For Immediate Release
Unity Bancorp, Inc. (NASDAQ: UNTY)
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Unity Bancorp Reports Quarterly Earnings of $6.1 Million and Full Year Earnings of $23.7 Million

Net Income per Diluted Share = $0.55	ROA = 1.53%	ROE = 15.41%	Net Interest Margin = 3.88%

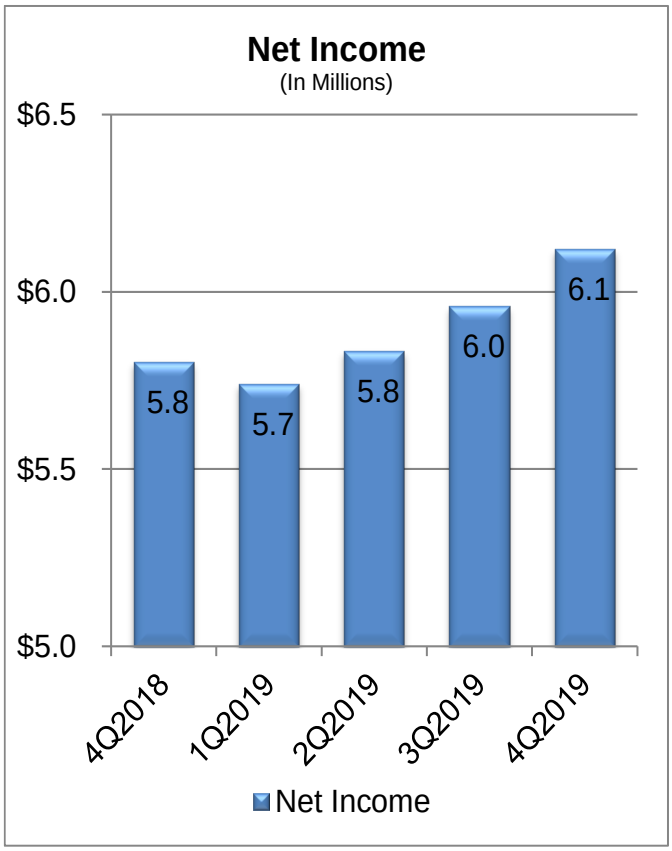
CEO COMMENTARY:

James A. Hughes, President and CEO, stated:

I am pleased to report another year of record earnings for Unity. Loan demand continues to be strong, and with the current robust economy, I am very optimistic about 2020. We had over $250 million in residential loan production and the pipeline remains healthy. Consumer lending was up almost 16% from a year ago. Commercial loan originations were right on target in 2019. Commercial loan growth exceeded 10% despite a higher than normal level of payoffs. We have recently added to our SBA lending team and I anticipate increased SBA loan activity in the future.

Deposit growth from the branches was approximately 10.7%. In order to restructure our funding, we allowed $22.9 million of wholesale deposits to roll off for alternative funding sources.

With rapid bank consolidation in the markets we serve, opportunities for Unity have never been better. I look forward to reporting on our continued progress in 2020 and beyond.



Clinton, NJ, January 21, 2020 - Unity Bancorp, Inc. (NASDAQ: UNTY), parent company of Unity Bank, reported net income of $6.1 million, or $0.55 per diluted share, for the quarter ended December 31, 2019, a 5.5% increase compared to the $5.8 million, or $0.53 per diluted share reported for the prior year's fourth quarter. For the year ended December 31, 2019, Unity reported net income of $23.7 million, or $2.14 per diluted share, a 7.9% increase compared to $21.9 million or $2.01 per diluted share for the prior year's period.

Fourth Quarter Earnings Highlights

- Net interest income, our primary driver of earnings, increased $599 thousand to $14.8 million for the quarter ended December 31, 2019, compared to the prior year's quarter, due to strong loan growth.
- Net interest margin decreased to 3.88% for the quarter ended December 31, 2019, compared to 4.01% for the prior year's quarter due to recent interest rate cuts by the Federal Reserve Board. Our net interest margin remained stable compared to the 3.90% for the prior sequential quarter.
- The provision for loan losses was $500 thousand for the quarter ended December 31, 2019 and 2018 as asset quality remains favorable.
- Noninterest income increased $442 thousand to $2.4 million compared to the prior year's quarter and decreased $314 thousand compared to the prior sequential quarter. The year-over-year increase was primarily due to market value fluctuations on our equity securities, increased gains on the sale of securities and increased mortgage gains as a result of an increase in volume in the current period. The decrease from the prior sequential quarter was primarily due to the $768 thousand gain on the sale of our Union, NJ branch building in September 2019.
- Noninterest expense increased $451 thousand to $8.7 million compared to the prior year's quarter and decreased $10 thousand compared to the prior sequential quarter. The year-over-year increase was primarily due to increased compensation and mortgage commissions paid on a higher origination volume.
- The effective tax rate was 22.9% compared to 21.0% in the prior year's quarter due to recent New Jersey tax legislation changes. The effective tax rate may increase in the future as a result of this legislation.

Balance Sheet Highlights

- Total loans increased $121.0 million, or 9.3%, from year-end 2018 to $1.4 billion at December 31, 2019. Commercial, residential mortgage and consumer loan portfolios increased $70.9 million, $31.7 million and $19.6 million, respectively, partially offset by a decline of $1.2 million in SBA loans. Loan growth was impacted by increased payoffs in 2019; however, our pipeline remains strong.
- Total deposits increased $42.4 million, or 3.5%, from year-end 2018 to $1.3 billion at December 31, 2019. Core growth resulted primarily from time deposit promotions. There was a planned reduction of $22.9 million in brokered deposits in 2019.
- Borrowed funds increased $73.0 million to $283.0 million at December 31, 2019, primarily due to the reduction in brokered deposits and a new $40.0 million fixed rate advance with a maturity date of August 22, 2024, at a rate of 1.81%.
- Shareholders' equity was $160.7 million at December 31, 2019, an increase of $22.2 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 $14.77 as of December 31, 2019.
- At December 31, 2019, the leverage, common equity Tier I, Tier I and Total Risk Based Capital ratios were 10.59%, 11.97%, 12.73% and 13.49% respectively, all in excess of the ratios required to be deemed "well-capitalized."

- Nonperforming loans totaled $5.6 million and included $3.9 million of well-secured residential mortgage loans, compared to nonperforming loans of $6.9 million in the prior year. Nonperforming assets to total assets were 0.43% at December 31, 2019 and 0.44% at December 31, 2018 and the allowance to total loans ratio was 1.15% at December 31, 2019 and 1.19% at December 31, 2018. Net charge-offs were $107 thousand for the quarter.

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

UNITY BANCORP, INC.
SUMMARY FINANCIAL HIGHLIGHTS
December 31, 2019

(In thousands, except percentages and per share amounts)	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019 vs. September 30, 2019 %	December 31, 2019 vs. December 31, 2018 %
BALANCE SHEET DATA:					
Total assets	**$ 1,718,942**	$ 1,664,308	$ 1,579,157	3.3 %	8.9 %
Total deposits	**1,250,114**	1,273,362	1,207,687	(1.8)	3.5
Total loans	**1,425,558**	1,368,474	1,304,566	4.2	9.3
Total securities	**66,564**	63,991	63,732	4.0	4.4
Total shareholders' equity	**160,709**	154,884	138,488	3.8	16.0
Allowance for loan losses	**(16,395)**	(16,002)	(15,488)	2.5	5.9
FINANCIAL DATA - QUARTER TO DATE:					
Income before provision for income taxes	**$ 7,940**	$ 7,635	$ 7,350	4.0	8.0
Provision for income taxes	**1,820**	1,676	1,547	8.6	17.6
Net income	**$ 6,120**	$ 5,959	$ 5,803	2.7	5.5
Net income per common share - Basic	**$ 0.56**	$ 0.55	$ 0.54	1.8	3.7
Net income per common share - Diluted	**$ 0.55**	$ 0.54	$ 0.53	1.9	3.8
Performance ratios:					
Return on average assets	**1.53 %**	1.53 %	1.56 %		
Return on average equity	**15.41 %**	15.57 %	17.00 %		
Efficiency ratio	**51.29 %**	51.06 %	50.69 %		
Net interest margin	**3.88 %**	3.90 %	4.01 %		
Noninterest expense to average assets	**2.17 %**	2.24 %	2.22 %		
FINANCIAL DATA - YEAR TO DATE:					
Income before provision for income taxes	**$ 30,315**		$ 27,307		11.0
Provision for income taxes	**6,662**		5,388		23.6
Net income	**$ 23,653**		$ 21,919		7.9
Net income per common share - Basic	**$ 2.18**		$ 2.04		6.9
Net income per common share - Diluted	**$ 2.14**		$ 2.01		6.5
Performance ratios:					
Return on average assets	**1.54 %**		1.53 %		0.7
Return on average equity	**15.86 %**		17.10 %		(7.3)
Efficiency ratio	**52.00 %**		53.07 %		(2.0)
Net interest margin	**3.95 %**		3.97 %		(0.5)
Noninterest expense to average assets	**2.25 %**		2.34 %		(3.8)
SHARE INFORMATION:					
Market price per share	**$ 22.57**	$ 22.15	$ 20.76	1.9	8.7
Dividends paid	**$ 0.08**	$ 0.08	$ 0.07	-	14.3
Book value per common share	**$ 14.77**	$ 14.25	$ 12.85	3.6	14.9
Average diluted shares outstanding (QTD)	**11,057**	11,036	10,935	0.2	1.1
CAPITAL RATIOS:					
Total equity to total assets	**9.35 %**	9.31 %	8.77 %		
Leverage ratio	**10.59 %**	10.54 %	9.90 %		
Common equity tier 1 risk-based capital ratio	**11.97 %**	12.24 %	11.40 %		
Tier 1 risk-based capital ratio	**12.73 %**	13.04 %	12.24 %		
Total risk-based capital ratio	**13.49 %**	14.28 %	13.49 %		
CREDIT QUALITY AND RATIOS:					
Nonperforming assets	**$ 7,372**	$ 7,305	$ 6,929	0.9	6.4
QTD net chargeoffs (annualized) to QTD average loans	**0.03 %**	0.21 %	- %		
Allowance for loan losses to total loans	**1.15 %**	1.17 %	1.19 %		
Nonperforming assets to total loans and OREO	**0.52 %**	0.53 %	0.53 %		
Nonperforming assets to total assets	**0.43 %**	0.44 %	0.44 %		

UNITY BANCORP, INC.
CONSOLIDATED BALANCE SHEETS
December 31, 2019

(In thousands, except percentages)	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019 vs. September 30, 2019 %	December 31, 2019 vs. December 31, 2018 %
ASSETS					
Cash and due from banks	**$ 21,106**	$ 29,426	$ 20,028	(28.3) %	5.4 %
Fed funds, interest-bearing deposits and repos	**136,910**	137,334	125,487	(0.3)	9.1
Cash and cash equivalents	**158,016**	166,760	145,515	(5.2)	8.6
Securities:					
Securities available for sale	**64,275**	47,295	46,713	35.9	37.6
Securities held to maturity	**-**	14,332	14,875	(100.0)	(100.0)
Equity securities	**2,289**	2,364	2,144	(3.2)	6.8
Total securities	**66,564**	63,991	63,732	4.0	4.4
Loans:					
SBA loans held for sale	**13,529**	13,053	11,171	3.6	21.1
SBA loans held for investment	**35,767**	36,380	39,333	(1.7)	(9.1)
Commercial loans	**765,032**	723,249	694,102	5.8	10.2
Residential mortgage loans	**467,706**	456,963	436,056	2.4	7.3
Consumer loans	**143,524**	138,829	123,904	3.4	15.8
Total loans	**1,425,558**	1,368,474	1,304,566	4.2	9.3
Allowance for loan losses	**(16,395)**	(16,002)	(15,488)	2.5	5.9
Net loans	**1,409,163**	1,352,472	1,289,078	4.2	9.3
Premises and equipment, net	**21,315**	21,700	23,371	(1.8)	(8.8)
Bank owned life insurance ("BOLI")	**26,323**	25,302	24,710	4.0	6.5
Deferred tax assets	**5,559**	5,768	5,350	(3.6)	3.9
Federal Home Loan Bank ("FHLB") stock	**14,184**	10,899	10,795	30.1	31.4
Accrued interest receivable	**6,984**	6,858	6,399	1.8	9.1
Other real estate owned ("OREO")	**1,723**	1,723	56	-	2,976.8
Goodwill	**1,516**	1,516	1,516	-	-
Other assets	**7,595**	7,319	8,635	3.8	(12.0)
Total assets	**$ 1,718,942**	$ 1,664,308	$ 1,579,157	3.3 %	8.9 %
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities:					
Deposits:					
Noninterest-bearing demand	**$ 279,793**	$ 279,238	$ 270,152	0.2 %	3.6 %
Interest-bearing demand	**176,335**	179,661	185,792	(1.9)	(5.1)
Savings	**389,795**	394,333	394,727	(1.2)	(1.2)
Time deposits	**404,191**	420,130	357,016	(3.8)	13.2
Total deposits	**1,250,114**	1,273,362	1,207,687	(1.8)	3.5
Borrowed funds	**283,000**	210,000	210,000	34.8	34.8
Subordinated debentures	**10,310**	10,310	10,310	-	-
Accrued interest payable	**455**	420	406	8.3	12.1
Accrued expenses and other liabilities	**14,354**	15,332	12,266	(6.4)	17.0
Total liabilities	**1,558,233**	1,509,424	1,440,669	3.2	8.2
Shareholders' equity:					
Common stock	**90,113**	89,753	88,484	0.4	1.8
Retained earnings	**70,442**	65,199	50,161	8.0	40.4
Accumulated other comprehensive (loss) income	**154**	(68)	(157)	NM*	NM*
Total shareholders' equity	**160,709**	154,884	138,488	3.8	16.0
Total liabilities and shareholders' equity	**$ 1,718,942**	$ 1,664,308	$ 1,579,157	3.3 %	8.9 %
Issued and outstanding common shares	**10,881**	10,869	10,780		

*NM=Not meaningful

UNITY BANCORP, INC.
QTD CONSOLIDATED STATEMENTS OF INCOME
December 31, 2019

	For the three months ended			December 31, 2019 vs. September 30, 2019		December 31, 2019 vs. December 31, 2018	
(In thousands, except percentages and per share amounts)	**December 31, 2019**	**September 30, 2019**	**December 31, 2018**	**$**	**%**	**$**	**%**
INTEREST INCOME							
Fed funds, interest-bearing deposits and repos	**$ 182**	$ 271	$ 210	$ (89)	(32.8) %	$ (28)	(13.3) %
FHLB stock	**110**	82	104	28	34.1	6	5.8
Securities:							
Taxable	**527**	463	466	64	13.8	61	13.1
Tax-exempt	**22**	26	28	(4)	(15.4)	(6)	(21.4)
Total securities	**549**	489	494	60	12.3	55	11.1
Loans:							
SBA loans	**900**	943	974	(43)	(4.6)	(74)	(7.6)
Commercial loans	**9,684**	9,467	9,167	217	2.3	517	5.6
Residential mortgage loans	**5,782**	5,606	5,172	176	3.1	610	11.8
Consumer loans	**2,105**	2,197	1,939	(92)	(4.2)	166	8.6
Total loans	**18,471**	18,213	17,252	258	1.4	1,219	7.1
Total interest income	**19,312**	19,055	18,060	257	1.3	1,252	6.9
INTEREST EXPENSE							
Interest-bearing demand deposits	**506**	438	389	68	15.5	117	30.1
Savings deposits	**996**	1,194	1,103	(198)	(16.6)	(107)	(9.7)
Time deposits	**2,439**	2,577	1,861	(138)	(5.4)	578	31.1
Borrowed funds and subordinated debentures	**608**	442	543	166	37.6	65	12.0
Total interest expense	**4,549**	4,651	3,896	(102)	(2.2)	653	16.8
Net interest income	**14,763**	14,404	14,164	359	2.5	599	4.2
Provision for loan losses	**500**	750	500	(250)	(33.3)	-	-
Net interest income after provision for loan losses	**14,263**	13,654	13,664	609	4.5	599	4.4
NONINTEREST INCOME							
Branch fee income	**383**	373	413	10	2.7	(30)	(7.3)
Service and loan fee income	**432**	522	690	(90)	(17.2)	(258)	(37.4)
Gain on sale of SBA loans held for sale, net	**355**	-	298	355	10,000.0	57	19.1
Gain on sale of mortgage loans, net	**565**	545	277	20	3.7	288	104.0
BOLI income	**152**	138	165	14	10.1	(13)	(7.9)
Net security gains (losses)	**157**	18	(193)	139	772.2	350	181.3
Other income	**352**	1,114	304	(762)	(68.4)	48	15.8
Total noninterest income	**2,396**	2,710	1,954	(314)	(11.6)	442	22.6
NONINTEREST EXPENSE							
Compensation and benefits	**5,282**	5,353	4,845	(71)	(1.3)	437	9.0
Occupancy	**652**	651	681	1	0.2	(29)	(4.3)
Processing and communications	**711**	749	716	(38)	(5.1)	(5)	(0.7)
Furniture and equipment	**806**	711	616	95	13.4	190	30.8
Professional services	**222**	274	252	(52)	(19.0)	(30)	(11.9)
Loan collection & OREO expenses (recoveries)	**33**	(48)	31	81	168.8	2	6.5
Other loan expenses (income)	**70**	89	(2)	(19)	(21.3)	72	3,600.0
Deposit insurance	**-**	-	189	-	-	(189)	(100.0)
Advertising	**302**	334	360	(32)	(9.6)	(58)	(16.1)
Director fees	**175**	171	169	4	2.3	6	3.6
Other expenses	**466**	445	411	21	4.7	55	13.4
Total noninterest expense	**8,719**	8,729	8,268	(10)	(0.1)	451	5.5
Income before provision for income taxes	**7,940**	7,635	7,350	305	4.0	590	8.0
Provision for income taxes	**1,820**	1,676	1,547	144	8.6	273	17.6
Net income	**$ 6,120**	$ 5,959	$ 5,803	$ 161	2.7 %	$ 317	5.5 %
Effective tax rate	**22.9 %**	22.0 %	21.0 %				
Net income per common share - Basic	**$ 0.56**	$ 0.55	$ 0.54				
Net income per common share - Diluted	**$ 0.55**	$ 0.54	$ 0.53				
Weighted average common shares outstanding - Basic	**10,872**	10,863	10,765				
Weighted average common shares outstanding - Diluted	**11,057**	11,036	10,935				

UNITY BANCORP, INC.
YTD CONSOLIDATED STATEMENTS OF INCOME
December 31, 2019

(In thousands, except percentages and per share amounts)	For the twelve months ended December 31, 2019	2018	Current YTD vs. Prior YTD $	Current YTD vs. Prior YTD %
INTEREST INCOME				
Fed funds, interest-bearing deposits and repos	**$ 906**	$ 773	$ 133	17.2 %
FHLB stock	**385**	462	(77)	(16.7)
Securities:				
Taxable	**1,926**	1,907	19	1.0
Tax-exempt	**104**	117	(13)	(11.1)
Total securities	**2,030**	2,024	6	0.3
Loans:				
SBA loans	**3,780**	4,338	(558)	(12.9)
Commercial loans	**37,577**	33,886	3,691	10.9
Residential mortgage loans	**22,483**	18,837	3,646	19.4
Consumer loans	**8,487**	6,943	1,544	22.2
Total loans	**72,327**	64,004	8,323	13.0
Total interest income	**75,648**	67,263	8,385	12.5
INTEREST EXPENSE				
Interest-bearing demand deposits	**1,795**	1,202	593	49.3
Savings deposits	**4,497**	3,871	626	16.2
Time deposits	**9,460**	5,903	3,557	60.3
Borrowed funds and subordinated debentures	**2,303**	2,540	(237)	(9.3)
Total interest expense	**18,055**	13,516	4,539	33.6
Net interest income	**57,593**	53,747	3,846	7.2
Provision for loan losses	**2,100**	2,050	50	2.4
Net interest income after provision for loan losses	**55,493**	51,697	3,796	7.3
NONINTEREST INCOME				
Branch fee income	**1,502**	1,519	(17)	(1.1)
Service and loan fee income	**1,965**	2,130	(165)	(7.7)
Gain on sale of SBA loans held for sale, net	**909**	1,680	(771)	(45.9)
Gain on sale of mortgage loans, net	**2,090**	1,719	371	21.6
BOLI income	**588**	975	(387)	(39.7)
Net security gains (losses)	**373**	(199)	572	287.4
Other income	**2,112**	1,207	905	75.0
Total noninterest income	**9,539**	9,031	508	5.6
NONINTEREST EXPENSE				
Compensation and benefits	**20,666**	20,119	547	2.7
Occupancy	**2,650**	2,739	(89)	(3.2)
Processing and communications	**2,924**	2,788	136	4.9
Furniture and equipment	**2,894**	2,348	546	23.3
Professional services	**1,061**	934	127	13.6
Loan collection & OREO expenses (recoveries)	**41**	(361)	402	111.4
Other loan expenses	**272**	208	64	30.8
Deposit insurance	**301**	782	(481)	(61.5)
Advertising	**1,358**	1,411	(53)	(3.8)
Director fees	**673**	671	2	0.3
Other expenses	**1,877**	1,782	95	5.3
Total noninterest expense	**34,717**	33,421	1,296	3.9
Income before provision for income taxes	**30,315**	27,307	3,008	11.0
Provision for income taxes	**6,662**	5,388	1,274	23.6
Net income	**$ 23,653**	$ 21,919	$ 1,734	7.9 %
Effective tax rate	**22.0 %**	19.7 %		
Net income per common share - Basic	**$ 2.18**	$ 2.04		
Net income per common share - Diluted	**$ 2.14**	$ 2.01		
Weighted average common shares outstanding - Basic	**10,845**	10,726		
Weighted average common shares outstanding - Diluted	**11,029**	10,916		

UNITY BANCORP, INC.
QUARTER TO DATE NET INTEREST MARGIN
December 31, 2019

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

	For the three months ended					
	December 31, 2019			December 31, 2018		
	Average Balance	Interest	Rate/Yield	Average Balance	Interest	Rate/Yield
ASSETS						
Interest-earning assets:						
Fed funds, interest-bearing deposits and repos	**$ 44,147**	**$ 182**	**1.64 %**	$ 34,551	$ 210	2.41 %
FHLB stock	**6,949**	**110**	**6.28**	5,762	104	7.16
Securities:						
Taxable	**62,986**	**527**	**3.32**	58,350	466	3.17
Tax-exempt	**4,106**	**27**	**2.61**	4,776	35	2.91
Total securities (A)	**67,092**	**554**	**3.28**	63,126	501	3.15
Loans:						
SBA loans	**50,016**	**900**	**7.14**	53,803	974	7.18
Commercial loans	**742,071**	**9,684**	**5.18**	698,609	9,167	5.21
Residential mortgage loans	**460,450**	**5,782**	**4.98**	423,674	5,172	4.84
Consumer loans	**140,458**	**2,105**	**5.95**	121,214	1,939	6.35
Total loans (B)	**1,392,995**	**18,471**	**5.26**	1,297,300	17,252	5.28
Total interest-earning assets	**$ 1,511,183**	**$ 19,317**	**5.07 %**	$ 1,400,739	$ 18,067	5.12 %
Noninterest-earning assets:						
Cash and due from banks	**27,964**			25,410		
Allowance for loan losses	**(16,293)**			(15,266)		
Other assets	**69,226**			66,925		
Total noninterest-earning assets	**80,897**			77,069		
Total assets	**$ 1,592,080**			$ 1,477,808		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities:						
Total interest-bearing demand deposits	**$ 196,638**	**$ 506**	**1.02 %**	$ 187,827	$ 389	0.82 %
Total savings deposits	**397,401**	**996**	**0.99**	406,681	1,103	1.08
Total time deposits	**411,445**	**2,439**	**2.35**	356,520	1,861	2.07
Total interest-bearing deposits	**1,005,484**	**3,941**	**1.56**	951,028	3,353	1.40
Borrowed funds and subordinated debentures	**132,533**	**608**	**1.82**	108,465	543	1.99
Total interest-bearing liabilities	**$ 1,138,017**	**$ 4,549**	**1.59 %**	$ 1,059,493	$ 3,896	1.46 %
Noninterest-bearing liabilities:						
Noninterest-bearing demand deposits	**279,925**			271,440		
Other liabilities	**16,611**			11,454		
Total noninterest-bearing liabilities	**296,536**			282,894		
Total shareholders' equity	**157,527**			135,421		
Total liabilities and shareholders' equity	**$ 1,592,080**			$ 1,477,808		
Net interest spread		**$ 14,768**	**3.48 %**		$ 14,171	3.66 %
Tax-equivalent basis adjustment		**(5)**			(7)	
Net interest income		**$ 14,763**			$ 14,164	
Net interest margin			**3.88 %**			4.01 %

(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
December 31, 2019

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

	For the three months ended					
	December 31, 2019			September 30, 2019		
	Average Balance	Interest	Rate/Yield	Average Balance	Interest	Rate/Yield
ASSETS						
Interest-earning assets:						
Fed funds, interest-bearing deposits and repos	**$ 44,147**	**$ 182**	**1.64 %**	$ 51,744	$ 271	2.08 %
FHLB stock	**6,949**	**110**	**6.28**	5,138	82	6.33
Securities:						
Taxable	**62,986**	**527**	**3.32**	58,144	463	3.16
Tax-exempt	**4,106**	**27**	**2.61**	4,418	32	2.87
Total securities (A)	**67,092**	**554**	**3.28**	62,562	495	3.14
Loans:						
SBA loans	**50,016**	**900**	**7.14**	47,187	943	7.93
Commercial loans	**742,071**	**9,684**	**5.18**	713,785	9,467	5.26
Residential mortgage loans	**460,450**	**5,782**	**4.98**	450,105	5,606	4.94
Consumer loans	**140,458**	**2,105**	**5.95**	136,239	2,197	6.40
Total loans (B)	**1,392,995**	**18,471**	**5.26**	1,347,316	18,213	5.36
Total interest-earning assets	**$ 1,511,183**	**$ 19,317**	**5.07 %**	$ 1,466,760	$ 19,061	5.16 %
Noninterest-earning assets:						
Cash and due from banks	**27,964**			24,345		
Allowance for loan losses	**(16,293)**			(16,224)		
Other assets	**69,226**			70,484		
Total noninterest-earning assets	**80,897**			78,605		
Total assets	**$ 1,592,080**			$ 1,545,365		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities:						
Total interest-bearing demand deposits	**$ 196,638**	**$ 506**	**1.02 %**	$ 176,953	$ 438	0.98 %
Total savings deposits	**397,401**	**996**	**0.99**	398,676	1,194	1.19
Total time deposits	**411,445**	**2,439**	**2.35**	432,035	2,577	2.37
Total interest-bearing deposits	**1,005,484**	**3,941**	**1.56**	1,007,664	4,209	1.66
Borrowed funds and subordinated debentures	**132,533**	**608**	**1.82**	92,326	442	1.90
Total interest-bearing liabilities	**$ 1,138,017**	**$ 4,549**	**1.59 %**	$ 1,099,990	$ 4,651	1.68 %
Noninterest-bearing liabilities:						
Noninterest-bearing demand deposits	**279,925**			279,150		
Other liabilities	**16,611**			14,364		
Total noninterest-bearing liabilities	**296,536**			293,514		
Total shareholders' equity	**157,527**			151,861		
Total liabilities and shareholders' equity	**$ 1,592,080**			$ 1,545,365		
Net interest spread		**$ 14,768**	**3.48 %**		$ 14,410	3.48 %
Tax-equivalent basis adjustment		**(5)**			(6)	
Net interest income		**$ 14,763**			$ 14,404	
Net interest margin			**3.88 %**			3.90 %

(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
December 31, 2019

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

	For the twelve months ended					
	December 31, 2019			December 31, 2018		
	Average Balance	Interest	Rate/Yield	Average Balance	Interest	Rate/Yield
ASSETS						
Interest-earning assets:						
Fed funds, interest-bearing deposits and repos	**$ 43,305**	**$ 906**	**2.09 %**	$ 40,700	$ 773	1.90 %
FHLB stock	**6,066**	**385**	**6.35**	6,786	462	6.81
Securities:						
Taxable	**59,459**	**1,926**	**3.24**	60,734	1,907	3.14
Tax-exempt	**4,394**	**129**	**2.94**	5,104	145	2.84
Total securities (A)	**63,853**	**2,055**	**3.22**	65,838	2,052	3.12
Loans:						
SBA loans	**48,686**	**3,780**	**7.76**	60,321	4,338	7.19
Commercial loans	**715,301**	**37,577**	**5.25**	668,144	33,886	5.07
Residential mortgage loans	**449,003**	**22,483**	**5.01**	396,731	18,837	4.75
Consumer loans	**133,918**	**8,487**	**6.34**	116,311	6,943	5.97
Total loans (B)	**1,346,908**	**72,327**	**5.37**	1,241,507	64,004	5.16
Total interest-earning assets	**$ 1,460,132**	**$ 75,673**	**5.18 %**	$ 1,354,831	$ 67,291	4.97 %
Noninterest-earning assets:						
Cash and due from banks	**25,761**			24,598		
Allowance for loan losses	**(16,058)**			(14,640)		
Other assets	**69,987**			65,770		
Total noninterest-earning assets	**79,690**			75,728		
Total assets	**$ 1,539,822**			$ 1,430,559		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities:						
Total interest-bearing demand deposits	**$ 182,540**	**$ 1,795**	**0.98 %**	$ 177,022	$ 1,202	0.68 %
Total savings deposits	**397,122**	**4,497**	**1.13**	404,613	3,871	0.96
Total time deposits	**409,406**	**9,460**	**2.31**	314,224	5,903	1.88
Total interest-bearing deposits	**989,068**	**15,752**	**1.59**	895,859	10,976	1.23
Borrowed funds and subordinated debentures	**113,511**	**2,303**	**2.03**	134,664	2,540	1.89
Total interest-bearing liabilities	**$ 1,102,579**	**$ 18,055**	**1.64 %**	$ 1,030,523	$ 13,516	1.32 %
Noninterest-bearing liabilities:						
Noninterest-bearing demand deposits	**273,338**			261,976		
Other liabilities	**14,755**			9,903		
Total noninterest-bearing liabilities	**288,093**			271,879		
Total shareholders' equity	**149,150**			128,157		
Total liabilities and shareholders' equity	**$ 1,539,822**			$ 1,430,559		
Net interest spread		**$ 57,618**	**3.54 %**		$ 53,775	3.65 %
Tax-equivalent basis adjustment		**(25)**			(28)	
Net interest income		**$ 57,593**			$ 53,747	
Net interest margin			**3.95 %**			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
December 31, 2019

Amounts in thousands, except percentages	**Dec. 31, 2019**	**Sept. 30, 2019**	**Jun. 30, 2019**	**Mar. 31, 2019**	**Dec. 31, 2018**
ALLOWANCE FOR LOAN LOSSES:					
Balance, beginning of period	**$ 16,002**	$ 15,965	$ 15,684	$ 15,488	$ 14,988
Provision for loan losses charged to expense	**500**	750	350	500	500
	16,502	16,715	16,034	15,988	15,488
Less: Chargeoffs					
SBA loans	**43**	98	85	308	-
Commercial loans	**-**	500	-	1	10
Residential mortgage loans	**75**	130	-	-	-
Consumer loans	**-**	-	-	1	-
Total chargeoffs	**118**	728	85	310	10
Add: Recoveries					
SBA loans	**7**	12	2	1	4
Commercial loans	**4**	3	4	5	5
Residential mortgage loans	**-**	-	-	-	-
Consumer loans	**-**	-	10	-	1
Total recoveries	**11**	15	16	6	10
Net chargeoffs	**107**	713	69	304	-
Balance, end of period	**$ 16,395**	$ 16,002	$ 15,965	$ 15,684	$ 15,488
LOAN QUALITY INFORMATION:					
Nonperforming loans:					
SBA	**$ 1,164**	$ 503	$ 437	$ 814	$ 1,560
Commercial	**529**	629	54	1,046	1,076
Residential mortgage loans	**3,936**	4,427	3,924	5,243	4,211
Consumer loans	**20**	23	-	171	26
Total nonperforming loans (1)	**5,649**	5,582	4,415	7,274	6,873
Other real estate owned ("OREO")	**1,723**	1,723	921	273	56
Nonperforming assets	**7,372**	7,305	5,336	7,547	6,929
Less: Amount guaranteed by SBA	**59**	63	68	68	89
Net nonperforming assets	**$ 7,313**	$ 7,242	$ 5,268	$ 7,479	$ 6,840
Loans 90 days past due & still accruing	**$ 930**	$ 140	$ -	$ 39	$ 98
Performing Troubled Debt Restructurings (TDRs)	**$ 705**	$ 718	$ 728	$ 738	$ 745
Allowance for loan losses to:					
Total loans at quarter end	**1.15 %**	1.17 %	1.19 %	1.19 %	1.19 %
Total nonperforming loans (1)	**290.23**	286.67	361.61	215.62	225.35
Nonperforming assets	**222.40**	219.06	299.19	207.82	223.52
Net nonperforming assets	**224.19**	220.96	303.06	209.71	226.43
QTD net chargeoffs (recoveries) (annualized) to QTD average loans:					
SBA loans	**0.29 %**	0.72 %	0.70 %	2.49 %	(0.03) %
Commercial loans	**-**	0.28	-	-	-
Residential mortgage loans	**0.06**	0.11	-	-	-
Consumer loans	**-**	-	(0.03)	-	-
Total loans	**0.03 %**	0.21 %	0.02 %	0.09 %	- %
Nonperforming loans to total loans	**0.40 %**	0.41 %	0.33 %	0.55 %	0.53 %
Nonperforming loans and TDRs to total loans	**0.45**	0.46	0.38	0.61	0.58
Nonperforming assets to total loans and OREO	**0.52**	0.53	0.40	0.57	0.53
Nonperforming assets to total assets	**0.43**	0.44	0.33	0.47	0.44

UNITY BANCORP, INC.
QUARTERLY FINANCIAL DATA
December 31, 2019

(In thousands, except percentages and per share amounts)	**Dec. 31, 2019**	**Sept. 30, 2019**	**Jun. 30, 2019**	**Mar. 31, 2019**	**Dec. 31, 2018**
SUMMARY OF INCOME:					
Total interest income	**$ 19,312**	$ 19,055	$ 18,781	$ 18,500	$ 18,060
Total interest expense	**4,549**	4,651	4,571	4,284	3,896
Net interest income	**14,763**	14,404	14,210	14,216	14,164
Provision for loan losses	**500**	750	350	500	500
Net interest income after provision for loan losses	**14,263**	13,654	13,860	13,716	13,664
Total noninterest income	**2,396**	2,710	2,411	2,022	1,954
Total noninterest expense	**8,719**	8,729	8,791	8,478	8,268
Income before provision for income taxes	**7,940**	7,635	7,480	7,260	7,350
Provision for income taxes	**1,820**	1,676	1,646	1,520	1,547
Net income	**$ 6,120**	$ 5,959	$ 5,834	$ 5,740	$ 5,803
Net income per common share - Basic	**$ 0.56**	$ 0.55	$ 0.54	$ 0.53	$ 0.54
Net income per common share - Diluted	**$ 0.55**	$ 0.54	$ 0.53	$ 0.52	$ 0.53
COMMON SHARE DATA:					
Market price per share	**$ 22.57**	$ 22.15	$ 22.70	$ 18.88	$ 20.76
Dividends paid	**$ 0.08**	$ 0.08	$ 0.08	$ 0.07	$ 0.07
Book value per common share	**$ 14.77**	$ 14.25	$ 13.76	$ 13.28	$ 12.85
Weighted average common shares outstanding - Basic	**10,872**	10,863	10,843	10,801	10,765
Weighted average common shares outstanding - Diluted	**11,057**	11,036	11,026	10,955	10,935
Issued and outstanding common shares	**10,881**	10,869	10,856	10,822	10,780
PERFORMANCE RATIOS (Annualized):					
Return on average assets	**1.53 %**	1.53 %	1.54 %	1.55 %	1.56 %
Return on average equity	**15.41**	15.57	16.01	16.52	17.00
Efficiency ratio	**51.29**	51.06	53.20	52.53	50.69
Noninterest expense to average assets	**2.17**	2.24	2.32	2.29	2.22
BALANCE SHEET DATA:					
Total assets	**$ 1,718,942**	$ 1,664,308	$ 1,626,737	$ 1,590,046	$ 1,579,157
Total deposits	**1,250,114**	1,273,362	1,264,353	1,226,586	1,207,687
Total loans	**1,425,558**	1,368,474	1,344,757	1,312,994	1,304,566
Total securities	**66,564**	63,991	62,122	62,962	63,732
Total shareholders' equity	**160,709**	154,884	149,383	143,717	138,488
Allowance for loan losses	**(16,395)**	(16,002)	(15,965)	(15,684)	(15,488)
TAX EQUIVALENT YIELDS AND RATES:					
Interest-earning assets	**5.07 %**	5.16 %	5.24 %	5.28 %	5.12 %
Interest-bearing liabilities	**1.59**	1.68	1.69	1.60	1.46
Net interest spread	**3.48**	3.48	3.55	3.68	3.66
Net interest margin	**3.88**	3.90	3.96	4.06	4.01
CREDIT QUALITY:					
Nonperforming assets	**$ 7,372**	$ 7,305	$ 5,336	$ 7,547	$ 6,929
QTD net chargeoffs (annualized) to QTD average loans	**0.03 %**	0.21 %	0.02 %	0.09 %	- %
Allowance for loan losses to total loans	**1.15**	1.17	1.19	1.19	1.19
Nonperforming assets to total loans and OREO	**0.52**	0.53	0.40	0.57	0.53
Nonperforming assets to total assets	**0.43**	0.44	0.33	0.47	0.44
CAPITAL RATIOS AND OTHER:					
Total equity to total assets	**9.35 %**	9.31 %	9.18 %	9.04 %	8.77 %
Leverage ratio	**10.59**	10.54	10.36	10.09	9.90
Common equity tier 1 risk-based capital ratio	**11.97**	12.24	11.99	11.78	11.40
Tier 1 risk-based capital ratio	**12.73**	13.04	12.81	12.62	12.24
Total risk-based capital ratio	**13.49**	14.28	14.06	13.87	13.49
Number of banking offices	**19**	19	19	19	19
Number of ATMs	**20**	20	20	20	20
Number of employees	**203**	194	185	190	198