

2021 ANNUAL REPORT

OUR BRAND PROMISE

UNITY BANCORP, INC. (Nasdaq: UNTY) is the holding company for Unity Bank, a commercial bank insured by the FDIC, headquartered in Clinton, New Jersey. The Bank offers complete deposit and lending solutions to businesses and consumers.

Small Business is BIG here is a mantra the Bank lives and breathes. Unity delivers a holistic approach to business clients leveraging seasoned Commercial and SBA lending expertise with deposit products and services with the latest technology advantages. The Bank's brand promise of *Growing with You* is applied to all Unity stakeholders. The Bank is dedicated to the growth of our communities, customers, employees and shareholders.

THE BANK'S BRAND PROMISE OF
growing with you!

IS APPLIED TO ALL UNITY STAKEHOLDERS.

FINANCIAL HIGHLIGHTS

Amounts in thousands, except per share data and performance ratios

Year ended December 31,

	2021	2020	2019
Selected Results of Operations			
Interest income	\$ 84,780	\$ 78,915	\$ 75,648
Interest expense	7,741	14,480	18,055
Net interest income	77,039	64,435	57,593
Provision for loan losses	181	7,000	2,100
Noninterest income	12,054	12,946	9,539
Noninterest expense	40,782	39,262	34,717
Provision for income taxes	12,011	7,475	6,662
Net income	\$ 36,119	\$ 23,644	\$ 23,653
Per Share Data			
Net income per common share - Basic	\$ 3.47	\$ 2.21	\$ 2.18
Net income per common share - Diluted	3.43	2.19	2.14
Book value per common share	19.80	16.63	14.77
Market value per common share	26.25	17.55	22.57
Cash dividends declared on common shares	0.36	0.32	0.31
Selected Balance Sheet Data			
Assets	\$ 2,033,713	\$ 1,958,914	\$ 1,718,942
Loans	1,649,448	1,627,817	1,425,558
Allowance for loan losses	(22,302)	(23,105)	(16,395)
Securities	79,322	47,571	66,564
Deposits	1,758,881	1,557,959	1,250,114
Borrowed funds and subordinated debentures	50,310	210,310	293,310
Shareholders' equity	205,729	173,911	160,709
Common shares outstanding	10,391	10,456	10,881
Performance Ratios			
Return on average assets	1.87 %	1.35 %	1.54 %
Return on average equity	19.16	14.20	15.86
Efficiency ratio	46.09	50.80	52.00
Net interest margin	4.16	3.85	3.95

While the disruptions caused by the COVID-19 pandemic have lingered, we are inspired by the resilience and tenacity of our customers. We saw that resilience in small-business owners who reopened despite uncertainty of demand, supply chains and labor shortages; in individuals who took advantage of historically low mortgage rates to buy their first home; in growing families who added space to their “forever house”; in retirees who supplemented their incomes with their first investment property; and in senior citizens who preserved their assets with our deposit products. We had the opportunity to serve these groups and many others, and we are grateful for the opportunity.

WE COME TOGETHER EVERY DAY TO HELP OUR CUSTOMERS SOLVE PROBLEMS AND PROVIDE EXTRAORDINARY SERVICE

The pandemic provided us the opportunity to delight our customers and to enrich their lives in a way that positions us to serve them again, and for their confidence to refer their friends and family. Their loyalty along with our customer-centric community banking business model fuels sustainable, profitable growth.

We believe that when we are successful at putting people first, profits naturally follow.

Using that barometer, 2021 was a remarkable success. The Company posted its highest ever annual profit of \$36.1 million. Net interest income, our primary source of revenue, was over \$77 million, an impressive 19.6% increase over 2020. The Bank’s total loan portfolio (excluding PPP) grew by 6.2% led by the Commercial

Lending division which grew by nearly \$100 million during the year.

Our Residential Mortgage division closed 962 loans for \$424 million in 2021. These efforts generated gains of \$4.6 million, representing the largest contribution to our non-interest revenue. While volume declined 7% from 2020, it was 70% higher than 2019 despite a challenging rate environment and housing market.

Our SBA efforts remain strong. We assisted 87.5% of our Paycheck Protection Program (“PPP”) borrowers through the forgiveness process. Meanwhile, SBA balances grew by nearly \$15 million. Gains on the sale of SBA loans were approximately \$740 thousand during the year.

Our Consumer division also delivered strong results. Consumer loans grew by \$12 million, or 17.9% in 2021. Residential construction loans grew by \$33 million, or 38% during the year.

Our 19 branches located throughout northern New Jersey and Eastern Pennsylvania gathered over \$200 million in new deposits, a 12.9% increase during the year. Each of these deposits represent an individual, family or business-owner who trusts our institution to keep their money safe, a responsibility we accept with gratitude.

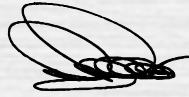
In total, these efforts yielded impressive financial results: we delivered \$3.43 net income per share, 56.6% more than last year. This represents a 19% return on equity, among the highest in the state. We increased our dividend twice during the year by a total of 25% and grew book value by 19%, from \$16.63 to \$19.80 per share. Finally, our shareholders enjoyed more than 50% total return during the year.

Of course, the opportunity to impress our customers and to build shareholder value would not be possible without our incredible team of over 200 employees. We come together every day to help our customers solve problems and provide extraordinary service. We are grateful for their dedication.

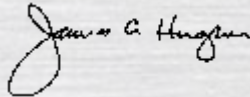
In addition to serving our customers, we are committed to serving the communities where we operate. In 2021, the Bank helped to raise over \$220 thousand to support the Somerset Adult Day Center, a nonprofit agency providing compassionate day care services for vulnerable seniors, adults living with a disability or dementia-related illness, as well as support and education for their caregiving families. We donated \$50 thousand to St. Jude Research Hospital. We hosted our 15th Annual Car Show, our largest ever, to benefit Family Promise of Hunterdon and Warren to combat homelessness in our community. We volunteered 54 hours to plant and harvest fruits and vegetables for America's Grow-A-Row to combat hunger.

Unity Bank was recognized as one of *New Jersey's Best Places to Work* for the fifth year by NJ Biz, as well as, the top-ranked New Jersey bank on the American Banker's list of *Top 200 Publicly Traded Community Banks* for the sixth consecutive year. While we are thrilled with our 2021 performance, we remain in relentless pursuit of our brand promise of "Growing with You!" We are humbled by the faith you have placed in us, and we believe the foundation is strong for even bigger things in 2022.



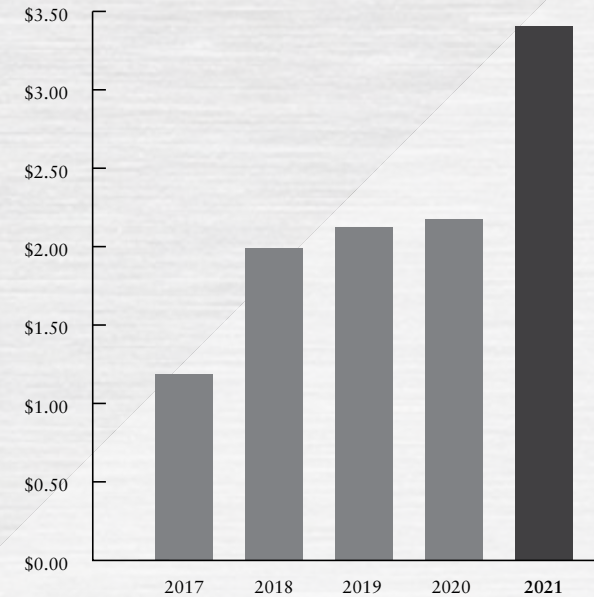

David D. Dallas
Chairman of the Board



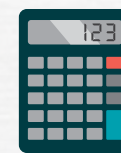

James A. Hughes
President & CEO



DILUTED EARNINGS PER SHARE



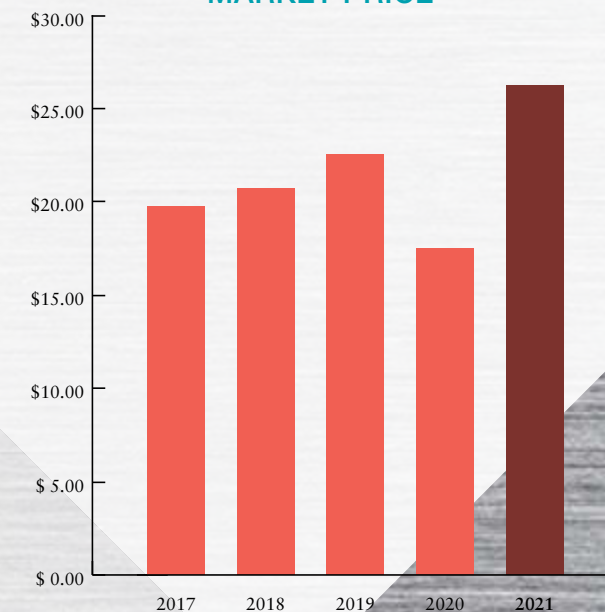
DIVIDENDS PER SHARE



BOOK VALUE



MARKET PRICE



At Unity Bank we take pride in supporting our friends and neighbors in the communities we serve.

Our residential and commercial lending teams live and work in the communities in which we operate. We continue to add to our lending teams and improve our systems and processes while adding workflow enhancements to continue to meet customer needs and provide excellent customer service.

Under challenging market conditions, our commercial and residential lending teams excelled. The commercial lending team had a record year which helped drive significant organic growth in our overall loan portfolio. The residential team had another exceptional year with \$425 million in mortgage originations despite a general market cool down in the third and fourth quarters of 2021. Loan and deposit growth was achieved while maintaining solid credit quality and a top tier industry capital position to help weather additional or continued market turbulence should the need arise.

We continue to work with our borrowers who are unable to meet their contractual obligations due to COVID-19. At the end of 2021, only \$8.4 million in loans, or 0.51% of our loan portfolio was in deferral, down from \$32.5 million in 2020.

BANKING TECHNOLOGY EVOLUTION

As a community bank relationships and personal service are always a top priority but equally important is bringing the latest in technology to our customers. Over the past 15 years Unity has introduced the latest digital tools to make the customer experience the best it can be.



*Pop Money 2015-2019; Zelle® 2020 - Present

We employ extensive employee training, custom videos tutorials and targeted onboarding campaigns to ensure our customers are successful with these tools. Customer adoption of these tools has grown year over year. Since its introduction in 2012, the number of mobile banking users has increased 1,161%. Our digital tools have provided customers with the ability to bank on the go. We continue to expand digital products with online account opening and product updates planned for 2022.

OUR BANKING EXPERIENCE

We continue our commitment to customer service and security.

Providing a secure banking experience is our top priority. Unity's online and mobile applications are equipped with up-to-date security features to safeguard customer information. In today's heightened fraud environment, the Bank puts emphasis on providing customers with the tools needed to avoid scams. UNews, our newsletter, educates our customers and subscribers on cyber security and current cyber threats to keep them from falling victim. Unity Bank Debit Card holders can enroll in Card Control. This product provides the card holder with the ability to set up alerts for purchases, establish transaction controls, and turn their cards on & off from their mobile device. Business customers can take advantage of Positive Pay, an automated fraud detection tool that provides early detection of fraudulent, altered, or counterfeit checks.

Unity Bank is proud of its employees and how hard they work. We understand how valuable our employees are and the importance of investing in our team and helping them grow. Over the past 10 years, in partnership with the New Jersey Department of Labor and Workforce Development and The Office of Continuing Professional Education at Rutgers, Unity Bank has utilized numerous hours of training through the Upskill Customized Grant Program. This program provides in person or virtual training and has covered numerous topics including customer service skills, communication, leadership, computer skills, and project management.

Unity Bank is dedicated to growing with our customers and expanding our reach. In 2021, we moved our Union Branch into a new building. The move not only benefited our customers with a new, state-of-the-art branch, but offered a unique opportunity

WE UNDERSTAND HOW VALUABLE
OUR EMPLOYEES ARE AND THE
IMPORTANCE OF INVESTING IN OUR
TEAM AND [HELPING THEM GROW.](#)

to the community. Our old location was purchased to develop new housing and business opportunities for the city of Union. We are excited for continued growth and plan to open a lending office in Lakewood, NJ in 2022.

As the pandemic endured into its second year, Unity focused on helping the community in safe and innovative ways. By adhering to social distancing guidelines and scheduling outdoor events during low-risk periods, we were able to meet face to face with the community once again.

UNITY BANK RECOMMITTED TO COMMUNITY EVENTS AND PROGRAMS

The Bank partnered with the NID Housing Counseling Agency (NID-HCA) to educate potential home buyers in underserved, minority areas within our footprint. Unity offered financial support and our mortgage loan officers held educational seminars for the organization.

This year Unity Bank presented the inaugural Easton Twilight Criterium, a new addition to the Tour of Somerville Cycling Series. The bank has participated in the Tour of Somerville since 2017 with races in Somerville, Basking Ridge, and now Easton. We look forward to watching this event grow each year as it brings people together and supports businesses within the community.

Although some have been stifled by the stress of the pandemic, many breakthroughs have been made. Unity Bank contributed to modern day

history by making a large donation to the Inspiration4 campaign, a sizable fundraising effort that saw the world's first all-civilian journey to space. The journey was led by Jared Isaacman, Founder & CEO of Shift4, and designed to inspire the ongoing search for a cure to childhood cancer. He said, "if civilization can journey among the stars, we better have conquered childhood cancer along the way." In total, the Inspiration4 campaign raised \$200 million. Proceeds benefited St. Jude in their mission of finding cures and saving children.

With proper precautions in place, Unity Bank recommitted to community events and programs in 2021. We continued to support America's Grow-A-Row both financially and physically by sending a group of volunteers each month to pick produce for community members in need. Food insecurity has expanded due to the pandemic, and this year Grow-A-Row was able to donate 2.4 million pounds of fresh food, 60% higher than pre pandemic numbers.

To further combat food insecurity in our community Unity's annual service project raised \$34,200 for local Food Banks. This is a very special project since it comes from the generosity of our employees. Each year employees can elect to donate through payroll deductions. The bank matches the employee donation and funds are distributed to 19 locations throughout our footprint, providing food for those in need.



Unity Bank hosted the 15th Annual Charity Car Show benefiting Family Promise of Hunterdon and Warren counties. The show raises money and awareness for its benefactors. 2021 was the largest show yet with 165 cars present. \$8,000 was donated to the benefactors through the support of the show's sponsors, volunteers, and spectators.

We are enthusiastic about the opportunities to come and continue to commit to helping those in our community.

Executive & Senior Management

James Hughes
President
Chief Executive Officer

George Boyan
Executive Vice President
Chief Financial Officer

Janice Bolomey
Executive Vice President
Chief Administrative Officer/
Director of Sales

John Kauchak
Executive Vice President
Chief Operating Officer

Vincent Geraci
First Senior Vice President
Director of Mortgage Lending

David Bove
Senior Vice President
Chief Technology Officer

Laureen Cook
Senior Vice President
Chief Accounting Officer

Rosemary Fellner
Senior Vice President
Chief Experience Officer

Stephen Rooney
Senior Vice President
Chief Credit Officer

Christopher Fenimore
First Vice President
Chief Compliance Officer

Luisa Franco
First Vice President
BSA/AML/OFAC Officer

Michelle Kirmser
First Vice President
General Counsel

Karen Klotz
First Vice President
Loan Closing Officer

Rebecca Kugelman
First Vice President
Deposit Operations Manager

Kenneth Plinio
First Vice President
Mortgage Loan Operations
Manager

Crystal Rose
First Vice President
Marketing Director

Bridget Walsh
First Vice President
Human Resources Director

Board of Directors

David Dallas
Chairman of the Board
CEO, Dallas Group of America, Inc.

Allen Tucker
Vice Chairman of the Board
Chairman, Tucker Enterprises

Dr. Mark Brody
Director
Managing Member, Financial Planning
Analysts, LLC

Wayne Courtright
Director
Retired, Former Banker

Robert Dallas, II
Director
President, Dallas Group of America, Inc.

Dr. Mary Gross
Director
Founder, Human Edge Resources, LLC

James Hughes
Director
President/CEO, Unity Bank

Peter Maricondo
Director
Retired Financial Consultant

Raj Patel
Director
President/CEO, Raja Group

Donald Souders, Jr.
Director
Attorney/Partner, Florio Perrucci Steinhardt
Cappelli Tipton & Taylor

Aaron Tucker
Director
President, Tucker Enterprises

Shareholder Information

Annual Meeting

Shareholders of Unity Bancorp, Inc. are cordially invited to the Annual Meeting of Shareholders. The meeting will be held virtually at 9:30 am, April 28, 2022 and will be available at: meetnow.global/MACWHRH Password: UNTY2022

Stock Listing

NASDAQ
Symbol: UNTY

Investor Inquiries

George Boyan
908-713-4565 | George.Boyan@unitybank.com

Transfer Agent and Registrar

Computershare, Inc.
PO Box 30170
College Station, Texas 77842-3170
800.368.5948
[Computershare.com](https://www.computershare.com)

Independent Registered Public Accounting Firm

RSM US LLP
New York, New York

Legal Counsel

Windels Marx Lane & Mittendorf, LLP
New Brunswick, New Jersey

LOCATIONS

New Jersey

Bergen County:

4 Emerson Plaza West ♦ Emerson, NJ 07630

475 Franklin Turnpike ♦ Ramsey, NJ 07446

Hunterdon County:

64 Old Highway 22 ♦ Clinton, NJ 08809

(pictured on cover)

157 Main St. ♦ Flemington, NJ 08822

370 Route 22 W. ♦ Whitehouse Station, NJ 08889

Middlesex County:

1746 Oak Tree Rd. ♦ Edison, NJ 08820

104 Raritan Ave. ♦ Highland Park, NJ 08904

1230 Bound Brook Rd. ♦ Middlesex, NJ 08846

2426 Plainfield Ave. ♦ South Plainfield, NJ 07080

Somerset County:

450 Somerset St. ♦ North Plainfield, NJ 07060

120 Cedar Grove Ln. ♦ Somerset, NJ 08873

12 Mountain Ave. ♦ Somerville, NJ 08876

Union County:

628 North Wood Ave. ♦ Linden, NJ 07036

2222 South Ave. ♦ Scotch Plains, NJ 07076

945 Stuyvesant Ave, Unit 7 ♦ Union, NJ 07083

Warren County:

1225 Route 22 W. ♦ Phillipsburg, NJ 08865

5 E. Asbury Anderson Rd. ♦ Washington, NJ 07882

Pennsylvania

Northampton County:

2850 Easton Ave. ♦ Bethlehem, PA 18017

1700 Sullivan Trail ♦ Forks, PA 18040

UNITY BANCORP, INC

64 Old Highway 22 ♦ Clinton, NJ 08809

unitybank.com ♦ 800.618.2265

