For Immediate Release
Unity Bancorp, Inc. (NASDAQ: UNTY)
April 17, 2020

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Unity Bancorp Reports Quarterly Earnings of $5.4 Million

Net Income per Diluted Share = $0.49	ROA = 1.32%	ROE = 13.23%	Net Interest Margin = 3.92%

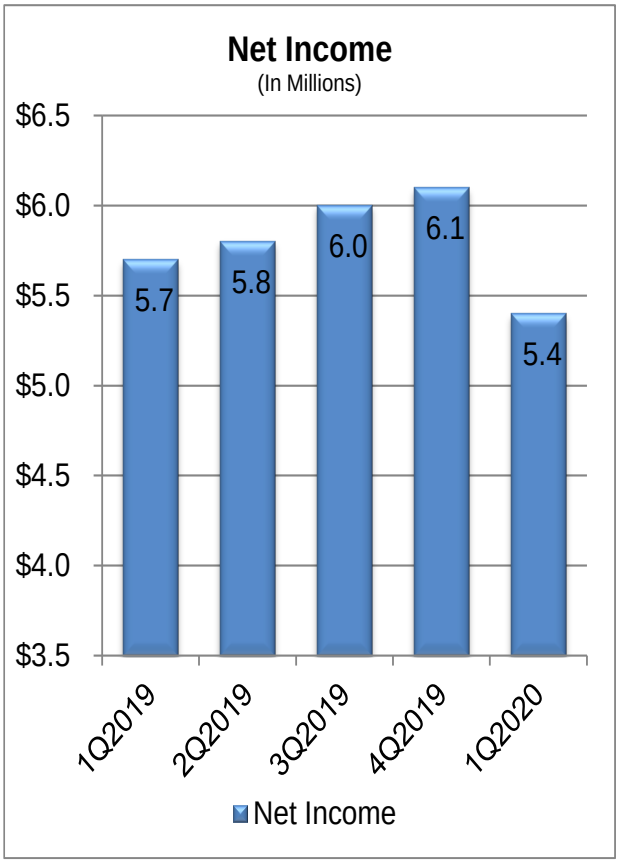
CEO COMMENTARY:

James A. Hughes, President and CEO, stated:

The COVID-19 pandemic has created turmoil around the globe. Virtually all businesses have been impacted by the mandated business closures and restrictions. Thankfully banking is an essential business and we are working very hard helping our customers with emergency funding, loan deferrals and assistance with the Paycheck Protection Program (PPP). I am optimistic that with the funding of the PPP most businesses will rebound quickly and there will be a speedy recovery. Nonetheless, there will likely be some level of increased credit losses, so we thought it was prudent to increase our provision for loan losses.

Growth was deliberately slowed in the first quarter as our resources were redirected to help our customers through the COVID-19 crisis. We expect transitory growth in the second quarter due to the volume of PPP loans, which should leave our balance sheet quickly.

I am optimistic that America will rebound swiftly, and Community Banking will continue to prosper. It is times like these that small businesses truly see the value in having a relationship with their community banker. We are here to serve, and to help our small businesses grow.



Clinton, NJ, April 17, 2020 - Unity Bancorp, Inc. (NASDAQ: UNTY), parent company of Unity Bank, reported net income of $5.4 million, or $0.49 per diluted share, for the quarter ended March 31, 2020, a 6.5% decrease compared to the $5.7 million, or $0.52 per diluted share reported for the prior year's first quarter, primarily due to an increase of $1.0 million in our provision for loan losses, necessitated by impacts on the loan portfolio caused by COVID-19.

COVID-19 Impact

Due to the COVID-19 epidemic, results of operations for the first quarter of 2020 do not track with the Company's historical performance. The impact of COVID-19 is evolving rapidly and its future effects are uncertain at this moment in time. The actual impact will depend on many factors beyond our Company's control. However, the Company has and is taking every step to protect the health and safety of its employees and customers and to work with its customers experiencing economic hardship resulting from the epidemic. The Company has the majority of non-branch personnel working remotely. Branch lobbies are now closed, and the Company is servicing clients through its drive through facilities, ATM's or by appointment. The Company has also opted to host our Annual Shareholders Meeting online, in light of government restrictions on group gatherings.

The Bank is working closely with its loan customers to educate and guide them on their options for financial assistance, including disaster loans, the Paycheck Protection Program (PPP) and payment relief through deferrals and waived fees. The Company will continue to provide a fast and flexible response to the quickly changing circumstances and is confident it will navigate successfully through these trying times.

First Quarter Earnings Highlights

- Net interest income, our primary driver of earnings, increased $1.0 million to $15.2 million for the quarter ended March 31, 2020, compared to the prior year's quarter, due to strong loan growth.
- Net interest margin (NIM) decreased to 3.92% for the quarter ended March 31, 2020, compared to 4.06% for the prior year's quarter and increased 4 basis points from 3.88% in the prior sequential quarter ended December 31, 2019. Due to the recent significant interest rate cuts by the Federal Reserve Board in response to COVID-19, modest NIM contractions are expected during the remainder of 2020.
- The provision for loan losses was $1.5 million for the quarter ended March 31, 2020 an increase of $1.0 million from the prior year's quarter due to the increased risk of loan defaults as a result of COVID-19. Many of the Company's customers have been required to close pursuant to governmental restrictions on non-essential businesses, and we expect they will suffer significant cash flow issues. Due to the uncertainty of COVID-19, the Company anticipates an elevated provision until businesses have reopened and deferral periods have expired.
- Noninterest income increased $523 thousand to $2.5 million compared to the prior year's quarter and increased $149 thousand compared to the prior sequential quarter. The increases were primarily due to increased gains on mortgage loan sales, partially offset by amortization on our equity securities.
- Noninterest expense increased $845 thousand to $9.3 million compared to the prior year's quarter and increased $604 thousand compared to the prior sequential quarter. The increases were primarily due to increased compensation accruals, severance payouts and increased consulting expenses in connection with BSA/AML remediation.
- The effective tax rate was 22.9% compared to 20.9% in the prior year's quarter.

Balance Sheet Highlights

- Total loans increased $14.1 million, or 1.0%, from year-end 2019 to $1.4 billion at March 31, 2020. Commercial and consumer loan portfolios increased $21.0 million and $6.2 million, respectively, partially offset by a decline of $11.6 million in residential mortgage loans and $1.5 million in SBA loans. Loan growth was impacted by payoffs and a $10.0 million sale of portfolio mortgage loans. The Company anticipates slow loan growth through at least the second quarter due to COVID-19.
- Total deposits increased $128.5 million, or 10.3%, from year-end 2019 to $1.4 billion at March 31, 2020 primarily due to increased noninterest-bearing demand deposits, resulting from a temporary nonrecurring deposit, and a strategic increase in brokered deposits.
- Borrowed funds decreased $114.0 million to $169.0 million at March 31, 2020.
- Shareholders' equity was $164.3 million at March 31, 2020, an increase of $3.6 million from year-end 2019, due to retained net income. On July 16, 2019, the Company authorized the repurchase of up to 5.0% of its outstanding common stock. However, the Company has currently suspended its stock buybacks during the COVID-19 epidemic.
- Book value per common share was $15.10 as of March 31, 2020.
- At March 31, 2020, the leverage, common equity Tier I, Tier I and Total Risk Based Capital ratios were 10.55%, 11.72%, 12.44% and 13.21% respectively, all in excess of the ratios required to be deemed "well-capitalized."
- Nonperforming assets were $11.2 million, which consisted primarily of $8.4 million of well-secured residential assets. The allowance to total loans ratio was 1.21% at March 31, 2020. Net charge-offs were $519 thousand for the quarter.

Other Highlights

- Unity Bank has been named one of the 2020 Best Places to Work in New Jersey by NJBiz – the only bank in New Jersey to make this prestigious list. It is the fourth year in a row that Unity has been honored by the survey and awards program, which identifies, recognizes and honors the top places of employment in New Jersey that benefit the state's economy, workforce and businesses.
- Employees of Unity Bank have been completely focused on helping our customers cope with the impacts of COVID-19 by, among other things, participating in SBA sponsored relief programs to assist small businesses.

Unity Bancorp, Inc. is a financial service organization headquartered in Clinton, New Jersey, with approximately $1.7 billion in assets and $1.4 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, results of regulatory exams, and the impact of the COVID-19 on the Bank, its employees and customers, among other factors.

UNITY BANCORP, INC.
SUMMARY FINANCIAL HIGHLIGHTS
March 31, 2020

(In thousands, except percentages and per share amounts)	**March 31, 2020**	**December 31, 2019**	**March 31, 2019**	**March 31, 2020 vs. December 31, 2019**	**March 31, 2020 vs. March 31, 2019**
				%	**%**
BALANCE SHEET DATA:					
Total assets	**$ 1,740,076**	$ 1,718,942	$ 1,590,046	1.2 %	9.4 %
Total deposits	**1,378,618**	1,250,114	1,226,586	10.3	12.4
Total loans	**1,439,645**	1,425,558	1,312,994	1.0	9.6
Total securities	**58,002**	66,564	62,962	(12.9)	(7.9)
Total shareholders' equity	**164,305**	160,709	143,717	2.2	14.3
Allowance for loan losses	**(17,376)**	(16,395)	(15,684)	6.0	10.8
FINANCIAL DATA - QUARTER TO DATE:					
Income before provision for income taxes	**$ 6,966**	$ 7,940	$ 7,260	(12.3)	(4.0)
Provision for income taxes	**1,598**	1,820	1,520	(12.2)	5.1
Net income	**$ 5,368**	$ 6,120	$ 5,740	(12.3)	(6.5)
Net income per common share - Basic	**$ 0.49**	$ 0.56	$ 0.53	(12.5)	(7.5)
Net income per common share - Diluted	**$ 0.49**	$ 0.55	$ 0.52	(10.9)	(5.8)
Performance ratios:					
Return on average assets	**1.32 %**	1.53 %	1.55 %		
Return on average equity	**13.23 %**	15.41 %	16.52 %		
Efficiency ratio	**51.92 %**	51.29 %	52.53 %		
Net interest margin	**3.92 %**	3.88 %	4.06 %		
Noninterest expense to average assets	**2.29 %**	2.17 %	2.29 %		
SHARE INFORMATION:					
Market price per share	**$ 11.70**	$ 22.57	$ 18.88	(48.2)	(38.0)
Dividends paid	**$ 0.08**	$ 0.08	$ 0.07	-	14.3
Book value per common share	**$ 15.10**	$ 14.77	$ 13.28	2.2	13.7
Average diluted shares outstanding (QTD)	**11,037**	11,057	10,955	(0.2)	0.7
CAPITAL RATIOS:					
Total equity to total assets	**9.44 %**	9.35 %	9.04 %		
Leverage ratio	**10.56 %**	10.59 %	10.09 %		
Common equity tier 1 risk-based capital ratio	**11.71 %**	11.59 %	11.78 %		
Tier 1 risk-based capital ratio	**12.43 %**	12.32 %	12.62 %		
Total risk-based capital ratio	**13.19 %**	13.06 %	13.87 %		
CREDIT QUALITY AND RATIOS:					
Nonperforming assets	**$ 11,178**	$ 7,372	$ 7,547	51.6	48.1
QTD net chargeoffs (annualized) to QTD average loans	**0.15 %**	0.03 %	0.09 %		
Allowance for loan losses to total loans	**1.21 %**	1.15 %	1.19 %		
Nonperforming loans to total loans	**0.67 %**	0.40 %	0.55 %		
Nonperforming assets to total assets	**0.64 %**	0.43 %	0.47 %		

UNITY BANCORP, INC.
CONSOLIDATED BALANCE SHEETS
March 31, 2020

(In thousands, except percentages)	March 31, 2020	December 31, 2019	March 31, 2019	March 31, 2020 vs. December 31, 2019 %	March 31, 2020 vs. March 31, 2019 %
ASSETS					
Cash and due from banks	**$ 20,377**	$ 21,106	$ 20,737	(3.5) %	(1.7) %
Fed funds, interest-bearing deposits and repos	**158,618**	136,910	128,400	15.9	23.5
Cash and cash equivalents	**178,995**	158,016	149,137	13.3	20.0
Securities:					
Securities available for sale	**56,290**	64,275	45,934	(12.4)	22.5
Securities held to maturity	**-**	-	14,780	-	(100.0)
Equity securities	**1,712**	2,289	2,248	(25.2)	(23.8)
Total securities	**58,002**	66,564	62,962	(12.9)	(7.9)
Loans:					
SBA loans held for sale	**16,104**	13,529	8,010	19.0	101.0
SBA loans held for investment	**31,697**	35,767	38,815	(11.4)	(18.3)
Commercial loans	**786,077**	765,032	702,235	2.8	11.9
Residential mortgage loans	**456,072**	467,706	438,431	(2.5)	4.0
Consumer loans	**149,695**	143,524	125,503	4.3	19.3
Total loans	**1,439,645**	1,425,558	1,312,994	1.0	9.6
Allowance for loan losses	**(17,376)**	(16,395)	(15,684)	6.0	10.8
Net loans	**1,422,269**	1,409,163	1,297,310	0.9	9.6
Premises and equipment, net	**21,046**	21,315	23,059	(1.3)	(8.7)
Bank owned life insurance ("BOLI")	**26,379**	26,323	24,861	0.2	6.1
Deferred tax assets	**6,305**	5,559	5,320	13.4	18.5
Federal Home Loan Bank ("FHLB") stock	**9,054**	14,184	10,120	(36.2)	(10.5)
Accrued interest receivable	**7,396**	6,984	6,926	5.9	6.8
Other real estate owned ("OREO")	**1,523**	1,723	273	(11.6)	457.9
Goodwill	**1,516**	1,516	1,516	-	-
Other assets	**7,591**	7,595	8,562	(0.1)	(11.3)
Total assets	**$ 1,740,076**	$ 1,718,942	$ 1,590,046	1.2 %	9.4 %
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities:					
Deposits:					
Noninterest-bearing demand	**$ 334,731**	$ 279,793	$ 259,114	19.6 %	29.2 %
Interest-bearing demand	**166,990**	176,335	166,409	(5.3)	0.3
Savings	**388,213**	389,795	399,006	(0.4)	(2.7)
Time deposits	**488,684**	404,191	402,057	20.9	21.5
Total deposits	**1,378,618**	1,250,114	1,226,586	10.3	12.4
Borrowed funds	**169,000**	283,000	195,000	(40.3)	(13.3)
Subordinated debentures	**10,310**	10,310	10,310	-	-
Accrued interest payable	**237**	455	419	(47.9)	(43.4)
Accrued expenses and other liabilities	**17,606**	14,354	14,014	22.7	25.6
Total liabilities	**1,575,771**	1,558,233	1,446,329	1.1	8.9
Shareholders' equity:					
Common stock	**90,370**	90,113	88,779	0.3	1.8
Retained earnings	**74,939**	70,442	55,145	6.4	35.9
Treasury stock, at cost	**(172)**	-	-	(100.0)	(100.0)
Accumulated other comprehensive (loss) income	**(832)**	154	(207)	NM*	NM*
Total shareholders' equity	**164,305**	160,709	143,717	2.2	14.3
Total liabilities and shareholders' equity	**$ 1,740,076**	$ 1,718,942	$ 1,590,046	1.2 %	9.4 %
COMMON SHARES AT PERIOD END:					
Shares issued	**10,894**	10,881	10,822		
Shares outstanding	**10,883**	10,881	10,822		
Treasury shares	**11**	-	-		

*NM=Not meaningful

UNITY BANCORP, INC.
QTD CONSOLIDATED STATEMENTS OF INCOME
March 31, 2020

	For the three months ended			March 31, 2020 vs. December 31, 2019		March 31, 2020 vs. March 31, 2019	
(In thousands, except percentages and per share amounts)	**March 31, 2020**	**December 31, 2019**	**March 31, 2019**	**$**	**%**	**$**	**%**
INTEREST INCOME							
Fed funds and interest-bearing deposits	**$ 188**	$ 182	$ 221	$ 6	3.3 %	$ (33)	(14.9) %
FHLB stock	**109**	110	116	(1)	(0.9)	(7)	(6.0)
Securities:							
Taxable	**511**	527	475	(16)	(3.0)	36	7.6
Tax-exempt	**22**	22	29	-	-	(7)	(24.1)
Total securities	**533**	549	504	(16)	(2.9)	29	5.8
Loans:							
SBA loans	**985**	900	995	85	9.4	(10)	(1.0)
Commercial loans	**9,933**	9,684	9,069	249	2.6	864	9.5
Residential mortgage loans	**5,770**	5,782	5,560	(12)	(0.2)	210	3.8
Consumer loans	**2,067**	2,105	2,035	(38)	(1.8)	32	1.6
Total loans	**18,755**	18,471	17,659	284	1.5	1,096	6.2
Total interest income	**19,585**	19,312	18,500	273	1.4	1,085	5.9
INTEREST EXPENSE							
Interest-bearing demand deposits	**478**	506	409	(28)	(5.5)	69	16.9
Savings deposits	**851**	996	1,119	(145)	(14.6)	(268)	(23.9)
Time deposits	**2,447**	2,439	2,007	8	0.3	440	21.9
Borrowed funds and subordinated debentures	**565**	608	749	(43)	(7.1)	(184)	(24.6)
Total interest expense	**4,341**	4,549	4,284	(208)	(4.6)	57	1.3
Net interest income	**15,244**	14,763	14,216	481	3.3	1,028	7.2
Provision for loan losses	**1,500**	500	500	1,000	200.0	1,000	200.0
Net interest income after provision for loan losses	**13,744**	14,263	13,716	(519)	(3.6)	28	0.2
NONINTEREST INCOME							
Branch fee income	**317**	383	368	(66)	(17.2)	(51)	(13.9)
Service and loan fee income	**376**	432	442	(56)	(13.0)	(66)	(14.9)
Gain on sale of SBA loans held for sale, net	**473**	355	316	118	33.2	157	49.7
Gain on sale of mortgage loans, net	**1,051**	565	350	486	86.0	701	200.3
BOLI income	**173**	152	151	21	13.8	22	14.6
Net security (losses) gains	**(170)**	157	100	(327)	(208.3)	(270)	(270.0)
Other income	**325**	352	295	(27)	(7.7)	30	10.2
Total noninterest income	**2,545**	2,396	2,022	149	6.2	523	25.9
NONINTEREST EXPENSE							
Compensation and benefits	**5,439**	5,282	4,845	157	3.0	594	12.3
Occupancy	**624**	652	694	(28)	(4.3)	(70)	(10.1)
Processing and communications	**708**	711	716	(3)	(0.4)	(8)	(1.1)
Furniture and equipment	**655**	806	659	(151)	(18.7)	(4)	(0.6)
Professional services	**332**	222	288	110	49.5	44	15.3
Loan collection & OREO expenses	**186**	33	66	153	463.6	120	181.8
Other loan expenses	**89**	70	46	19	27.1	43	93.5
Deposit insurance	**88**	-	167	88	NM*	(79)	(47.3)
Advertising	**290**	302	348	(12)	(4.0)	(58)	(16.7)
Director fees	**200**	175	163	25	14.3	37	22.7
Other expenses	**712**	466	486	246	52.8	226	46.5
Total noninterest expense	**9,323**	8,719	8,478	604	6.9	845	10.0
Income before provision for income taxes	**6,966**	7,940	7,260	(974)	(12.3)	(294)	(4.0)
Provision for income taxes	**1,598**	1,820	1,520	(222)	(12.2)	78	5.1
Net income	**$ 5,368**	$ 6,120	$ 5,740	$ (752)	(12.3) %	$ (372)	(6.5) %
Effective tax rate	**22.9 %**	22.9 %	20.9 %				
Net income per common share - Basic	**$ 0.49**	$ 0.56	$ 0.53				
Net income per common share - Diluted	**$ 0.49**	$ 0.55	$ 0.52				
Weighted average common shares outstanding - Basic	**10,883**	10,872	10,801				
Weighted average common shares outstanding - Diluted	**11,037**	11,057	10,955				

*NM=Not meaningful

UNITY BANCORP, INC.
QUARTER TO DATE NET INTEREST MARGIN
March 31, 2020

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

	For the three months ended					
	March 31, 2020			March 31, 2019		
	Average Balance	Interest	Rate/Yield	Average Balance	Interest	Rate/Yield
ASSETS						
Interest-earning assets:						
Fed funds and interest-bearing deposits	**$ 69,196**	**$ 188**	**1.09 %**	$ 38,066	$ 221	2.35 %
FHLB stock	**6,883**	**109**	**6.37**	6,951	116	6.77
Securities:						
Taxable	**60,243**	**511**	**3.41**	58,735	475	3.28
Tax-exempt	**3,783**	**31**	**3.30**	4,588	36	3.18
Total securities (A)	**64,026**	**542**	**3.40**	63,323	511	3.27
Loans:						
SBA loans	**50,528**	**985**	**7.84**	50,015	995	8.07
Commercial loans	**769,497**	**9,933**	**5.19**	697,856	9,069	5.27
Residential mortgage loans	**462,748**	**5,770**	**5.02**	439,904	5,560	5.13
Consumer loans	**142,284**	**2,067**	**5.84**	125,987	2,035	6.55
Total loans (B)	**1,425,057**	**18,755**	**5.29**	1,313,762	17,659	5.45
Total interest-earning assets	**$ 1,565,162**	**$ 19,594**	**5.04 %**	$ 1,422,102	$ 18,507	5.28 %
Noninterest-earning assets:						
Cash and due from banks	**21,942**			26,105		
Allowance for loan losses	**(16,698)**			(15,753)		
Other assets	**70,381**			70,586		
Total noninterest-earning assets	**75,625**			80,938		
Total assets	**$ 1,640,787**			$ 1,503,040		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities:						
Total interest-bearing demand deposits	**$ 193,016**	**$ 478**	**1.00 %**	$ 182,080	$ 409	0.91 %
Total savings deposits	**394,082**	**851**	**0.87**	397,209	1,119	1.14
Total time deposits	**435,705**	**2,447**	**2.26**	370,990	2,007	2.19
Total interest-bearing deposits	**1,022,803**	**3,776**	**1.48**	950,279	3,535	1.51
Borrowed funds and subordinated debentures	**131,057**	**565**	**1.73**	134,877	749	2.25
Total interest-bearing liabilities	**$ 1,153,860**	**$ 4,341**	**1.51 %**	$ 1,085,156	$ 4,284	1.60 %
Noninterest-bearing liabilities:						
Noninterest-bearing demand deposits	**307,683**			262,664		
Other liabilities	**16,101**			14,327		
Total noninterest-bearing liabilities	**323,784**			276,991		
Total shareholders' equity	**163,143**			140,893		
Total liabilities and shareholders' equity	**$ 1,640,787**			$ 1,503,040		
Net interest spread		**$ 15,253**	**3.53 %**		$ 14,223	3.68 %
Tax-equivalent basis adjustment		**(9)**			(7)	
Net interest income		**$ 15,244**			$ 14,216	
Net interest margin			**3.92 %**			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.
QUARTER TO DATE NET INTEREST MARGIN
March 31, 2020

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

	For the three months ended					
	March 31, 2020			December 31, 2019		
	Average Balance	Interest	Rate/Yield	Average Balance	Interest	Rate/Yield
ASSETS						
Interest-earning assets:						
Fed funds and interest-bearing deposits	**$ 69,196**	**$ 188**	**1.09 %**	$ 44,346	$ 182	1.63 %
FHLB stock	**6,883**	**109**	**6.37**	6,949	110	6.28
Securities:						
Taxable	**60,243**	**511**	**3.41**	62,787	527	3.33
Tax-exempt	**3,783**	**31**	**3.30**	4,106	27	2.61
Total securities (A)	**64,026**	**542**	**3.40**	66,893	554	3.29
Loans:						
SBA loans	**50,528**	**985**	**7.84**	50,016	900	7.14
Commercial loans	**769,497**	**9,933**	**5.19**	742,071	9,684	5.18
Residential mortgage loans	**462,748**	**5,770**	**5.02**	460,450	5,782	4.98
Consumer loans	**142,284**	**2,067**	**5.84**	140,458	2,105	5.95
Total loans (B)	**1,425,057**	**18,755**	**5.29**	1,392,995	18,471	5.26
Total interest-earning assets	**$ 1,565,162**	**$ 19,594**	**5.04 %**	$ 1,511,183	$ 19,317	5.07 %
Noninterest-earning assets:						
Cash and due from banks	**21,942**			27,964		
Allowance for loan losses	**(16,698)**			(16,293)		
Other assets	**70,381**			69,226		
Total noninterest-earning assets	**75,625**			80,897		
Total assets	**$ 1,640,787**			$ 1,592,080		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities:						
Total interest-bearing demand deposits	**$ 193,016**	**$ 478**	**1.00 %**	$ 196,638	$ 506	1.02 %
Total savings deposits	**394,082**	**851**	**0.87**	397,401	996	0.99
Total time deposits	**435,705**	**2,447**	**2.26**	411,445	2,439	2.35
Total interest-bearing deposits	**1,022,803**	**3,776**	**1.48**	1,005,484	3,941	1.55
Borrowed funds and subordinated debentures	**131,057**	**565**	**1.73**	132,533	608	1.82
Total interest-bearing liabilities	**$ 1,153,860**	**$ 4,341**	**1.51 %**	$ 1,138,017	$ 4,549	1.59 %
Noninterest-bearing liabilities:						
Noninterest-bearing demand deposits	**307,683**			279,925		
Other liabilities	**16,101**			16,611		
Total noninterest-bearing liabilities	**323,784**			296,536		
Total shareholders' equity	**163,143**			157,527		
Total liabilities and shareholders' equity	**$ 1,640,787**			$ 1,592,080		
Net interest spread		**$ 15,253**	**3.53 %**		$ 14,768	3.48 %
Tax-equivalent basis adjustment		**(9)**			(5)	
Net interest income		**$ 15,244**			$ 14,763	
Net interest margin			**3.92 %**			3.88 %

(A) Yields related to securities exempt from federal and state income taxes are stated on a fully tax-equivalent basis. They are reduced by the nondeductible portion of interest expense, assuming a federal tax rate of 21 percent 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
March 31, 2020

Amounts in thousands, except percentages	**Mar. 31, 2020**	**Dec. 31, 2019**	**Sept. 30, 2019**	**Jun. 30, 2019**	**Mar. 31, 2019**
ALLOWANCE FOR LOAN LOSSES:					
Balance, beginning of period	**$ 16,395**	$ 16,002	$ 15,965	$ 15,684	$ 15,488
Provision for loan losses charged to expense	**1,500**	500	750	350	500
	17,895	16,502	16,715	16,034	15,988
Less: Chargeoffs					
SBA loans	**25**	43	98	85	308
Commercial loans	**300**	-	500	-	1
Residential mortgage loans	**200**	75	130	-	-
Consumer loans	**-**	-	-	-	1
Total chargeoffs	**525**	118	728	85	310
Add: Recoveries					
SBA loans	**5**	7	12	2	1
Commercial loans	**1**	4	3	4	5
Residential mortgage loans	**-**	-	-	-	-
Consumer loans	-	-	-	10	-
Total recoveries	**6**	11	15	16	6
Net chargeoffs	**519**	107	713	69	304
Balance, end of period	**$ 17,376**	$ 16,395	$ 16,002	$ 15,965	$ 15,684
LOAN QUALITY INFORMATION:					
Nonperforming loans:					
SBA	**$ 1,627**	$ 1,164	$ 503	$ 437	$ 814
Commercial	**613**	529	629	54	1,046
Residential mortgage loans	**6,910**	3,936	4,427	3,924	5,243
Consumer loans	**505**	20	23	-	171
Total nonperforming loans (1)	**9,655**	5,649	5,582	4,415	7,274
Other real estate owned ("OREO")	**1,523**	1,723	1,723	921	273
Nonperforming assets	**11,178**	7,372	7,305	5,336	7,547
Less: Amount guaranteed by SBA	**427**	59	63	68	68
Net nonperforming assets	**$ 10,751**	$ 7,313	$ 7,242	$ 5,268	$ 7,479
Loans 90 days past due & still accruing	**$ -**	$ 930	$ 140	$ -	$ 39
Performing Troubled Debt Restructurings (TDRs)	**$ 694**	$ 705	$ 718	$ 728	$ 738
Allowance for loan losses to:					
Total loans at quarter end	**1.21 %**	1.15 %	1.17 %	1.19 %	1.19 %
Total nonperforming loans (1)	**179.97**	290.43	286.67	361.61	215.62
Nonperforming assets	**155.45**	222.40	219.06	299.19	207.82
Net nonperforming assets	**161.62**	224.19	220.96	303.06	209.71
QTD net chargeoffs (recoveries) (annualized) to QTD average loans:					
SBA loans	**0.16 %**	0.29 %	0.72 %	0.70 %	2.49 %
Commercial loans	**0.16**	-	0.28	-	-
Residential mortgage loans	**0.17**	0.06	0.11	-	-
Consumer loans	**-**	-	-	(0.03)	-
Total loans	**0.15 %**	0.03 %	0.21 %	0.02 %	0.09 %
Nonperforming loans to total loans	**0.67 %**	0.40 %	0.41 %	0.33 %	0.55 %
Nonperforming assets to total assets	**0.64**	0.43	0.44	0.33	0.47

UNITY BANCORP, INC.
QUARTERLY FINANCIAL DATA
March 31, 2020

(In thousands, except percentages and per share amounts)	Mar. 31, 2020	Dec. 31, 2019	Sept. 30, 2019	Jun. 30, 2019	Mar. 31, 2019
SUMMARY OF INCOME:					
Total interest income	**$ 19,585**	$ 19,312	$ 19,055	$ 18,781	$ 18,500
Total interest expense	**4,341**	4,549	4,651	4,571	4,284
Net interest income	**15,244**	14,763	14,404	14,210	14,216
Provision for loan losses	**1,500**	500	750	350	500
Net interest income after provision for loan losses	**13,744**	14,263	13,654	13,860	13,716
Total noninterest income	**2,545**	2,396	2,710	2,411	2,022
Total noninterest expense	**9,323**	8,719	8,729	8,791	8,478
Income before provision for income taxes	**6,966**	7,940	7,635	7,480	7,260
Provision for income taxes	**1,598**	1,820	1,676	1,646	1,520
Net income	**$ 5,368**	$ 6,120	$ 5,959	$ 5,834	$ 5,740
Net income per common share - Basic	**$ 0.49**	$ 0.56	$ 0.55	$ 0.54	$ 0.53
Net income per common share - Diluted	**$ 0.49**	$ 0.55	$ 0.54	$ 0.53	$ 0.52
COMMON SHARE DATA:					
Market price per share	**$ 11.70**	$ 22.57	$ 22.15	$ 22.70	$ 18.88
Dividends paid	**$ 0.08**	$ 0.08	$ 0.08	$ 0.08	$ 0.07
Book value per common share	**$ 15.10**	$ 14.77	$ 14.25	$ 13.76	$ 13.28
Weighted average common shares outstanding - Basic	**10,883**	10,872	10,863	10,843	10,801
Weighted average common shares outstanding - Diluted	**11,037**	11,057	11,036	11,026	10,955
Issued common shares	**10,894**	10,881	10,869	10,856	10,822
Outstanding common shares	**10,883**	10,881	10,869	10,856	10,822
Treasury shares	**11**	-	-	-	-
PERFORMANCE RATIOS (Annualized):					
Return on average assets	**1.32 %**	1.53 %	1.53 %	1.54 %	1.55 %
Return on average equity	**13.23**	15.41	15.57	16.01	16.52
Efficiency ratio	**51.92**	51.29	51.06	53.20	52.53
Noninterest expense to average assets	**2.29**	2.17	2.24	2.32	2.29
BALANCE SHEET DATA:					
Total assets	**$ 1,740,076**	$ 1,718,942	$ 1,664,308	$ 1,626,737	$ 1,590,046
Total deposits	**1,378,618**	1,250,114	1,273,362	1,264,353	1,226,586
Total loans	**1,439,645**	1,425,558	1,368,474	1,344,757	1,312,994
Total securities	**58,002**	66,564	63,991	62,122	62,962
Total shareholders' equity	**164,305**	160,709	154,884	149,383	143,717
Allowance for loan losses	**(17,376)**	(16,395)	(16,002)	(15,965)	(15,684)
TAX EQUIVALENT YIELDS AND RATES:					
Interest-earning assets	**5.04 %**	5.07 %	5.16 %	5.24 %	5.28 %
Interest-bearing liabilities	**1.51**	1.59	1.68	1.69	1.60
Net interest spread	**3.53**	3.48	3.48	3.55	3.68
Net interest margin	**3.92**	3.88	3.90	3.96	4.06
CREDIT QUALITY:					
Nonperforming assets	**$ 11,178**	$ 7,372	$ 7,305	$ 5,336	$ 7,547
QTD net chargeoffs (annualized) to QTD average loans	**0.15 %**	0.03 %	0.21 %	0.02 %	0.09 %
Allowance for loan losses to total loans	**1.21**	1.15	1.17	1.19	1.19
Nonperforming loans to total loans	**0.67**	0.40	0.41	0.33	0.55
Nonperforming assets to total assets	**0.64**	0.43	0.44	0.33	0.47
CAPITAL RATIOS AND OTHER:					
Total equity to total assets	**9.44 %**	9.35 %	9.31 %	9.18 %	9.04 %
Leverage ratio	**10.56**	10.59	10.54	10.36	10.09
Common equity tier 1 risk-based capital ratio	**11.71**	11.59	12.24	11.99	11.78
Tier 1 risk-based capital ratio	**12.43**	12.32	13.04	12.81	12.62
Total risk-based capital ratio	**13.19**	13.06	14.28	14.06	13.87
Number of banking offices	**19**	19	19	19	19
Number of ATMs	**20**	20	20	20	20
Number of employees	**205**	203	194	185	190