		
Total liabilities and shareholders' equity	**$ 1,517,764**			$ 1,411,441		
Net interest spread		**$ 14,216**	**3.55 %**		$ 13,151	3.64 %
Tax-equivalent basis adjustment		**(6)**			(7)	
Net interest income		**$ 14,210**			$ 13,144	
Net interest margin			**3.96 %**			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 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, 2019

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

	For the three months ended					
	June 30, 2019			March 31, 2019		
	Average Balance	Interest	Rate/Yield	Average Balance	Interest	Rate/Yield
ASSETS						
Interest-earning assets:						
Fed funds, interest-bearing deposits and repos	**$ 39,103**	**$ 232**	**2.38 %**	$ 38,066	$ 221	2.35 %
FHLB stock	**5,236**	**77**	**5.90**	6,951	116	6.77
Securities:						
Taxable	**57,939**	**461**	**3.19**	58,735	475	3.28
Tax-exempt	**4,470**	**33**	**2.96**	4,588	36	3.18
Total securities (A)	**62,409**	**494**	**3.17**	63,323	511	3.27
Loans:						
SBA loans	**47,542**	**942**	**7.95**	50,015	995	8.07
Commercial loans	**707,022**	**9,357**	**5.31**	697,856	9,069	5.27
Residential mortgage loans	**445,315**	**5,535**	**4.99**	439,904	5,560	5.13
Consumer loans	**132,804**	**2,150**	**6.49**	125,987	2,035	6.55
Total loans (B)	**1,332,683**	**17,984**	**5.41**	1,313,762	17,659	5.45
Total interest-earning assets	**$ 1,439,431**	**$ 18,787**	**5.24 %**	$ 1,422,102	$ 18,507	5.28 %
Noninterest-earning assets:						
Cash and due from banks	**24,625**			26,105		
Allowance for loan losses	**(15,955)**			(15,753)		
Other assets	**69,663**			70,586		
Total noninterest-earning assets	**78,333**			80,938		
Total assets	**$ 1,517,764**			$ 1,503,040		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities:						
Total interest-bearing demand deposits	**$ 174,391**	**$ 442**	**1.02 %**	$ 182,080	$ 409	0.91 %
Total savings deposits	**395,185**	**1,188**	**1.21**	397,209	1,119	1.14
Total time deposits	**422,458**	**2,437**	**2.31**	370,990	2,007	2.19
Total interest-bearing deposits	**992,034**	**4,067**	**1.64**	950,279	3,535	1.51
Borrowed funds and subordinated debentures	**94,568**	**504**	**2.14**	134,877	749	2.25
Total interest-bearing liabilities	**$ 1,086,602**	**$ 4,571**	**1.69 %**	$ 1,085,156	$ 4,284	1.60 %
Noninterest-bearing liabilities:						
Noninterest-bearing demand deposits	**271,359**			262,664		
Other liabilities	**13,697**			14,327		
Total noninterest-bearing liabilities	**285,056**			276,991		
Total shareholders' equity	**146,106**			140,893		
Total liabilities and shareholders' equity	**$ 1,517,764**			$ 1,503,040		
Net interest spread		**$ 14,216**	**3.55 %**		$ 14,223	3.68 %
Tax-equivalent basis adjustment		**(6)**			(7)	
Net interest income		**$ 14,210**			$ 14,216	
Net interest margin			**3.96 %**			4.06 %

(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 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, 2019

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

	For the six months ended					
	June 30, 2019			June 30, 2018		
	Average Balance	Interest	Rate/Yield	Average Balance	Interest	Rate/Yield
ASSETS						
Interest-earning assets:						
Fed funds, interest-bearing deposits and repos	**$ 38,588**	**$ 453**	**2.37 %**	$ 44,151	$ 376	1.72 %
FHLB stock	**6,089**	**193**	**6.39**	7,805	257	6.64
Securities:						
Taxable	**58,334**	**937**	**3.24**	62,361	976	3.16
Tax-exempt	**4,529**	**68**	**3.03**	5,276	76	2.90
Total securities (A)	**62,863**	**1,005**	**3.22**	67,637	1,052	3.14
Loans:						
SBA loans	**48,772**	**1,937**	**8.01**	65,405	2,314	7.13
Commercial loans	**702,465**	**18,426**	**5.29**	644,788	15,934	4.98
Residential mortgage loans	**442,628**	**11,095**	**5.05**	379,118	8,863	4.71
Consumer loans	**129,414**	**4,185**	**6.52**	113,762	3,228	5.72
Total loans (B)	**1,323,279**	**35,643**	**5.43**	1,203,073	30,339	5.09
Total interest-earning assets	**$ 1,430,819**	**$ 37,294**	**5.26 %**	$ 1,322,666	$ 32,024	4.88 %
Noninterest-earning assets:						
Cash and due from banks	**25,361**			23,697		
Allowance for loan losses	**(15,855)**			(14,185)		
Other assets	**70,118**			65,246		
Total noninterest-earning assets	**79,624**			74,758		
Total assets	**$ 1,510,443**			$ 1,397,424		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities:						
Total interest-bearing demand deposits	**$ 178,214**	**$ 851**	**0.96 %**	$ 173,314	$ 483	0.56 %
Total savings deposits	**396,191**	**2,306**	**1.17**	402,203	1,719	0.86
Total time deposits	**396,868**	**4,445**	**2.26**	274,160	2,302	1.69
Total interest-bearing deposits	**971,273**	**7,602**	**1.58**	849,677	4,504	1.07
Borrowed funds and subordinated debentures	**114,611**	**1,253**	**2.20**	160,817	1,489	1.87
Total interest-bearing liabilities	**$ 1,085,884**	**$ 8,855**	**1.65 %**	$ 1,010,494	$ 5,993	1.20 %
Noninterest-bearing liabilities:						
Noninterest-bearing demand deposits	**267,035**			254,697		
Other liabilities	**14,010**			9,166		
Total noninterest-bearing liabilities	**281,045**			263,863		
Total shareholders' equity	**143,514**			123,067		
Total liabilities and shareholders' equity	**$ 1,510,443**			$ 1,397,424		
Net interest spread		**$ 28,439**	**3.61 %**		$ 26,031	3.68 %
Tax-equivalent basis adjustment		**(13)**			(15)	
Net interest income		**$ 28,426**			$ 26,016	
Net interest margin			**4.01 %**			3.97 %

(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 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, 2019

Amounts in thousands, except percentages	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sept. 30, 2018	Jun. 30, 2018
ALLOWANCE FOR LOAN LOSSES:					
Balance, beginning of period	**$ 15,684**	$ 15,488	$ 14,988	$ 14,634	$ 14,196
Provision for loan losses charged to expense	**350**	500	500	500	550
	16,034	15,988	15,488	15,134	14,746
Less: Chargeoffs					
SBA loans	**84**	308	-	169	104
Commercial loans	**-**	1	10	-	-
Residential mortgage loans	-	-	-	-	-
Consumer loans	-	1	-	-	16
Total chargeoffs	**84**	310	10	169	120
Add: Recoveries					
SBA loans	**1**	1	3	1	3
Commercial loans	**4**	5	5	5	4
Residential mortgage loans	**-**	-	-	-	-
Consumer loans	**10**	-	2	17	1
Total recoveries	**15**	6	10	23	8
Net chargeoffs (recoveries)	**69**	304	-	146	112
Balance, end of period	**$ 15,965**	$ 15,684	$ 15,488	$ 14,988	$ 14,634
LOAN QUALITY INFORMATION:					
Nonperforming loans:					
SBA	**$ 437**	$ 814	$ 1,560	$ 1,297	$ 1,420
Commercial	**54**	1,046	1,076	1,234	2,062
Residential mortgage loans	**3,924**	5,243	4,211	3,536	1,660
Consumer loans	**-**	171	26	128	67
Total nonperforming loans (1)	**4,415**	7,274	6,873	6,195	5,209
Other real estate owned ("OREO")	**921**	273	56	56	56
Nonperforming assets	**5,336**	7,547	6,929	6,251	5,265
Less: Amount guaranteed by SBA	**68**	68	89	104	129
Net nonperforming assets	**$ 5,268**	$ 7,479	$ 6,840	$ 6,147	$ 5,136
Loans 90 days past due & still accruing	**$**	$ 39	$ 98	$ 546	$ 286
Performing Troubled Debt Restructurings (TDRs)	**$ 728**	$ 738	$ 745	$ 755	$ 767
(1) Nonperforming TDRs included in nonperforming loans	**-**	-	-	-	-
Total TDRs	**$ 728**	$ 738	$ 745	$ 755	$ 767
Allowance for loan losses to:					
Total loans at quarter end	**1.19 %**	1.19 %	1.19 %	1.17 %	1.17 %
Total nonperforming loans (1)	**361.61**	215.62	225.35	241.94	280.94
Nonperforming assets	**299.19**	207.82	223.52	239.77	277.95
Net nonperforming assets	**303.06**	209.71	226.43	243.83	284.93
QTD net chargeoffs (annualized) to QTD average loans:					
SBA loans	**0.70 %**	2.49 %	(0.02) %	1.17 %	0.65 %
Commercial loans	-	-	-	-	-
Residential mortgage loans	-	-	-	-	-
Consumer loans	**(0.03)**	-	(0.01)	(0.06)	0.05
Total loans	**0.02 %**	0.09 %	- %	0.05 %	0.04 %
Nonperforming loans to total loans	**0.33 %**	0.55 %	0.53 %	0.48 %	0.42 %
Nonperforming loans and TDRs to total loans	**0.38**	0.61	0.58	0.54	0.48
Nonperforming assets to total loans and OREO	**0.40**	0.57	0.53	0.49	0.42
Nonperforming assets to total assets	**0.33**	0.47	0.44	0.40	0.35

UNITY BANCORP, INC.
QUARTERLY FINANCIAL DATA
June 30, 2019

(In thousands, except percentages and per share amounts)	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sept. 30, 2018	Jun. 30, 2018
SUMMARY OF INCOME:					
Total interest income	**$ 18,781**	$ 18,500	$ 18,060	$ 17,194	$ 16,369
Total interest expense	**4,571**	4,284	3,896	3,627	3,225
Net interest income	**14,210**	14,216	14,164	13,567	13,144
Provision for loan losses	**350**	500	500	500	550
Net interest income after provision for loan losses	**13,860**	13,716	13,664	13,067	12,594
Total noninterest income	**2,411**	2,020	1,954	2,479	2,312
Total noninterest expense	**8,791**	8,476	8,268	8,801	8,158
Income before provision for income taxes	**7,480**	7,260	7,350	6,745	6,748
Provision for income taxes	**1,646**	1,520	1,547	1,255	1,351
Net income	**$ 5,834**	$ 5,740	$ 5,803	$ 5,490	$ 5,397
Net income per common share - Basic	**$ 0.54**	$ 0.53	$ 0.54	$ 0.51	$ 0.50
Net income per common share - Diluted	**$ 0.53**	$ 0.52	$ 0.53	$ 0.50	$ 0.49
COMMON SHARE DATA:					
Market price per share	**$ 22.70**	$ 18.88	$ 20.76	$ 22.90	$ 22.75
Dividends paid	**$ 0.08**	$ 0.07	$ 0.07	$ 0.07	$ 0.07
Book value per common share	**$ 13.76**	$ 13.28	$ 12.85	$ 12.37	$ 11.94
Weighted average common shares outstanding - Basic	**10,843**	10,801	10,765	10,743	10,717
Weighted average common shares outstanding - Diluted	**11,026**	10,955	10,935	10,936	10,915
Issued and outstanding common shares	**10,856**	10,822	10,780	10,756	10,731
PERFORMANCE RATIOS (Annualized):					
Return on average assets	**1.54 %**	1.55 %	1.56 %	1.50 %	1.53 %
Return on average equity	**16.01**	16.52	17.00	16.64	17.32
Efficiency ratio	**53.20**	52.53	50.69	54.86	52.80
Noninterest expense to average assets	**2.32**	2.29	2.22	2.41	2.32
BALANCE SHEET DATA:					
Total assets	**$ 1,626,737**	$ 1,590,046	$ 1,579,157	$ 1,553,152	$ 1,514,120
Total deposits	**1,264,353**	1,226,586	1,207,687	1,219,473	1,146,399
Total loans	**1,344,757**	1,312,994	1,304,566	1,283,304	1,246,511
Total securities	**62,122**	62,962	63,732	63,399	65,682
Total shareholders' equity	**149,383**	143,717	138,488	133,067	128,141
Allowance for loan losses	**(15,965)**	(15,684)	(15,488)	(14,988)	(14,634)
TAX EQUIVALENT YIELDS AND RATES:					
Interest-earning assets	**5.24 %**	5.28 %	5.12 %	4.97 %	4.91 %
Interest-bearing liabilities	**1.69**	1.60	1.46	1.38	1.27
Net interest spread	**3.55**	3.68	3.66	3.59	3.64
Net interest margin	**3.96**	4.06	4.01	3.92	3.95
CREDIT QUALITY:					
Nonperforming assets	**$ 5,336**	$ 7,547	$ 6,929	$ 6,251	$ 5,265
QTD net chargeoffs (annualized) to QTD average loans	**0.02 %**	0.09 %	- %	0.05 %	0.04 %
Allowance for loan losses to total loans	**1.19**	1.19	1.19	1.17	1.17
Nonperforming assets to total loans and OREO	**0.40**	0.57	0.53	0.49	0.42
Nonperforming assets to total assets	**0.33**	0.47	0.44	0.40	0.35
CAPITAL RATIOS AND OTHER:					
Total equity to total assets	**9.18 %**	9.04 %	8.77 %	8.57 %	8.46 %
Leverage ratio	**10.36**	10.09	9.90	9.74	9.63
Common equity tier 1 risk-based capital ratio	**11.99**	11.78	11.40	11.15	11.05
Tier 1 risk-based capital ratio	**12.82**	12.62	12.24	12.00	11.92
Total risk-based capital ratio	**14.07**	13.87	13.49	13.25	13.14
Number of banking offices	**19**	19	19	19	19
Number of ATMs	**20**	20	20	20	20
Number of employees	**185**	190	198	195	197