For Immediate Release
Unity Bancorp, Inc. (NASDAQ: UNTY)
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Unity Bancorp Reports Quarterly Earnings of $8.4 Million

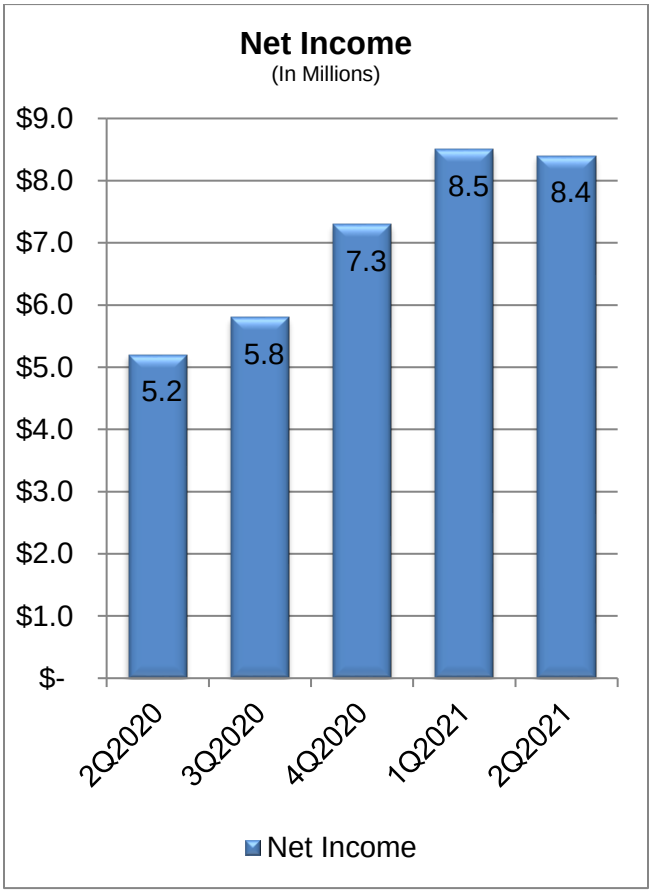
Net Income per Diluted Share = $0.80	ROA = 1.77%	ROE = 18.29%	Net Interest Margin = 4.03%

CEO COMMENTARY:

James A. Hughes, President and CEO, stated:

I am pleased to report another strong performance for the second quarter of 2021. Life is getting back to normal as we emerge from the pandemic. All employees have returned to our offices to service our customers. I am encouraged by the strong loan demand for all our lending areas. As the economy continues to improve so will the banking sector.

We successfully executed the first and second rounds of SBA PPP loans, which would not have been possible without our passionate and dedicated employees. We expect a robust year for our mortgage and SBA lending areas in 2021 based on current performance and backlogs. While I remain proud of our performance, we will continue to balance risks while advancing strategies to grow our business as we continue to steer through this recovery. As always, I want to sincerely thank our customers for putting their trust in Unity, and our excellent staff who have proven to be resilient and unwavering throughout these unprecedented times.



Clinton, NJ, July 14, 2021 - Unity Bancorp, Inc. (NASDAQ: UNTY), parent company of Unity Bank, reported net income of $8.4 million, or $0.80 per diluted share, for the quarter ended June 30, 2021, a 62.8% increase compared to net income of $5.2 million, or $0.47 per diluted share for the prior year's second quarter. For the six months ended June 30, 2021, Unity reported net income of $16.9 million, or $1.60 per diluted share, a 60.5% increase compared to $10.5 million or $0.96 per diluted share for the prior year's period.

Second Quarter Earnings Highlights

- Net interest income, our primary driver of earnings, increased $2.9 million to $18.4 million for the quarter ended June 30, 2021, compared to $15.5 million for the prior year's quarter, due to SBA PPP loans, commercial loan growth and a reduction in the cost of funds.
- Net interest margin ("NIM") increased to 4.03% for the quarter ended June 30, 2021, compared to 3.73% for the prior year's quarter and decreased six basis points from 4.09% in the prior sequential quarter ended March 31, 2021.
- The Company reported no provision for loan losses for the quarter ended June 30, 2021 compared to the prior year's quarter. The provision for loan losses decreased $3.5 million for the six months ended June 30, 2021 compared to the prior year's period. The decreases were due to an improved economic environment.
- Noninterest income increased $84 thousand to $2.9 million compared to the prior year's quarter, primarily due to increased gains on SBA loan sales. Noninterest income decreased $831 thousand compared to the prior sequential quarter, primarily due a decrease in sales of residential mortgage loans. For the quarter ended June 30, 2021 SBA loan sales totaled $3.6 million with net gains of $496 thousand.
- Noninterest expense increased $1.3 million to $10.5 million compared to the prior year's quarter and increased $658 thousand compared to the prior sequential quarter. The increases were primarily due to increased expenses related to a deferred compensation adjustment and increased advertising expenses.
- The effective tax rate was 22.7% compared to 22.3% in the prior year's quarter.

Balance Sheet Highlights

- Total loans increased $26.2 million, or 1.6%, from year-end 2020 to $1.7 billion at June 30, 2021. The increase was primarily due to increases in commercial, SBA PPP and residential construction loans. Residential mortgage loans decreased 9.7% due to prepayments.
- Total deposits increased $36.4 million, or 2.3%, from year-end 2020 to $1.6 billion at June 30, 2021. The Company's deposit composition at June 30, 2021 consisted of 32.5% in savings deposits, 30.7% in noninterest-bearing demand deposits, 23.7% in time deposits and 13.1% in interest-bearing demand deposits.
- Borrowed funds decreased $35.0 million to $165.0 million at June 30, 2021, due to decreased FHLB advances.
- Shareholders' equity was $188.8 million at June 30, 2021 compared to $173.9 million at year-end 2020.
- Book value per common share was $18.12 as of June 30, 2021. During the second quarter, the Company repurchased 40,434 shares of common stock for a total cost of $874 thousand.
- At June 30, 2021, the Community Bank Leverage Ratio was 10.11%.

- Net nonperforming assets were $9.5 million at June 30, 2021, compared to $11.7 million at December 31, 2020. Most of the nonperforming assets are residential loans, the resolution of which has been impacted by foreclosure restrictions due to COVID-19. The allowance to total loans ratio excluding SBA PPP loans was 1.50% at June 30, 2021.

Paycheck Protection Program Loans

As of June 30, 2021, the Company funded 955 Small Business Administration Paycheck Protection Program Round 2 loans, totaling $101.0 million. This is in addition to the 1,224 SBA PPP loans, totaling $143.0 million funded during the year ended December 31, 2020.

The table below summarizes SBA PPP loans as of June 30, 2021:

	Round 1		Round 2		Total	
	$	#	$	#	$	#
Funded	143,001	1,224	101,048	955	244,049	2,179
Forgiven	105,106	901	6,568	17	111,674	918
Outstanding	37,895	323	94,480	938	132,375	1,261

Loan Deferrals

The Bank worked with its borrowers who were unable to meet their contractual obligations because of the effects of COVID-19. By June 30, 2021, $5.7 million in loans were on deferral. Some loan deferrals are expected for the duration of 2021.

The table below summarizes loan deferrals as of June 30, 2021:

(In thousands, except percentages)	**Total Loan Portfolio Balance**	**Full Deferrals**	**Principal Only Deferrals**	**Total Loans in Deferral**	**% of Deferrals to Total Loans**
SBA loans held for sale	$ 11,314	$ -	$ -	$ -	0.00%
SBA loans held for investment	38,114	-	-	-	0.00%
SBA PPP loans	132,375	-	-	-	0.00%
Commercial loans	885,566	-	5,508	5,508	0.62%
Residential mortgage loans	422,188	231	-	231	0.05%
Consumer loans	64,557	-	-	-	0.00%
Consumer construction loans	99,874	-	-	-	0.00%
Total loans	**$ 1,653,988**	**$ 231**	**$ 5,508**	**$ 5,739**	**0.35%**

Other Highlights

Unity Bank has been named one of the 2021 Best Places to Work in New Jersey – the only bank in New Jersey to make the prestigious list. It is the fifth 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.

Unity Bank donated $50,000 to St. Jude Children's Research Hospital® as part of the Inspiration4 campaign, a $200 million fundraising initiative inspired by the world's first all-civilian mission to space. Jared Isaacman, Founder and Chief Executive Officer of Shift4 Payments (NYSE: FOUR), headquartered in Allentown, Pa., is funding the historic three-day journey in space to support the lifesaving mission of St. Jude: Finding cures. Saving children.®

Unity Bank was the top ranked New Jersey community bank on the recently published American Banker magazine list of the Top 200 Publicly Traded Community Banks with less than $2 billion in assets. Unity was ranked 20th nationally on the respected industry list, which reviewed 511 institutions throughout the U.S.

On May 21, 2021, the Company announced a cash dividend of $0.09 per common share, an increase of 12.5%, payable on June 25, 2021, to shareholders of record as of June 11, 2021.

Unity Bancorp, Inc. is a financial service organization headquartered in Clinton, New Jersey, with approximately $2.0 billion in assets and $1.6 billion in deposits. Unity Bank, the Company's wholly owned subsidiary, 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 amended or supplemented by our subsequent filings with the SEC, 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 COVID-19 on the Bank, its employees and customers, among other factors.

UNITY BANCORP, INC.
SUMMARY FINANCIAL HIGHLIGHTS
June 30, 2021

(In thousands, except percentages and per share amounts)	June 30, 2021	March 31, 2021	June 30, 2020	June 30, 2021 vs. March 31, 2021 %	June 30, 2021 vs. June 30, 2020 %
BALANCE SHEET DATA					
Total assets	**$ 1,973,311**	$ 2,004,818	$ 1,900,774	(1.6) %	3.8 %
Total deposits	**1,594,316**	1,628,393	1,483,457	(2.1)	7.5
Total loans	**1,653,988**	1,668,448	1,592,507	(0.9)	3.9
Total securities	**37,054**	34,551	54,888	7.2	(32.5)
Total shareholders' equity	**188,756**	181,186	166,607	4.2	13.3
Allowance for loan losses	**22,801**	22,965	20,234	(0.7)	12.7
FINANCIAL DATA - QUARTER TO DATE					
Income before provision for income taxes	**$ 10,884**	$ 11,442	$ 6,659	(4.9)	63.4
Provision for income taxes	**2,466**	2,946	1,488	(16.3)	65.7
Net income	**$ 8,418**	$ 8,496	$ 5,171	(0.9)	62.8
Net income per common share - Basic	**$ 0.81**	$ 0.81	$ 0.48	-	68.8
Net income per common share - Diluted	**$ 0.80**	$ 0.80	$ 0.47	-	70.2
PERFORMANCE RATIOS - QUARTER TO DATE					
Return on average assets	**1.77 %**	1.85 %	1.19 %		
Return on average equity	**18.29 %**	19.51 %	12.59 %		
Efficiency ratio	**49.06 %**	45.74 %	50.27 %		
Net interest margin	**4.03 %**	4.09 %	3.73 %		
Noninterest expense to average assets	**2.19 %**	2.13 %	2.10 %		
FINANCIAL DATA - YEAR TO DATE					
Income before provision for income taxes	**$ 22,325**		$ 13,625		63.9
Provision for income taxes	**5,411**		3,086		75.3
Net income	**$ 16,914**		$ 10,539		60.5
Net income per common share - Basic	**$ 1.62**		$ 0.97		67.0
Net income per common share - Diluted	**$ 1.60**		$ 0.96		66.7
PERFORMANCE RATIOS - YEAR TO DATE					
Return on average assets	**1.81 %**		1.25 %		44.8
Return on average equity	**18.88 %**		12.91 %		46.2
Efficiency ratio	**47.39 %**		51.34 %		(7.7)
Net interest margin	**4.06 %**		3.82 %		6.3
Noninterest expense to average assets	**2.16 %**		2.19 %		(1.4)
SHARE INFORMATION					
Market price per share	**$ 22.05**	$ 22.00	$ 14.30	0.2	54.2
Dividends paid	**$ 0.09**	$ 0.08	$ 0.08	12.5	12.5
Book value per common share	**$ 18.12**	$ 17.38	$ 15.53	4.3	16.7
Average diluted shares outstanding (QTD)	**10,569**	10,565	10,888	-	(2.9)
CAPITAL RATIOS					
Total equity to total assets	**9.57 %**	9.04 %	8.77 %		
Community bank leverage ratio	**10.11 %**	10.19 %	10.01 %		
CREDIT QUALITY AND RATIOS					
Nonperforming assets	**$ 9,685**	$ 11,788	$ 10,184	(17.8)	(4.9)
QTD net chargeoffs to QTD average loans	**0.04 %**	0.16 %	(0.09) %		
Allowance for loan losses to total loans	**1.38 %**	1.38 %	1.27 %		
Nonperforming loans to total loans	**0.59 %**	0.71 %	0.59 %		
Nonperforming assets to total assets	**0.49 %**	0.59 %	0.54 %		

UNITY BANCORP, INC.
CONSOLIDATED BALANCE SHEETS
June 30, 2021

(In thousands, except percentages)	June 30, 2021	December 31, 2020	June 30, 2020	June 30, 2021 vs. December 31, 2020 %	June 30, 2021 vs. June 30, 2020 %
ASSETS					
Cash and due from banks	**$ 24,527**	$ 22,750	$ 24,066	7.8 %	1.9 %
Interest-bearing deposits	**197,325**	196,561	162,617	0.4	21.3
Cash and cash equivalents	**221,852**	219,311	186,683	1.2	18.8
Securities:					
Securities available for sale	**32,810**	45,617	53,102	(28.1)	(38.2)
Securities held to maturity	**2,000**	-	-	100.0	100.0
Equity securities	**2,244**	1,954	1,786	14.8	25.6
Total securities	**37,054**	47,571	54,888	(22.1)	(32.5)
Loans:					
SBA loans held for sale	**11,314**	9,335	10,602	21.2	6.7
SBA loans held for investment	**38,114**	39,587	36,966	(3.7)	3.1
SBA PPP loans	**132,375**	118,257	136,039	11.9	(2.7)
Commercial loans	**885,566**	839,788	792,752	5.5	11.7
Residential mortgage loans	**422,188**	467,586	469,987	(9.7)	(10.2)
Consumer loans	**64,557**	66,100	68,719	(2.3)	(6.1)
Residential construction loans	**99,874**	87,164	77,442	14.6	29.0
Total loans	**1,653,988**	1,627,817	1,592,507	1.6	3.9
Allowance for loan losses	**(22,801)**	(23,105)	(20,234)	(1.3)	12.7
Net loans	**1,631,187**	1,604,712	1,572,273	1.6	3.7
Premises and equipment, net	**19,799**	20,226	20,751	(2.1)	(4.6)
Bank owned life insurance ("BOLI")	**26,560**	26,514	26,435	0.2	0.5
Deferred tax assets	**9,377**	9,183	7,274	2.1	28.9
Federal Home Loan Bank ("FHLB") stock	**9,060**	10,594	11,629	(14.5)	(22.1)
Accrued interest receivable	**9,486**	10,429	11,039	(9.0)	(14.1)
Other real estate owned ("OREO")	-	-	711	-	(100.0)
Goodwill	**1,516**	1,516	1,516	-	-
Prepaid expenses and other assets	**7,420**	8,858	7,575	(16.2)	(2.0)
Total assets	**$ 1,973,311**	$ 1,958,914	$ 1,900,774	0.7 %	3.8 %
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities:					
Deposits:					
Noninterest-bearing demand	**$ 489,700**	$ 459,677	$ 429,899	6.5 %	13.9 %
Interest-bearing demand	**208,802**	204,236	154,803	2.2	34.9
Savings	**518,405**	455,449	426,563	13.8	21.5
Time, under $100,000	**245,423**	264,671	271,860	(7.3)	(9.7)
Time, $100,000 to $250,000	**74,282**	95,595	113,351	(22.3)	(34.5)
Time, $250,000 and over	**57,704**	78,331	86,981	(26.3)	(33.7)
Total deposits	**1,594,316**	1,557,959	1,483,457	2.3	7.5
Borrowed funds	**165,000**	200,000	223,000	(17.5)	(26.0)
Subordinated debentures	**10,310**	10,310	10,310	-	-
Accrued interest payable	**231**	248	228	(6.9)	1.3
Accrued expenses and other liabilities	**14,698**	16,486	17,172	(10.8)	(14.4)
Total liabilities	**1,784,555**	1,785,003	1,734,167	-	2.9
Shareholders' equity:					
Common stock	**92,810**	91,873	91,103	1.0	1.9
Retained earnings	**105,811**	90,669	79,253	16.7	33.5
Treasury stock, at cost	**(9,668)**	(7,442)	(2,991)	(29.9)	(223.2)
Accumulated other comprehensive loss	**(197)**	(1,189)	(758)	NM*	NM*
Total shareholders' equity	**188,756**	173,911	166,607	8.5	13.3
Total liabilities and shareholders' equity	**$ 1,973,311**	$ 1,958,914	$ 1,900,774	0.7 %	3.8 %
COMMON SHARES AT PERIOD END:					
Shares issued	**11,031**	10,961	10,939		
Shares outstanding	**10,416**	10,456	10,728		
Treasury shares	**615**	505	211		

*NM=Not meaningful

UNITY BANCORP, INC.
QTD CONSOLIDATED STATEMENTS OF INCOME
June 30, 2021

	For the three months ended			June 30, 2021 vs. March 31, 2021		June 30, 2021 vs. June 30, 2020	
(In thousands, except percentages and per share amounts)	**June 30, 2021**	**March 31, 2021**	**June 30, 2020**	**$**	**%**	**$**	**%**
INTEREST INCOME							
Fed funds and interest-bearing deposits	**$ 33**	$ 24	$ 23	$ 9	37.5 %	$ 10	43.5 %
FHLB stock	**53**	63	79	(10)	(15.9)	(26)	(32.9)
Securities:							
Taxable	**253**	292	437	(39)	(13.4)	(184)	(42.1)
Tax-exempt	**9**	10	17	(1)	(10.0)	(8)	(47.1)
Total securities	**262**	302	454	(40)	(13.2)	(192)	(42.3)
Loans:							
SBA loans	**776**	783	709	(7)	(0.9)	67	9.4
SBA PPP loans	**1,748**	1,730	723	18	1.0	1,025	141.8
Commercial loans	**10,734**	10,474	9,815	260	2.5	919	9.4
Residential mortgage loans	**4,906**	5,128	5,554	(222)	(4.3)	(648)	(11.7)
Consumer loans	**682**	857	875	(175)	(20.4)	(193)	(22.1)
Residential construction loans	**1,486**	1,215	1,046	271	22.3	440	42.1
Total loans	**20,332**	20,187	18,722	145	0.7	1,610	8.6
Total interest income	**20,680**	20,576	19,278	104	0.5	1,402	7.3
INTEREST EXPENSE							
Interest-bearing demand deposits	**307**	309	329	(2)	(0.6)	(22)	(6.7)
Savings deposits	**419**	431	547	(12)	(2.8)	(128)	(23.4)
Time deposits	**1,171**	1,463	2,454	(292)	(20.0)	(1,283)	(52.3)
Borrowed funds and subordinated debentures	**334**	355	423	(21)	(5.9)	(89)	(21.0)
Total interest expense	**2,231**	2,558	3,753	(327)	(12.8)	(1,522)	(40.6)
Net interest income	**18,449**	18,018	15,525	431	2.4	2,924	18.8
Provision for loan losses	**-**	500	2,500	(500)	(100.0)	(2,500)	(100.0)
Net interest income after provision for loan losses	**18,449**	17,518	13,025	931	5.3	5,424	41.6
NONINTEREST INCOME							
Branch fee income	**269**	295	207	(26)	(8.8)	62	30.0
Service and loan fee income	**509**	625	390	(116)	(18.6)	119	30.5
Gain on sale of SBA loans held for sale, net	**496**	245	92	251	102.4	404	439.1
Gain on sale of mortgage loans, net	**1,066**	1,750	1,553	(684)	(39.1)	(487)	(31.4)
BOLI income	**133**	129	154	4	3.1	(21)	(13.6)
Net security gains	**23**	310	79	(287)	(92.6)	(56)	(70.9)
Other income	**399**	372	336	27	7.3	63	18.8
Total noninterest income	**2,895**	3,726	2,811	(831)	(22.3)	84	3.0
NONINTEREST EXPENSE							
Compensation and benefits	**6,333**	6,063	5,553	270	4.5	780	14.0
Processing and communications	**750**	807	769	(57)	(7.1)	(19)	(2.5)
Furniture and equipment	**659**	649	641	10	1.5	18	2.8
Occupancy	**631**	706	630	(75)	(10.6)	1	0.2
Professional services	**339**	380	261	(41)	(10.8)	78	29.9
BSA expenses	**282**	168	488	114	67.9	(206)	(42.2)
Other loan expenses	**165**	143	168	22	15.4	(3)	(1.8)
Loan collection & OREO expenses (recoveries)	**54**	(49)	1	103	210.2	53	5,300.0
Deposit insurance	**225**	214	159	11	5.1	66	41.5
Advertising	**403**	268	207	135	50.4	196	94.7
Director fees	**204**	208	181	(4)	(1.9)	23	12.7
Other expenses	**415**	245	119	170	69.4	296	248.7
Total noninterest expense	**10,460**	9,802	9,177	658	6.7	1,283	14.0
Income before provision for income taxes	**10,884**	11,442	6,659	(558)	(4.9)	4,225	63.4
Provision for income taxes	**2,466**	2,946	1,488	(480)	(16.3)	978	65.7
Net income	**$ 8,418**	$ 8,496	$ 5,171	$ (78)	(0.9) %	$ 3,247	62.8 %
Effective tax rate	**22.7 %**	25.7 %	22.3 %				
Net income per common share - Basic	**$ 0.81**	$ 0.81	$ 0.48				
Net income per common share - Diluted	**$ 0.80**	$ 0.80	$ 0.47				
Weighted average common shares outstanding - Basic	**10,427**	10,437	10,792				
Weighted average common shares outstanding - Diluted	**10,569**	10,565	10,888				

*NM=Not meaningful

UNITY BANCORP INC

UNITY BANCORP, INC.
YTD CONSOLIDATED STATEMENTS OF INCOME
June 30, 2021

	For the six months ended June 30,		Current YTD vs. Prior	
(In thousands, except percentages and per share amounts)	**2021**	**2020**	**$**	**%**
INTEREST INCOME				
Fed funds and interest-bearing deposits	**$ 57**	$ 212	$ (155)	(73.1) %
FHLB stock	**116**	188	(72)	(38.3)
Securities:				
Taxable	**546**	948	(402)	(42.4)
Tax-exempt	**18**	39	(21)	(53.8)
Total securities	**564**	987	(423)	(42.9)
Loans:				
SBA loans	**1,559**	1,694	(135)	(8.0)
SBA PPP loans	**3,477**	723	2,754	100.0
Commercial loans	**21,210**	19,748	1,462	7.4
Residential mortgage loans	**10,034**	11,324	(1,290)	(11.4)
Consumer loans	**1,538**	1,835	(297)	(16.2)
Residential construction loans	**2,701**	2,153	548	25.5
Total loans	**40,519**	37,477	3,042	8.1
Total interest income	**41,256**	38,864	2,392	6.2
INTEREST EXPENSE				
Interest-bearing demand deposits	**616**	706	(90)	(12.7)
Savings deposits	**851**	1,499	(648)	(43.2)
Time deposits	**2,634**	4,900	(2,266)	(46.2)
Borrowed funds and subordinated debentures	**688**	989	(301)	(30.4)
Total interest expense	**4,789**	8,094	(3,305)	(40.8)
Net interest income	**36,467**	30,770	5,697	18.5
Provision for loan losses	**500**	4,000	(3,500)	(87.5)
Net interest income after provision for loan losses	**35,967**	26,770	9,197	34.4
NONINTEREST INCOME				
Branch fee income	**564**	523	41	7.8
Service and loan fee income	**1,133**	766	367	47.9
Gain on sale of SBA loans held for sale, net	**741**	565	176	31.2
Gain on sale of mortgage loans, net	**2,817**	2,604	213	8.2
BOLI income	**261**	327	(66)	(20.2)
Net security gains (losses)	**333**	(91)	424	465.9
Other income	**772**	662	110	16.6
Total noninterest income	**6,621**	5,356	1,265	23.6
NONINTEREST EXPENSE				
Compensation and benefits	**12,396**	10,992	1,404	12.8
Processing and communications	**1,557**	1,477	80	5.4
Furniture and equipment	**1,308**	1,296	12	0.9
Occupancy	**1,337**	1,253	84	6.7
Professional services	**720**	531	189	35.6
BSA expenses	**450**	550	(100)	(18.2)
Other loan expenses	**308**	257	51	19.8
Loan collection & OREO expenses	**5**	187	(182)	(97.3)
Deposit insurance	**439**	247	192	77.7
Advertising	**671**	497	174	35.0
Director fees	**412**	381	31	8.1
Other expenses	**660**	833	(173)	(20.8)
Total noninterest expense	**20,263**	18,501	1,762	9.5
Income before provision for income taxes	**22,325**	13,625	8,700	63.9
Provision for income taxes	**5,411**	3,086	2,325	75.3
Net income	**$ 16,914**	$ 10,539	$ 6,375	60.5 %
Effective tax rate	**24.2** %	22.6 %		
Net income per common share - Basic	**$ 1.62**	$ 0.97		
Net income per common share - Diluted	**$ 1.60**	$ 0.96		
Weighted average common shares outstanding - Basic	**10,432**	10,838		
Weighted average common shares outstanding - Diluted	**10,567**	10,962		

*NM=Not meaningful

UNITY BANCORP, INC.
QUARTER TO DATE NET INTEREST MARGIN
June 30, 2021

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

	For the three months ended					
	June 30, 2021			June 30, 2020		
	Average Balance	Interest	Rate/Yield	Average Balance	Interest	Rate/Yield
ASSETS						
Interest-earning assets:						
Fed funds and interest-bearing deposits	**$ 124,728**	**$ 33**	**0.11 %**	$ 73,899	$ 23	0.13 %
FHLB stock	**4,725**	**53**	**4.46**	5,976	79	5.32
Securities:						
Taxable	**34,609**	**253**	**2.94**	53,592	437	3.28
Tax-exempt	**1,754**	**11**	**2.49**	3,534	21	2.39
Total securities (A)	**36,363**	**264**	**2.92**	57,126	458	3.22
Loans:						
SBA loans	**50,742**	**776**	**6.14**	47,964	709	5.95
SBA PPP loans	**164,073**	**1,748**	**4.27**	100,586	723	2.89
Commercial loans	**865,292**	**10,734**	**4.98**	783,962	9,815	5.04
Residential mortgage loans	**434,558**	**4,906**	**4.53**	461,156	5,554	4.84
Consumer loans	**61,357**	**682**	**4.46**	72,495	875	4.85
Residential construction loans	**94,388**	**1,486**	**6.31**	73,475	1,046	5.73
Total loans (B)	**1,670,410**	**20,332**	**4.88**	1,539,638	18,722	4.89
Total interest-earning assets	**$ 1,836,226**	**$ 20,682**	**4.52 %**	$ 1,676,639	$ 19,282	4.63 %
Noninterest-earning assets:						
Cash and due from banks	**23,511**			20,698		
Allowance for loan losses	**(23,043)**			(17,909)		
Other assets	**75,300**			74,076		
Total noninterest-earning assets	**75,768**			76,865		
Total assets	**$ 1,911,994**			$ 1,753,504		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities:						
Total interest-bearing demand deposits	**$ 219,244**	**$ 307**	**0.56 %**	$ 163,685	$ 329	0.81 %
Total savings deposits	**509,476**	**419**	**0.33**	421,647	547	0.52
Total time deposits	**422,472**	**1,171**	**1.11**	482,734	2,454	2.04
Total interest-bearing deposits	**1,151,192**	**1,897**	**0.66**	1,068,066	3,330	1.25
Borrowed funds and subordinated debentures	**78,991**	**334**	**1.69**	107,761	423	1.58
Total interest-bearing liabilities	**$ 1,230,183**	**$ 2,231**	**0.73 %**	$ 1,175,827	$ 3,753	1.28 %
Noninterest-bearing liabilities:						
Noninterest-bearing demand deposits	**482,536**			394,723		
Other liabilities	**14,713**			17,682		
Total noninterest-bearing liabilities	**497,249**			412,405		
Total shareholders' equity	**184,562**			165,272		
Total liabilities and shareholders' equity	**$ 1,911,994**			$ 1,753,504		
Net interest spread		**$ 18,451**	**3.79 %**		$ 15,529	3.35 %
Tax-equivalent basis adjustment		**(2)**			(4)	
Net interest income		**$ 18,449**			$ 15,525	
Net interest margin			**4.03 %**			3.73 %

(A) Yields related to securities exempt from federal and state income taxes are stated on a fully tax-equivalent basis. They are reduced by the nondeductible portion of interest expense, assuming a federal tax rate of 21 percent and applicable state rates.
(B) The loan averages are stated net of unearned income, and the averages include loans on which the accrual of interest has been discontinued.

UNITY BANCORP, INC.
QUARTER TO DATE NET INTEREST MARGIN
June 30, 2021

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

	For the three months ended					
	June 30, 2021			March 31, 2021		
	Average Balance	Interest	Rate/Yield	Average Balance	Interest	Rate/Yield
ASSETS						
Interest-earning assets:						
Fed funds and interest-bearing deposits	**$ 124,728**	**$ 33**	**0.11 %**	$ 90,830	$ 24	0.11 %
FHLB stock	**4,725**	**53**	**4.46**	5,167	63	4.98
Securities:						
Taxable	**34,609**	**253**	**2.94**	38,741	292	3.06
Tax-exempt	**1,754**	**11**	**2.49**	2,405	12	2.03
Total securities (A)	**36,363**	**264**	**2.92**	41,146	304	3.00
Loans:						
SBA loans	**50,742**	**776**	**6.14**	48,845	783	6.50
SBA PPP loans	**164,073**	**1,748**	**4.27**	142,581	1,730	4.92
Commercial loans	**865,292**	**10,734**	**4.98**	849,065	10,474	5.00
Residential mortgage loans	**434,558**	**4,906**	**4.53**	455,782	5,128	4.56
Consumer loans	**61,357**	**682**	**4.46**	63,440	857	5.48
Residential construction loans	**94,388**	**1,486**	**6.31**	88,992	1,215	5.54
Total loans (B)	**1,670,410**	**20,332**	**4.88**	1,648,705	20,187	4.97
Total interest-earning assets	**$ 1,836,226**	**$ 20,682**	**4.52 %**	$ 1,785,848	$ 20,578	4.67 %
Noninterest-earning assets:						
Cash and due from banks	**23,511**			23,781		
Allowance for loan losses	**(23,043)**			(23,308)		
Other assets	**75,300**			76,309		
Total noninterest-earning assets	**75,768**			76,782		
Total assets	**$ 1,911,994**			$ 1,862,630		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities:						
Total interest-bearing demand deposits	**$ 219,244**	**$ 307**	**0.56 %**	$ 209,020	$ 309	0.60 %
Total savings deposits	**509,476**	**419**	**0.33**	476,463	431	0.37
Total time deposits	**422,472**	**1,171**	**1.11**	438,250	1,463	1.35
Total interest-bearing deposits	**1,151,192**	**1,897**	**0.66**	1,123,733	2,203	0.80
Borrowed funds and subordinated debentures	**78,991**	**334**	**1.69**	89,699	355	1.61
Total interest-bearing liabilities	**$ 1,230,183**	**$ 2,231**	**0.73 %**	$ 1,213,432	$ 2,558	0.85 %
Noninterest-bearing liabilities:						
Noninterest-bearing demand deposits	**482,536**			455,146		
Other liabilities	**14,713**			17,418		
Total noninterest-bearing liabilities	**497,249**			472,564		
Total shareholders' equity	**184,562**			176,634		
Total liabilities and shareholders' equity	**$ 1,911,994**			$ 1,862,630		
Net interest spread		**$ 18,451**	**3.79 %**		$ 18,020	3.82 %
Tax-equivalent basis adjustment		**(2)**			(2)	
Net interest income		**$ 18,449**			$ 18,018	
Net interest margin			**4.03 %**			4.09 %

(A) Yields related to securities exempt from federal and state income taxes are stated on a fully tax-equivalent basis. They are reduced by the nondeductible portion of interest expense, assuming a federal tax rate of 21 percent and applicable state rates.
(B) The loan averages are stated net of unearned income, and the averages include loans on which the accrual of interest has been discontinued.

UNITY BANCORP, INC.
YEAR TO DATE NET INTEREST MARGIN
June 30, 2021

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

	For the six months ended					
	June 30, 2021			June 30, 2020		
	Average Balance	Interest	Rate/Yield	Average Balance	Interest	Rate/Yield
ASSETS						
Interest-earning assets:						
Fed funds and interest-bearing deposits	**$ 107,873**	**$ 57**	**0.11 %**	$ 71,548	$ 212	0.60 %
FHLB stock	**4,945**	**116**	**4.73**	6,429	188	5.88
Securities:						
Taxable	**36,664**	**546**	**3.00**	56,917	948	3.35
Tax-exempt	**2,077**	**23**	**2.23**	3,659	49	2.69
Total securities (A)	**38,741**	**569**	**2.96**	60,576	997	3.31
Loans:						
SBA loans	**49,799**	**1,559**	**6.31**	49,127	1,694	6.93
SBA PPP loans	**153,387**	**3,477**	**4.57**	50,412	723	2.88
Commercial loans	**857,223**	**21,210**	**4.99**	776,729	19,748	5.11
Residential mortgage loans	**445,111**	**10,034**	**4.55**	461,952	11,324	4.93
Consumer loans	**62,393**	**1,538**	**4.97**	72,445	1,835	5.09
Residential construction loans	**91,705**	**2,701**	**5.94**	71,682	2,153	6.04
Total loans (B)	**1,659,618**	**40,519**	**4.92**	1,482,347	37,477	5.08
Total interest-earning assets	**$ 1,811,177**	**$ 41,261**	**4.59 %**	$ 1,620,900	$ 38,874	4.82 %
Noninterest-earning assets:						
Cash and due from banks	**23,645**			21,320		
Allowance for loan losses	**(23,175)**			(17,303)		
Other assets	**75,803**			72,228		
Total noninterest-earning assets	**76,273**			76,245		
Total assets	**$ 1,887,450**			$ 1,697,145		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities:						
Total interest-bearing demand deposits	**$ 214,160**	**$ 616**	**0.58 %**	$ 162,939	$ 706	0.87 %
Total savings deposits	**493,061**	**851**	**0.35**	423,277	1,499	0.71
Total time deposits	**430,317**	**2,634**	**1.23**	459,218	4,900	2.15
Total interest-bearing deposits	**1,137,538**	**4,101**	**0.73**	1,045,434	7,105	1.37
Borrowed funds and subordinated debentures	**84,316**	**688**	**1.65**	119,409	989	1.67
Total interest-bearing liabilities	**$ 1,221,854**	**$ 4,789**	**0.79 %**	$ 1,164,843	$ 8,094	1.40 %
Noninterest-bearing liabilities:						
Noninterest-bearing demand deposits	**468,916**			351,203		
Other liabilities	**16,069**			16,891		
Total noninterest-bearing liabilities	**484,985**			368,094		
Total shareholders' equity	**180,611**			164,208		
Total liabilities and shareholders' equity	**$ 1,887,450**			$ 1,697,145		
Net interest spread		**$ 36,472**	**3.80 %**		$ 30,780	3.42 %
Tax-equivalent basis adjustment		**(5)**			(10)	
Net interest income		**$ 36,467**			$ 30,770	
Net interest margin			**4.06 %**			3.82 %

(A) Yields related to securities exempt from federal and state income taxes are stated on a fully tax-equivalent basis. They are reduced by the nondeductible portion of interest expense, assuming a federal tax rate of 21 percent and applicable state rates.
(B) The loan averages are stated net of unearned income, and the averages include loans on which the accrual of interest has been discontinued.

UNITY BANCORP, INC.
QUARTERLY ALLOWANCE FOR LOAN LOSSES AND LOAN QUALITY SCHEDULES
June 30, 2021

Amounts in thousands, except percentages	**June 30, 2021**	**March 31, 2021**	**December 31, 2020**	**September 30, 2020**	**June 30, 2020**
ALLOWANCE FOR LOAN LOSSES:					
Balance, beginning of period	**$ 22,965**	$ 23,105	$ 22,237	$ 20,234	$ 17,376
Provision for loan losses charged to expense	**-**	500	1,000	2,000	2,500
	22,965	23,605	23,237	22,234	19,876
Less: Chargeoffs					
SBA loans	**164**	282	-	1	-
Commercial loans	**20**	373	150	-	219
Residential mortgage loans	**-**	-	-	-	-
Consumer loans	**-**	1	-	-	-
Residential construction loans	**-**	-	-	-	-
Total chargeoffs	**184**	656	150	1	219
Add: Recoveries					
SBA loans	**19**	15	-	3	75
Commercial loans	**1**	1	18	1	502
Residential mortgage loans	**-**	-	-	-	-
Consumer loans	**-**	-	-	-	-
Residential construction loans	**-**	-	-	-	-
Total recoveries	**20**	16	18	4	577
Net chargeoffs (recoveries)	**164**	640	132	(3)	(358)
Balance, end of period	**$ 22,801**	$ 22,965	$ 23,105	$ 22,237	$ 20,234
LOAN QUALITY INFORMATION:					
Nonperforming loans:					
SBA loans	**$ 1,713**	$ 1,560	$ 2,473	$ 3,446	$ 2,363
Commercial loans	**1,637**	952	1,325	527	413
Residential mortgage loans	**4,043**	6,711	5,217	3,722	6,192
Consumer loans	**3**	-	1,295	1,293	505
Residential construction loans	**2,289**	2,565	1,750	-	-
Total nonperforming loans	**9,685**	11,788	12,060	8,988	9,473
OREO	**-**	-	-	711	711
Nonperforming assets	**9,685**	11,788	12,060	9,699	10,184
Less: Amount guaranteed by Small Business Administration	**139**	139	371	812	307
Net nonperforming assets	**$ 9,546**	$ 11,649	$ 11,689	$ 8,887	$ 9,877
Loans 90 days past due & still accruing	**$ 574**	$ 2,540	$ 449	$ -	$ -
Performing Troubled Debt Restructurings (TDRs)	**$ 1,068**	$ 1,079	$ 663	$ 673	$ 684
Allowance for loan losses to:					
Total nonperforming loans	**235.43**	194.82	191.58	247.41	213.60
Nonperforming assets	**235.43**	194.82	191.58	229.27	198.68
Net nonperforming assets	**238.85**	197.14	197.66	250.22	204.86

UNITY BANCORP INC

UNITY BANCORP, INC.
QUARTERLY FINANCIAL DATA
June 30, 2021

(In thousands, except percentages and per share amounts)	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sep. 30, 2020	Jun. 30, 2020
SUMMARY OF INCOME:					
Total interest income	**$ 20,680**	$ 20,576	$ 20,288	$ 19,764	$ 19,278
Total interest expense	**2,231**	2,558	2,949	3,437	3,753
Net interest income	**18,449**	18,018	17,339	16,327	15,525
Provision for loan losses	**-**	500	1,000	2,000	2,500
Net interest income after provision for loan losses	**18,449**	17,518	16,339	14,327	13,025
Total noninterest income	**2,895**	3,726	4,254	3,336	2,811
Total noninterest expense	**10,460**	9,802	10,725	10,037	9,177
Income before provision for income taxes	**10,884**	11,442	9,868	7,626	6,659
Provision for income taxes	**2,466**	2,946	2,523	1,866	1,488
Net income	**$ 8,418**	$ 8,496	$ 7,345	$ 5,760	$ 5,171
Net income per common share - Basic	**$ 0.81**	$ 0.81	$ 0.70	$ 0.54	$ 0.48
Net income per common share - Diluted	**$ 0.80**	$ 0.80	$ 0.69	$ 0.54	$ 0.47
COMMON SHARE DATA:					
Market price per share	**$ 22.05**	$ 22.00	$ 17.55	$ 11.58	$ 14.30
Dividends paid	**$ 0.09**	$ 0.08	$ 0.08	$ 0.08	$ 0.08
Book value per common share	**$ 18.12**	$ 17.38	$ 16.63	$ 16.01	$ 15.53
Weighted average common shares outstanding - Basic	**10,427**	10,437	10,532	10,630	10,792
Weighted average common shares outstanding - Diluted	**10,569**	10,565	10,629	10,706	10,888
Issued common shares	**11,031**	10,996	10,961	10,943	10,939
Outstanding common shares	**10,416**	10,422	10,456	10,570	10,728
Treasury shares	**615**	574	505	373	211
PERFORMANCE RATIOS (Annualized):					
Return on average assets	**1.77 %**	1.85 %	1.61 %	1.28 %	1.19 %
Return on average equity	**18.29**	19.51	17.07	13.76	12.59
Efficiency ratio	**49.06**	45.74	50.31	50.80	50.27
Noninterest expense to average assets	**2.19**	2.13	2.35	2.23	2.10
BALANCE SHEET DATA:					
Total assets	**$ 1,973,311**	$ 2,004,818	$ 1,958,914	$ 1,930,836	$ 1,900,774
Total deposits	**1,594,316**	1,628,393	1,557,959	1,493,440	1,483,457
Total loans	**1,653,988**	1,668,448	1,627,817	1,613,291	1,592,507
Total securities	**37,054**	34,551	47,571	50,387	54,888
Total shareholders' equity	**188,756**	181,186	173,911	169,234	166,607
Allowance for loan losses	**22,801**	22,965	23,105	22,237	20,234
TAX EQUIVALENT YIELDS AND RATES:					
Interest-earning assets	**4.52 %**	4.67 %	4.64 %	4.58 %	4.63 %
Interest-bearing liabilities	**0.73**	0.85	0.98	1.15	1.28
Net interest spread	**3.79**	3.82	3.66	3.43	3.35
Net interest margin	**4.03**	4.09	3.97	3.78	3.73
CREDIT QUALITY:					
Nonperforming assets	**$ 9,685**	$ 11,788	$ 12,060	$ 9,699	$ 10,184
QTD net chargeoffs (recoveries) (annualized) to QTD average loans	**0.04 %**	0.16 %	0.03 %	- %	(0.09) %
Allowance for loan losses to total loans	**1.38**	1.38	1.42	1.38	1.27
Nonperforming loans to total loans	**0.59**	0.71	0.74	0.56	0.59
Nonperforming assets to total assets	**0.49**	0.59	0.62	0.50	0.54
CAPITAL RATIOS AND OTHER:					
Total equity to total assets	**9.57 %**	9.04 %	8.88 %	8.76 %	8.77 %
Community bank leverage ratio	**10.11**	10.19	10.09	9.95	10.01
Number of banking offices	**19**	19	19	19	19
Number of ATMs	**20**	20	20	20	20
Number of employees	**208**	209	206	196	191