For Immediate Release
Unity Bancorp, Inc. (NASDAQ: UNTY)
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Unity Bancorp Reports Quarterly Earnings up 8.5%

Net Income per Diluted Share = $0.54	ROA = 1.53%	ROE = 15.57%	Net Interest Margin = 3.90%

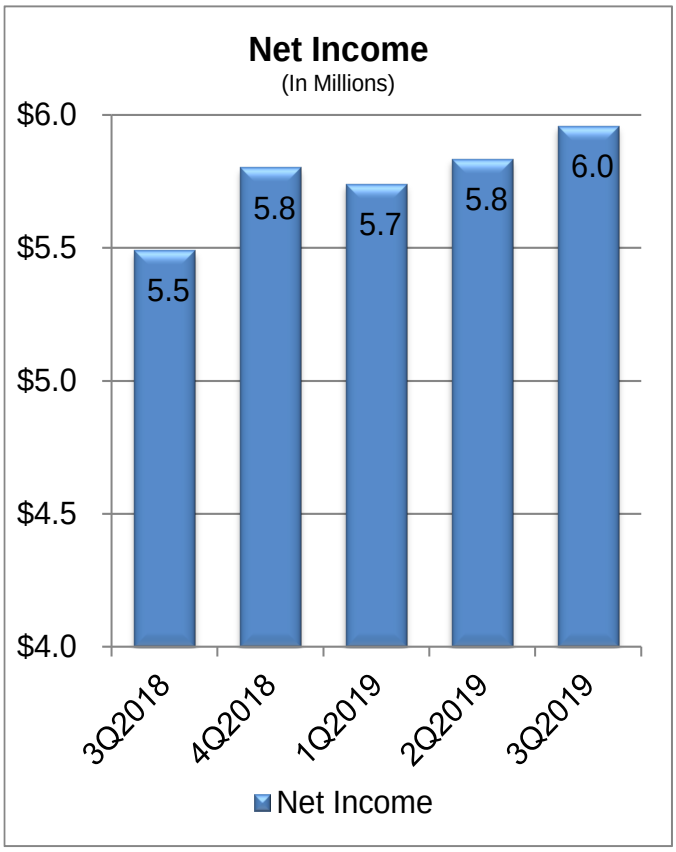
CEO COMMENTARY:

James A. Hughes, President and CEO, stated:

Unity continues to execute its strategic plan. We saw record residential loan volume through September 30, 2019 and anticipate continued growth in this division. Our strategy of building our residential loan business one realtor at a time has proven successful. Our commercial loan production is on course; however, the portfolio continues to be impacted by increased levels of loan payoffs.

We are in challenging times, with a flat yield curve and mixed economic signals. I feel very confident the diversity of our products, coupled with our entrepreneurial approach to lending will continue to provide success to Unity.

As always, our success is built on our team of dedicated employees.



Clinton, NJ, October 17, 2019 - Unity Bancorp, Inc. (NASDAQ: UNTY), parent company of Unity Bank, reported net income of $6.0 million, or $0.54 per diluted share, for the quarter ended September 30, 2019, an 8.5 percent increase compared to the $5.5 million, or $0.50 per diluted share reported for the prior year's third quarter. For the nine months ended September 30, 2019, Unity reported net income of $17.5 million, or $1.59 per diluted share, an 8.8 percent increase compared to $16.1 million or $1.48 per diluted share for the prior year's period.

Quarterly net income included a $768 thousand gain on the sale of our Union, NJ branch building. The sale was in response to the Union, NJ redevelopment initiative. We will be relocating our Union, NJ branch to a new facility located across the street from the current branch. Also included in quarterly net income is a Federal Deposit Insurance assessment credit of $146 thousand. On September 30, 2018, the Deposit Insurance Fund Reserve Ratio reached 1.36 percent and the Federal Deposit Insurance Corporation ("FDIC") announced that small banks would be awarded assessment credits for the portion of their assessments that contributed to the growth in the reserve ratio from 1.15 percent to 1.35 percent, to be applied when the reserve ratio is at least 1.38 percent. The initial credits were applied in September 2019.

Third Quarter Earnings Highlights

- Net interest income, our primary driver of earnings, increased $837 thousand to $14.4 million for the quarter ended September 30, 2019, compared to the prior year's quarter, due to loan growth and a stable net interest margin.
- Net interest margin decreased slightly to 3.90% for the quarter ended September 30, 2019, compared to 3.92% for the prior year's quarter due to recent interest rate cuts by the Federal Reserve Board.
- The provision for loan losses was $750 thousand for the quarter ended September 30, 2019, an increase of $250 thousand from the prior year's quarter. The provision for loan losses increased as a result of loan charge-offs and growth in the portfolio.
- Noninterest income increased $231 thousand to $2.7 million compared to the prior year's quarter and increased $299 thousand compared to the prior sequential quarter. The increase was primarily due to the gain on the sale of the Union, NJ building. The Company elected not to sell SBA loans and residential mortgage portfolio loans during the quarter.
- Noninterest expense decreased $72 thousand to $8.7 million compared to the prior year's quarter and decreased $62 thousand compared to the prior sequential quarter. Quarterly noninterest expense included an FDIC assessment credit of $146 thousand. The year-over-year decrease was the result of an $850 thousand supplemental executive retirement ("SERP") benefit expense in the prior year's quarter, partially offset by a $317 thousand legal settlement related to one OREO property in the prior year's quarter.
- The effective tax rate was 22.0% compared to 18.6% 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 $63.9 million, or 4.9%, from year-end 2018 to $1.4 billion at September 30, 2019. Commercial, residential mortgage and consumer loan portfolios increased $29.1 million, $20.9 million and $14.9 million, respectively, partially offset by a decline of $1.1 million in SBA loans. Overall loan growth was impacted by increased payoffs.
- Total deposits increased $65.7 million, or 5.4%, from year-end 2018 to $1.3 billion at September 30, 2019. Growth resulted primarily from time deposit promotions.
- Borrowed funds remained flat at $210.0 million at September 30, 2019.
- Shareholders' equity was $154.9 million at September 30, 2019, an increase of $16.4 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 $14.25 as of September 30, 2019.
- At September 30, 2019, the leverage, common equity Tier I, Tier I and Total Risk Based Capital ratios were 10.54%, 12.24%, 13.04% and 14.28% respectively, all in excess of the ratios required to be deemed "well-capitalized."

- Nonperforming loans totaled $5.6 million and included $4.4 million of well-secured residential mortgage loans. Nonperforming assets to total assets were 0.44% and the allowance to total loans ratio remained at 1.17% at September 30, 2019. Net charge-offs were $713 thousand for the quarter. This included a $500 thousand charge-off on a contractually performing loan due to a decline in the borrower's cash flow.

Other Highlights

- Unity Bancorp has been named to the Sandler O'Neill Sm-All Stars Class of 2019. 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 five banks headquartered in New Jersey, which were recognized.

Unity Bancorp, Inc. is a financial service organization headquartered in Clinton, New Jersey, with approximately $1.7 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.
SUMMARY FINANCIAL HIGHLIGHTS
September 30, 2019

(In thousands, except percentages and per share amounts)	**September 30, 2019**	**June 30, 2019**	**September 30, 2018**	**September 30, 2019 vs. June 30, 2019**	**September 30, 2019 vs. September 30, 2018**
				%	**%**
BALANCE SHEET DATA:					
Total assets	**$ 1,664,308**	$ 1,626,737	$ 1,553,152	2.3 %	7.2 %
Total deposits	**1,273,362**	1,264,353	1,219,473	0.7	4.4
Total loans	**1,368,474**	1,344,757	1,283,304	1.8	6.6
Total securities	**63,991**	62,122	63,399	3.0	0.9
Total shareholders' equity	**154,884**	149,383	133,067	3.7	16.4
Allowance for loan losses	**(16,002)**	(15,965)	(14,988)	0.2	6.8
FINANCIAL DATA - QUARTER TO DATE:					
Income before provision for income taxes	**$ 7,635**	$ 7,480	$ 6,745	2.1	13.2
Provision for income taxes	**1,676**	1,646	1,255	1.8	33.5
Net income	**$ 5,959**	$ 5,834	$ 5,490	2.1	8.5
Net income per common share - Basic	**$ 0.55**	$ 0.54	$ 0.51	1.9	7.8
Net income per common share - Diluted	**$ 0.54**	$ 0.53	$ 0.50	1.9	8.0
Performance ratios:					
Return on average assets	**1.53 %**	1.54 %	1.50 %		
Return on average equity	**15.57 %**	16.01 %	16.64 %		
Efficiency ratio	**51.06 %**	53.20 %	54.86 %		
Net interest margin	**3.90 %**	3.96 %	3.92 %		
Noninterest expense to average assets	**2.24 %**	2.32 %	2.41 %		
FINANCIAL DATA - YEAR TO DATE:					
Income before provision for income taxes	**$ 22,375**		$ 19,958		12.1
Provision for income taxes	**4,842**		3,841		26.1
Net income	**$ 17,533**		$ 16,117		8.8
Net income per common share - Basic	**$ 1.62**		$ 1.50		8.0
Net income per common share - Diluted	**$ 1.59**		$ 1.48		7.4
Performance ratios:					
Return on average assets	**1.54 %**		1.52 %		1.3
Return on average equity	**16.02 %**		17.14 %		(6.5)
Efficiency ratio	**52.25 %**		53.90 %		(3.1)
Net interest margin	**3.97 %**		3.95 %		0.5
Noninterest expense to average assets	**2.28 %**		2.38 %		(4.2)
SHARE INFORMATION:					
Market price per share	**$ 22.15**	$ 22.70	$ 22.90	(2.4)	(3.3)
Dividends paid	**$ 0.08**	$ 0.08	$ 0.07	-	14.3
Book value per common share	**$ 14.25**	$ 13.76	$ 12.37	3.6	15.2
Average diluted shares outstanding (QTD)	**11,036**	11,026	10,936	0.1	0.9
CAPITAL RATIOS:					
Total equity to total assets	**9.31 %**	9.18 %	8.57 %		
Leverage ratio	**10.54 %**	10.36 %	9.74 %		
Common equity tier 1 risk-based capital ratio	**12.24 %**	11.99 %	11.15 %		
Tier 1 risk-based capital ratio	**13.04 %**	12.81 %	12.00 %		
Total risk-based capital ratio	**14.28 %**	14.06 %	13.25 %		
CREDIT QUALITY AND RATIOS:					
Nonperforming assets	**$ 7,305**	$ 5,336	$ 6,251	36.9	16.9
QTD net chargeoffs (annualized) to QTD average loans	**0.21 %**	0.02 %	0.05 %		
Allowance for loan losses to total loans	**1.17 %**	1.19 %	1.17 %		
Nonperforming assets to total loans and OREO	**0.53 %**	0.40 %	0.49 %		
Nonperforming assets to total assets	**0.44 %**	0.33 %	0.40 %		

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

(In thousands, except percentages)	**September 30, 2019**	**December 31, 2018**	**September 30, 2018**	**September 30, 2019 vs. December 31, 2018 %**	**September 30, 2019 vs. September 30, 2018 %**
ASSETS					
Cash and due from banks	**$ 29,426**	$ 20,028	$ 23,217	46.9 %	26.7 %
Fed funds, interest-bearing deposits and repos	**137,334**	125,487	121,339	9.4	13.2
Cash and cash equivalents	**166,760**	145,515	144,556	14.6	15.4
Securities:					
Securities available for sale	**47,295**	46,713	46,874	1.2	0.9
Securities held to maturity	**14,332**	14,875	15,325	(3.7)	(6.5)
Equity securities	**2,364**	2,144	1,200	10.3	97.0
Total securities	**63,991**	63,732	63,399	0.4	0.9
Loans:					
SBA loans held for sale	**13,053**	11,171	13,029	16.8	0.2
SBA loans held for investment	**36,380**	39,333	41,051	(7.5)	(11.4)
Commercial loans	**723,249**	694,102	697,075	4.2	3.8
Residential mortgage loans	**456,963**	436,056	413,652	4.8	10.5
Consumer loans	**138,829**	123,904	118,497	12.0	17.2
Total loans	**1,368,474**	1,304,566	1,283,304	4.9	6.6
Allowance for loan losses	**(16,002)**	(15,488)	(14,988)	3.3	6.8
Net loans	**1,352,472**	1,289,078	1,268,316	4.9	6.6
Premises and equipment, net	**21,700**	23,371	23,416	(7.1)	(7.3)
Bank owned life insurance ("BOLI")	**25,302**	24,710	24,544	2.4	3.1
Deferred tax assets	**5,768**	5,350	5,310	7.8	8.6
Federal Home Loan Bank ("FHLB") stock	**10,899**	10,795	9,445	1.0	15.4
Accrued interest receivable	**6,858**	6,399	6,412	7.2	7.0
Other real estate owned ("OREO")	**1,723**	56	56	2,976.8	2,976.8
Goodwill	**1,516**	1,516	1,516	-	-
Other assets	**7,319**	8,635	6,182	(15.2)	18.4
Total assets	**$ 1,664,308**	$ 1,579,157	$ 1,553,152	5.4 %	7.2 %
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities:					
Deposits:					
Noninterest-bearing demand	**$ 279,238**	$ 270,152	$ 271,321	3.4 %	2.9 %
Interest-bearing demand	**179,661**	185,792	180,189	(3.3)	(0.3)
Savings	**394,333**	394,727	408,927	(0.1)	(3.6)
Time deposits	**420,130**	357,016	359,036	17.7	17.0
Total deposits	**1,273,362**	1,207,687	1,219,473	5.4	4.4
Borrowed funds	**210,000**	210,000	180,000	-	16.7
Subordinated debentures	**10,310**	10,310	10,310	-	-
Accrued interest payable	**420**	406	506	3.4	(17.0)
Accrued expenses and other liabilities	**15,332**	12,266	9,796	25.0	56.5
Total liabilities	**1,509,424**	1,440,669	1,420,085	4.8	6.3
Shareholders' equity:					
Common stock	**89,753**	88,484	88,149	1.4	1.8
Retained earnings	**65,199**	50,161	45,121	30.0	44.5
Accumulated other comprehensive (loss) income	**(68)**	(157)	(203)	NM*	NM*
Total shareholders' equity	**154,884**	138,488	133,067	11.8	16.4
Total liabilities and shareholders' equity	**$ 1,664,308**	$ 1,579,157	$ 1,553,152	5.4 %	7.2 %
Issued and outstanding common shares	**10,869**	10,780	10,756		

*NM=Not meaningful

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

	For the three months ended			September 30, 2019 vs. June 30, 2019		September 30, 2019 vs. September 30, 2018	
(In thousands, except percentages and per share amounts)	**September 30, 2019**	**June 30, 2019**	**September 30, 2018**	**$**	**%**	**$**	**%**
INTEREST INCOME							
Fed funds, interest-bearing deposits and repos	**$ 271**	$ 232	$ 187	$ 39	16.8 %	$ 84	44.9 %
FHLB stock	**82**	77	101	5	6.5	(19)	(18.8)
Securities:							
Taxable	**463**	461	465	2	0.4	(2)	(0.4)
Tax-exempt	**26**	27	28	(1)	(3.7)	(2)	(7.1)
Total securities	**489**	488	493	1	0.2	(4)	(0.8)
Loans:							
SBA loans	**943**	942	1,050	1	0.1	(107)	(10.2)
Commercial loans	**9,467**	9,357	8,784	110	1.2	683	7.8
Residential mortgage loans	**5,606**	5,535	4,803	71	1.3	803	16.7
Consumer loans	**2,197**	2,150	1,776	47	2.2	421	23.7
Total loans	**18,213**	17,984	16,413	229	1.3	1,800	11.0
Total interest income	**19,055**	18,781	17,194	274	1.5	1,861	10.8
INTEREST EXPENSE							
Interest-bearing demand deposits	**438**	442	330	(4)	(0.9)	108	32.7
Savings deposits	**1,194**	1,188	1,049	6	0.5	145	13.8
Time deposits	**2,577**	2,437	1,739	140	5.7	838	48.2
Borrowed funds and subordinated debentures	**442**	504	509	(62)	(12.3)	(67)	(13.2)
Total interest expense	**4,651**	4,571	3,627	80	1.8	1,024	28.2
Net interest income	**14,404**	14,210	13,567	194	1.4	837	6.2
Provision for loan losses	**750**	350	500	400	114.3	250	50.0
Net interest income after provision for loan losses	**13,654**	13,860	13,067	(206)	(1.5)	587	4.5
NONINTEREST INCOME							
Branch fee income	**373**	378	357	(5)	(1.3)	16	4.5
Service and loan fee income	**522**	569	465	(47)	(8.3)	57	12.3
Gain on sale of SBA loans held for sale, net	**-**	238	253	(238)	(100.0)	(253)	(100.0)
Gain on sale of mortgage loans, net	**545**	630	597	(85)	(13.5)	(52)	(8.7)
BOLI income	**138**	147	464	(9)	(6.1)	(326)	(70.3)
Net security gains	**18**	98	2	(80)	(81.6)	16	800.0
Other income	**1,114**	351	341	763	217.4	773	226.7
Total noninterest income	**2,710**	2,411	2,479	299	12.4	231	9.3
NONINTEREST EXPENSE							
Compensation and benefits	**5,353**	5,186	5,704	167	3.2	(351)	(6.2)
Occupancy	**651**	653	675	(2)	(0.3)	(24)	(3.6)
Processing and communications	**749**	748	709	1	0.1	40	5.6
Furniture and equipment	**711**	718	586	(7)	(1.0)	125	21.3
Professional services	**274**	277	270	(3)	(1.1)	4	1.5
Loan collection & OREO expenses	**(48)**	(10)	(331)	(38)	(380.0)	283	85.5
Other loan expenses	**89**	67	51	22	32.8	38	74.5
Deposit insurance	**-**	134	191	(134)	(100.0)	(191)	(100.0)
Advertising	**334**	374	370	(40)	(10.7)	(36)	(9.7)
Director fees	**171**	164	175	7	4.3	(4)	(2.3)
Other expenses	**445**	480	401	(35)	(7.3)	44	11.0
Total noninterest expense	**8,729**	8,791	8,801	(62)	(0.7)	(72)	(0.8)
Income before provision for income taxes	**7,635**	7,480	6,745	155	2.1	890	13.2
Provision for income taxes	**1,676**	1,646	1,255	30	1.8	421	33.5
Net income	**$ 5,959**	$ 5,834	$ 5,490	$ 125	2.1 %	$ 469	8.5 %
Effective tax rate	**22.0 %**	22.0 %	18.6 %				
Net income per common share - Basic	**$ 0.55**	$ 0.54	$ 0.51				
Net income per common share - Diluted	**$ 0.54**	$ 0.53	$ 0.50				
Weighted average common shares outstanding - Basic	**10,863**	10,843	10,743				
Weighted average common shares outstanding - Diluted	**11,036**	11,026	10,936				

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

(In thousands, except percentages and per share amounts)	For the nine months ended September 30, 2019	2018	Current YTD vs. Prior YTD $	Current YTD vs. Prior YTD %
INTEREST INCOME				
Fed funds, interest-bearing deposits and repos	**$ 724**	$ 563	$ 161	28.6 %
FHLB stock	**275**	359	(84)	(23.4)
Securities:				
Taxable	**1,400**	1,442	(42)	(2.9)
Tax-exempt	**81**	88	(7)	(8.0)
Total securities	**1,481**	1,530	(49)	(3.2)
Loans:				
SBA loans	**2,880**	3,365	(485)	(14.4)
Commercial loans	**27,892**	24,718	3,174	12.8
Residential mortgage loans	**16,702**	13,666	3,036	22.2
Consumer loans	**6,382**	5,003	1,379	27.6
Total loans	**53,856**	46,752	7,104	15.2
Total interest income	**56,336**	49,204	7,132	14.5
INTEREST EXPENSE				
Interest-bearing demand deposits	**1,289**	813	476	58.5
Savings deposits	**3,500**	2,768	732	26.4
Time deposits	**7,023**	4,042	2,981	73.8
Borrowed funds and subordinated debentures	**1,695**	1,997	(302)	(15.1)
Total interest expense	**13,507**	9,620	3,887	40.4
Net interest income	**42,829**	39,584	3,245	8.2
Provision for loan losses	**1,600**	1,550	50	3.2
Net interest income after provision for loan losses	**41,229**	38,034	3,195	8.4
NONINTEREST INCOME				
Branch fee income	**1,120**	1,107	13	1.2
Service and loan fee income	**1,533**	1,441	92	6.4
Gain on sale of SBA loans held for sale, net	**554**	1,383	(829)	(59.9)
Gain on sale of mortgage loans, net	**1,525**	1,442	83	5.8
BOLI income	**435**	810	(375)	(46.3)
Net security gains (losses)	**216**	(6)	222	3,700.0
Other income	**1,758**	900	858	95.3
Total noninterest income	**7,141**	7,077	64	0.9
NONINTEREST EXPENSE				
Compensation and benefits	**15,384**	15,274	110	0.7
Occupancy	**1,997**	2,057	(60)	(2.9)
Processing and communications	**2,213**	2,072	141	6.8
Furniture and equipment	**2,086**	1,732	354	20.4
Professional services	**839**	682	157	23.0
Loan collection & OREO expenses	**9**	(320)	329	102.8
Other loan expenses	**202**	137	65	47.4
Deposit insurance	**301**	593	(292)	(49.2)
Advertising	**1,056**	1,051	5	0.5
Director fees	**499**	502	(3)	(0.6)
Other expenses	**1,409**	1,373	36	2.6
Total noninterest expense	**25,995**	25,153	842	3.3
Income before provision for income taxes	**22,375**	19,958	2,417	12.1
Provision for income taxes	**4,842**	3,841	1,001	26.1
Net income	**$ 17,533**	$ 16,117	$ 1,416	8.8 %
Effective tax rate	**21.6 %**	19.2 %		
Net income per common share - Basic	**$ 1.62**	$ 1.50		
Net income per common share - Diluted	**$ 1.59**	$ 1.48		
Weighted average common shares outstanding - Basic	**10,836**	10,713		
Weighted average common shares outstanding - Diluted	**11,019**	10,910		

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

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

	For the three months ended					
	September 30, 2019			June 30, 2019		
	Average Balance	Interest	Rate/Yield	Average Balance	Interest	Rate/Yield
ASSETS						
Interest-earning assets:						
Fed funds, interest-bearing deposits and repos	**$ 51,744**	**$ 271**	**2.08 %**	$ 39,103	$ 232	2.38 %
FHLB stock	**5,138**	**82**	**6.33**	5,236	77	5.90
Securities:						
Taxable	**58,144**	**463**	**3.16**	57,939	461	3.19
Tax-exempt	**4,418**	**32**	**2.87**	4,470	33	2.96
Total securities (A)	**62,562**	**495**	**3.14**	62,409	494	3.17
Loans:						
SBA loans	**47,187**	**943**	**7.93**	47,542	942	7.95
Commercial loans	**713,785**	**9,467**	**5.26**	707,021	9,357	5.31
Residential mortgage loans	**450,105**	**5,606**	**4.94**	445,315	5,535	4.99
Consumer loans	**136,239**	**2,197**	**6.40**	132,804	2,150	6.49
Total loans (B)	**1,347,316**	**18,213**	**5.36**	1,332,682	17,984	5.41
Total interest-earning assets	**$ 1,466,760**	**$ 19,061**	**5.16 %**	$ 1,439,430	$ 18,787	5.24 %
Noninterest-earning assets:						
Cash and due from banks	**24,345**			24,625		
Allowance for loan losses	**(16,224)**			(15,955)		
Other assets	**70,484**			69,664		
Total noninterest-earning assets	**78,605**			78,334		
Total assets	**$ 1,545,365**			$ 1,517,764		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities:						
Total interest-bearing demand deposits	**$ 176,953**	**$ 438**	**0.98 %**	$ 174,391	$ 442	1.02 %
Total savings deposits	**398,676**	**1,194**	**1.19**	395,185	1,188	1.21
Total time deposits	**432,035**	**2,577**	**2.37**	422,458	2,437	2.31
Total interest-bearing deposits	**1,007,664**	**4,209**	**1.66**	992,034	4,067	1.64
Borrowed funds and subordinated debentures	**92,326**	**442**	**1.90**	94,568	504	2.14
Total interest-bearing liabilities	**$ 1,099,990**	**$ 4,651**	**1.68 %**	$ 1,086,602	$ 4,571	1.69 %
Noninterest-bearing liabilities:						
Noninterest-bearing demand deposits	**279,150**			271,359		
Other liabilities	**14,364**			13,697		
Total noninterest-bearing liabilities	**293,514**			285,056		
Total shareholders' equity	**151,861**			146,106		
Total liabilities and shareholders' equity	**$ 1,545,365**			$ 1,517,764		
Net interest spread		**$ 14,410**	**3.48 %**		$ 14,216	3.54 %
Tax-equivalent basis adjustment		**(6)**			(6)	
Net interest income		**$ 14,404**			$ 14,210	
Net interest margin			**3.90 %**			3.96 %

(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
September 30, 2019

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

	For the three months ended					
	September 30, 2019			September 30, 2018		
	Average Balance	Interest	Rate/Yield	Average Balance	Interest	Rate/Yield
ASSETS						
Interest-earning assets:						
Fed funds, interest-bearing deposits and repos	**$ 51,744**	**$ 271**	**2.08 %**	$ 40,060	$ 187	1.85 %
FHLB stock	**5,138**	**82**	**6.33**	5,805	101	6.90
Securities:						
Taxable	**58,144**	**463**	**3.16**	59,916	465	3.08
Tax-exempt	**4,418**	**32**	**2.87**	5,095	35	2.73
Total securities (A)	**62,562**	**495**	**3.14**	65,011	500	3.05
Loans:						
SBA loans	**47,187**	**943**	**7.93**	56,837	1,050	7.33
Commercial loans	**713,785**	**9,467**	**5.26**	683,632	8,784	5.10
Residential mortgage loans	**450,105**	**5,606**	**4.94**	404,439	4,803	4.71
Consumer loans	**136,239**	**2,197**	**6.40**	116,421	1,776	6.05
Total loans (B)	**1,347,316**	**18,213**	**5.36**	1,261,329	16,413	5.16
Total interest-earning assets	**$ 1,466,760**	**$ 19,061**	**5.16 %**	$ 1,372,205	$ 17,201	4.97 %
Noninterest-earning assets:						
Cash and due from banks	**24,345**			25,560		
Allowance for loan losses	**(16,224)**			(14,909)		
Other assets	**70,484**			65,645		
Total noninterest-earning assets	**78,605**			76,296		
Total assets	**$ 1,545,365**			$ 1,448,501		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities:						
Total interest-bearing demand deposits	**$ 176,953**	**$ 438**	**0.98 %**	$ 173,515	$ 330	0.75 %
Total savings deposits	**398,676**	**1,194**	**1.19**	407,287	1,049	1.02
Total time deposits	**432,035**	**2,577**	**2.37**	350,747	1,739	1.97
Total interest-bearing deposits	**1,007,664**	**4,209**	**1.66**	931,549	3,118	1.33
Borrowed funds and subordinated debentures	**92,326**	**442**	**1.90**	109,408	509	1.85
Total interest-bearing liabilities	**$ 1,099,990**	**$ 4,651**	**1.68 %**	$ 1,040,957	$ 3,627	1.38 %
Noninterest-bearing liabilities:						
Noninterest-bearing demand deposits	**279,150**			266,833		
Other liabilities	**14,364**			9,805		
Total noninterest-bearing liabilities	**293,514**			276,638		
Total shareholders' equity	**151,861**			130,906		
Total liabilities and shareholders' equity	**$ 1,545,365**			$ 1,448,501		
Net interest spread		**$ 14,410**	**3.48 %**		$ 13,574	3.59 %
Tax-equivalent basis adjustment		**(6)**			(7)	
Net interest income		**$ 14,404**			$ 13,567	
Net interest margin			**3.90 %**			3.92 %

(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
September 30, 2019

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

	For the nine months ended					
	September 30, 2019			September 30, 2018		
	Average Balance	Interest	Rate/Yield	Average Balance	Interest	Rate/Yield
ASSETS						
Interest-earning assets:						
Fed funds, interest-bearing deposits and repos	**$ 43,021**	**$ 724**	**2.25 %**	$ 42,772	$ 563	1.76 %
FHLB stock	**5,768**	**275**	**6.37**	7,131	359	6.73
Securities:						
Taxable	**58,271**	**1,400**	**3.21**	61,538	1,442	3.13
Tax-exempt	**4,491**	**101**	**3.01**	5,214	109	2.80
Total securities (A)	**62,762**	**1,501**	**3.20**	66,752	1,551	3.11
Loans:						
SBA loans	**48,238**	**2,880**	**7.98**	62,517	3,365	7.20
Commercial loans	**706,280**	**27,892**	**5.28**	657,879	24,718	5.02
Residential mortgage loans	**445,145**	**16,702**	**5.02**	387,651	13,666	4.71
Consumer loans	**131,714**	**6,382**	**6.48**	114,658	5,003	5.83
Total loans (B)	**1,331,377**	**53,856**	**5.41**	1,222,705	46,752	5.11
Total interest-earning assets	**$ 1,442,928**	**$ 56,356**	**5.22 %**	$ 1,339,360	$ 49,225	4.91 %
Noninterest-earning assets:						
Cash and due from banks	**25,019**			24,325		
Allowance for loan losses	**(15,979)**			(14,429)		
Other assets	**70,243**			65,380		
Total noninterest-earning assets	**79,283**			75,276		
Total assets	**$ 1,522,211**			$ 1,414,636		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities:						
Total interest-bearing demand deposits	**$ 177,789**	**$ 1,289**	**0.97 %**	$ 173,381	$ 813	0.63 %
Total savings deposits	**397,029**	**3,500**	**1.18**	403,916	2,768	0.92
Total time deposits	**408,718**	**7,023**	**2.30**	299,970	4,042	1.80
Total interest-bearing deposits	**983,536**	**11,812**	**1.61**	877,267	7,623	1.16
Borrowed funds and subordinated debentures	**107,101**	**1,695**	**2.12**	143,492	1,997	1.86
Total interest-bearing liabilities	**$ 1,090,637**	**$ 13,507**	**1.66 %**	$ 1,020,759	$ 9,620	1.26 %
Noninterest-bearing liabilities:						
Noninterest-bearing demand deposits	**271,118**			258,787		
Other liabilities	**14,129**			9,382		
Total noninterest-bearing liabilities	**285,247**			268,169		
Total shareholders' equity	**146,327**			125,708		
Total liabilities and shareholders' equity	**$ 1,522,211**			$ 1,414,636		
Net interest spread		**$ 42,849**	**3.56 %**		$ 39,605	3.65 %
Tax-equivalent basis adjustment		**(20)**			(21)	
Net interest income		**$ 42,829**			$ 39,584	
Net interest margin			**3.97 %**			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.

QUARTERLY ALLOWANCE FOR LOAN LOSSES AND LOAN QUALITY SCHEDULES

September 30, 2019

Amounts in thousands, except percentages	Sept. 30, 2019	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sept. 30, 2018
ALLOWANCE FOR LOAN LOSSES:					
Balance, beginning of period	**$ 15,965**	$ 15,684	$ 15,488	$ 14,988	$ 14,634
Provision for loan losses charged to expense	**750**	350	500	500	500
	16,715	16,034	15,988	15,488	15,134
Less: Chargeoffs					
SBA loans	**100**	84	308	-	169
Commercial loans	**500**	-	1	10	-
Residential mortgage loans	**130**	-	-	-	-
Consumer loans	**-**	-	1	-	-
Total chargeoffs	**730**	84	310	10	169
Add: Recoveries					
SBA loans	**14**	1	1	3	1
Commercial loans	**3**	4	5	5	5
Residential mortgage loans	**-**	-	-	-	-
Consumer loans	-	10	-	2	17
Total recoveries	**17**	15	6	10	23
Net chargeoffs	**713**	69	304	-	146
Balance, end of period	**$ 16,002**	$ 15,965	$ 15,684	$ 15,488	$ 14,988
LOAN QUALITY INFORMATION:					
Nonperforming loans:					
SBA	**$ 504**	$ 437	$ 814	$ 1,560	$ 1,297
Commercial	**629**	54	1,046	1,076	1,234
Residential mortgage loans	**4,427**	3,924	5,243	4,211	3,536
Consumer loans	**23**	-	171	26	128
Total nonperforming loans (1)	**5,582**	4,415	7,274	6,873	6,195
Other real estate owned ("OREO")	**1,723**	921	273	56	56
Nonperforming assets	**7,305**	5,336	7,547	6,929	6,251
Less: Amount guaranteed by SBA	**63**	68	68	89	104
Net nonperforming assets	**$ 7,242**	$ 5,268	$ 7,479	$ 6,840	$ 6,147
Loans 90 days past due & still accruing	**$ 140**	$ -	$ 39	$ 98	$ 546
Performing Troubled Debt Restructurings (TDRs)	**$ 718**	$ 728	$ 738	$ 745	$ 755
(1) Nonperforming TDRs included in nonperforming loans	**-**	-	-	-	-
Total TDRs	**$ 718**	$ 728	$ 738	$ 745	$ 755
Allowance for loan losses to:					
Total loans at quarter end	**1.17 %**	1.19 %	1.19 %	1.19 %	1.17 %
Total nonperforming loans (1)	**286.67**	361.61	215.62	225.35	241.94
Nonperforming assets	**219.06**	299.19	207.82	223.52	239.77
Net nonperforming assets	**220.96**	303.06	209.71	226.43	243.83
QTD net chargeoffs (recoveries) (annualized) to QTD average loans:					
SBA loans	**0.72 %**	0.70 %	2.49 %	(0.02) %	1.17 %
Commercial loans	**0.28**	-	-	-	-
Residential mortgage loans	**0.11**	-	-	-	-
Consumer loans	-	(0.03)	-	(0.01)	(0.06)
Total loans	**0.21 %**	0.02 %	0.09 %	- %	0.05 %
Nonperforming loans to total loans	**0.41 %**	0.33 %	0.55 %	0.53 %	0.48 %
Nonperforming loans and TDRs to total loans	**0.46**	0.38	0.61	0.58	0.54
Nonperforming assets to total loans and OREO	**0.53**	0.40	0.57	0.53	0.49
Nonperforming assets to total assets	**0.44**	0.33	0.47	0.44	0.40

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

(In thousands, except percentages and per share amounts)	Sept. 30, 2019	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sept. 30, 2018
SUMMARY OF INCOME:					
Total interest income	**$ 19,055**	$ 18,781	$ 18,500	$ 18,060	$ 17,194
Total interest expense	**4,651**	4,571	4,284	3,896	3,627
Net interest income	**14,404**	14,210	14,216	14,164	13,567
Provision for loan losses	**750**	350	500	500	500
Net interest income after provision for loan losses	**13,654**	13,860	13,716	13,664	13,067
Total noninterest income	**2,710**	2,411	2,020	1,954	2,479
Total noninterest expense	**8,729**	8,791	8,476	8,268	8,801
Income before provision for income taxes	**7,635**	7,480	7,260	7,350	6,745
Provision for income taxes	**1,676**	1,646	1,520	1,547	1,255
Net income	**$ 5,959**	$ 5,834	$ 5,740	$ 5,803	$ 5,490
Net income per common share - Basic	**$ 0.55**	$ 0.54	$ 0.53	$ 0.54	$ 0.51
Net income per common share - Diluted	**$ 0.54**	$ 0.53	$ 0.52	$ 0.53	$ 0.50
COMMON SHARE DATA:					
Market price per share	**$ 22.15**	$ 22.70	$ 18.88	$ 20.76	$ 22.90
Dividends paid	**$ 0.08**	$ 0.08	$ 0.07	$ 0.07	$ 0.07
Book value per common share	**$ 14.25**	$ 13.76	$ 13.28	$ 12.85	$ 12.37
Weighted average common shares outstanding - Basic	**10,863**	10,843	10,801	10,765	10,743
Weighted average common shares outstanding - Diluted	**11,036**	11,026	10,955	10,935	10,936
Issued and outstanding common shares	**10,869**	10,856	10,822	10,780	10,756
PERFORMANCE RATIOS (Annualized):					
Return on average assets	**1.53 %**	1.54 %	1.55 %	1.56 %	1.50 %
Return on average equity	**15.57**	16.01	16.52	17.00	16.64
Efficiency ratio	**51.06**	53.20	52.53	50.69	54.86
Noninterest expense to average assets	**2.24**	2.32	2.29	2.22	2.41
BALANCE SHEET DATA:					
Total assets	**$ 1,664,308**	$ 1,626,737	$ 1,590,046	$ 1,579,157	$ 1,553,152
Total deposits	**1,273,362**	1,264,353	1,226,586	1,207,687	1,219,473
Total loans	**1,368,474**	1,344,757	1,312,994	1,304,566	1,283,304
Total securities	**63,991**	62,122	62,962	63,732	63,399
Total shareholders' equity	**154,884**	149,383	143,717	138,488	133,067
Allowance for loan losses	**(16,002)**	(15,965)	(15,684)	(15,488)	(14,988)
TAX EQUIVALENT YIELDS AND RATES:					
Interest-earning assets	**5.16 %**	5.24 %	5.28 %	5.12 %	4.97 %
Interest-bearing liabilities	**1.68**	1.69	1.60	1.46	1.38
Net interest spread	**3.48**	3.54	3.68	3.66	3.59
Net interest margin	**3.90**	3.96	4.06	4.01	3.92
CREDIT QUALITY:					
Nonperforming assets	**$ 7,305**	$ 5,336	$ 7,547	$ 6,929	$ 6,251
QTD net chargeoffs (annualized) to QTD average loans	**0.21 %**	0.02 %	0.09 %	- %	0.05 %
Allowance for loan losses to total loans	**1.17**	1.19	1.19	1.19	1.17
Nonperforming assets to total loans and OREO	**0.53**	0.40	0.57	0.53	0.49
Nonperforming assets to total assets	**0.44**	0.33	0.47	0.44	0.40
CAPITAL RATIOS AND OTHER:					
Total equity to total assets	**9.31 %**	9.18 %	9.04 %	8.77 %	8.57 %
Leverage ratio	**10.54**	10.36	10.09	9.90	9.74
Common equity tier 1 risk-based capital ratio	**12.24**	11.99	11.78	11.40	11.15
Tier 1 risk-based capital ratio	**13.04**	12.81	12.62	12.24	12.00
Total risk-based capital ratio	**14.28**	14.06	13.87	13.49	13.25
Number of banking offices	**19**	19	19	19	19
Number of ATMs	**20**	20	20	20	20
Number of employees	**194**	185	190	198	195