



2022 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.

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THE BANK'S BRAND PROMISE OF  
*growing with you!*

IS APPLIED TO ALL UNITY STAKEHOLDERS.

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# FINANCIAL HIGHLIGHTS

Amounts in thousands, except per share data and performance ratios

Year ended December 31,

	2022	2021	2020
<b>Selected Results of Operations</b>			
Interest income	\$ 100,739	\$ 84,780	\$ 78,915
Interest expense	10,631	7,741	14,480
Net interest income	90,108	77,039	64,435
Provision for loan losses	4,159	181	7,000
Noninterest income	8,045	12,054	12,946
Noninterest expense	42,573	40,782	39,262
Provision for income taxes	12,964	12,011	7,475
Net income	\$ 38,457	\$ 36,119	\$ 23,644

## Per Share Data

Net income per common share - Basic	\$ 3.66	\$ 3.47	\$ 2.21
Net income per common share - Diluted	3.59	3.43	2.19
Book value per common share	22.60	19.80	16.63
Market value per common share	27.33	26.25	17.55
Cash dividends declared on common shares	0.43	0.36	0.32

## Selected Balance Sheet Data

Assets	\$ 2,444,948	\$ 2,033,713	\$ 1,958,914
Loans	2,106,559	1,649,448	1,627,817
Allowance for loan losses	(25,196)	(22,302)	(23,105)
Securities	140,946	79,322	47,571
Deposits	1,787,528	1,758,881	1,557,959
Borrowed funds and subordinated debentures	393,310	50,310	210,310
Shareholders' equity	239,231	205,729	173,911
Common shares outstanding	10,584	10,391	10,456

## Performance Ratios

Return on average assets	1.80 %	1.87 %	1.35 %
Return on average equity	17.28	19.16	14.20
Efficiency ratio	42.80	46.09	50.80
Net interest margin	4.40	4.16	3.85



# TO OUR SHAREHOLDERS

*I am thrilled to report that Unity Bank has achieved its best financial performance in our 30 year history delivering full year earnings of \$38.5 million, or \$3.59 per share.*


Our success is a testament to the hard work and dedication of our team members, as well as the trust and loyalty of our valued customers. I would like to take this opportunity to express our sincerest gratitude to our customers for their continued patronage and unwavering trust in our Bank.

I am proud to share with you that Unity Bank generated 28% loan growth in the past year, or over \$450 million, demonstrating the success of our commitment to providing quality loan products and excellent customer service. This growth is a testament to our dedication to supporting the financial needs of our community, including small businesses, entrepreneurs, and families.

As you know, we specialize in commercial banking, residential mortgages, and consumer lending, and our strong performance is a reflection of the confidence that our customers have in our expertise in these areas. Our success has allowed us to expand our reach and support even more businesses and families in New Jersey and Pennsylvania. We are excited to continue to do so in the future.

With total assets growing to \$2.4 billion, a loan portfolio of \$2.1 billion, and deposits of \$1.8 billion, Unity has established itself as one of the most profitable banks in the State of New Jersey. We delivered a net interest margin of 4.40% and return on average equity of 17.3%.





In addition, we have expanded our deposit gathering franchise by opening two new branches in Lakewood and Fort Lee, New Jersey, and have plans to open our first-ever expansion into Morris County in 2023. These branches have allowed us to better serve our customers, to gather deposits, and to deepen our roots in the communities we serve. We believe that these branches will be instrumental in allowing us to provide exceptional customer service to more individuals and businesses.

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OUR SUCCESS IS A TESTAMENT TO THE **HARD WORK AND DEDICATION** OF OUR TEAM MEMBERS, AS WELL AS THE **TRUST AND LOYALTY** OF OUR VALUED CUSTOMERS.

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While we celebrate our recent successes, we must also acknowledge that we are facing a rapidly changing economic environment. The Federal Reserve has increased interest rates at an unprecedented pace, and we are experiencing higher inflation than we have seen in many years. These challenges create a more challenging environment for our customers. However, we are committed to partnering with our customers to help them navigate these challenges and we will continue to adapt our business to the changing economic environment. We have maintained a strong financial position, and we are confident in our ability to continue to deliver value to our shareholders.

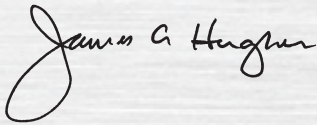
Despite the potential challenges, we remain optimistic about the future.



Our commitment to our customers and our community remains steadfast, and we will continue to provide the exceptional service and support that has made us a trusted partner to so many in New Jersey.

Thank you for your continued support and trust in our Bank. We look forward to continuing to deliver strong financial performance and value to our shareholders.

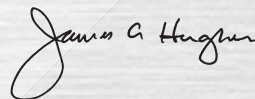
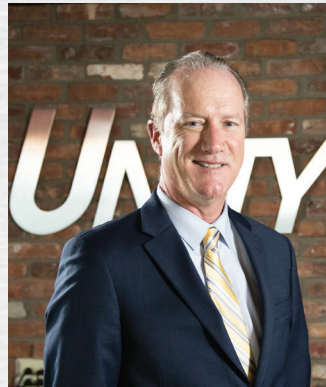
Sincerely,



James A. Hughes  
*President & CEO*  
Unity Bank



David D. Dallas  
*Chairman of the Board*

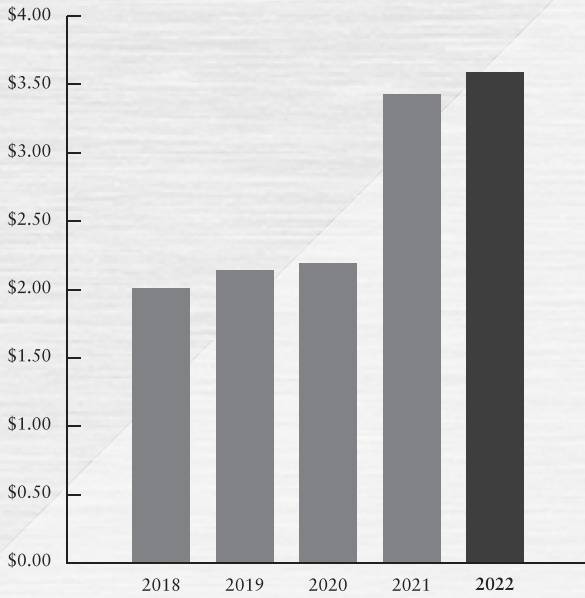


James A. Hughes  
*President & CEO*





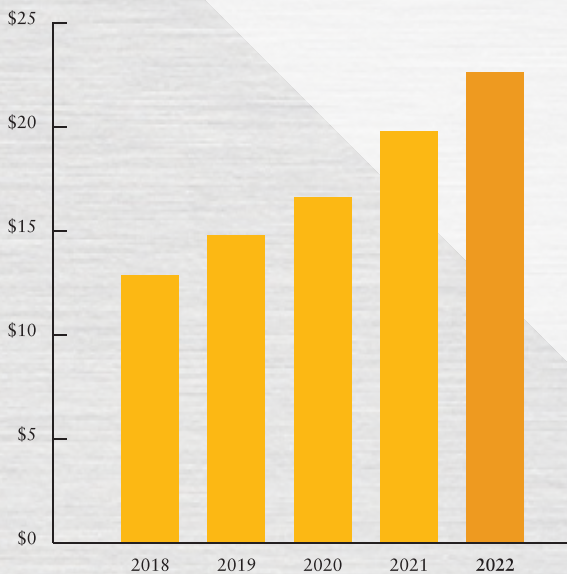
## DILUTED EARNINGS PER SHARE



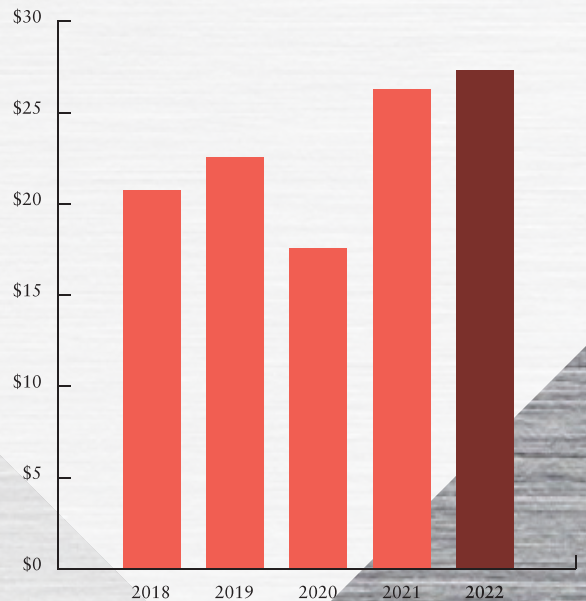
## DIVIDENDS PER SHARE



## BOOK VALUE



## MARKET PRICE



# LENDING SUCCESSES

*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 grow our lending teams while simultaneously improving our systems and processes. This year, workflow enhancements were added to maintain excellent customer service and meet the needs of our customers.

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WE CONTINUE TO GROW  
OUR LENDING TEAMS WHILE  
SIMULTANEOUSLY IMPROVING OUR  
SYSTEMS AND PROCESSES.

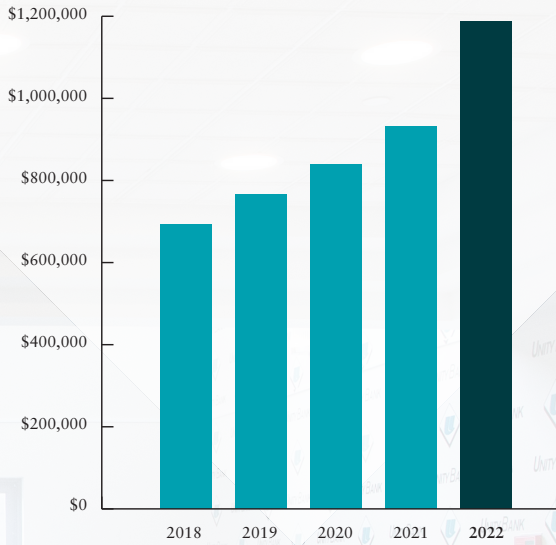
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Our commercial and residential lending teams excelled under challenging market conditions. The residential team had another exceptional year with \$425 million in mortgage originations despite a sharp market decline due to aggressive interest rate increases throughout 2022. The commercial lending team had a record year with \$465 million in loan originations despite battling a rate increase in the latter half of the year. Ultimately, this helped drive significant organic growth in our overall loan portfolio. Loan and deposit growth was achieved while maintaining solid credit quality and a top-tier industry capital position.

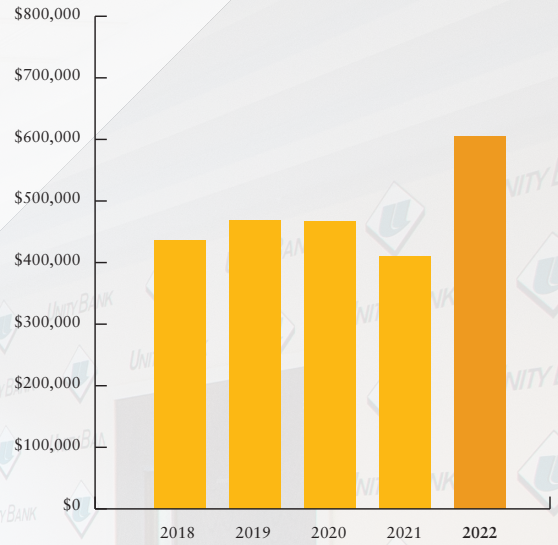


# 5 YEAR LOAN GROWTH

## Commercial Loans

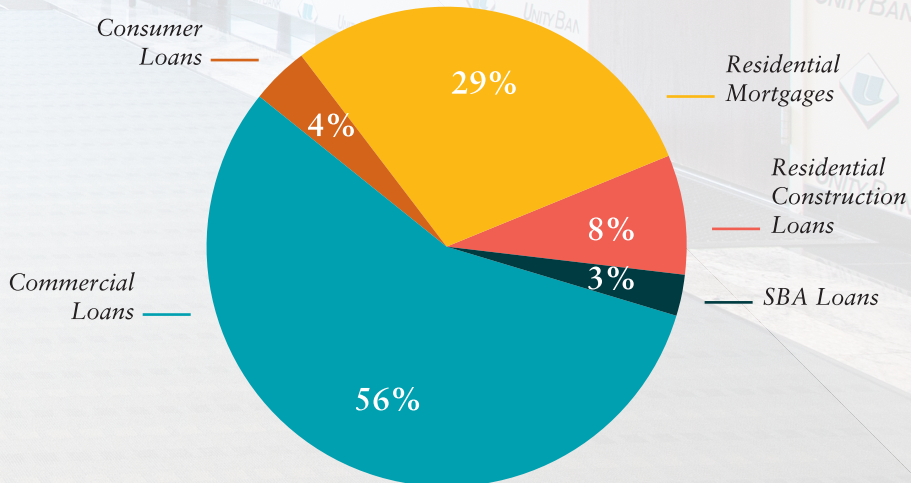


## Residential Mortgages



*in thousands*

# LENDING PORTFOLIO



# OUR BANKING EXPERIENCE

## **Business Center**

Over the last 30 years ago, we have made it our mission to provide the highest level of service to our customers. Equally important, is delivering the latest in technology which is constantly being upgraded across all areas of operation. Unity continues to focus on security by implementing best practices, staying up to date with the cyber threat landscape, and working closely with regulators to ensure we hold our customers' information to the highest level of protection. We continued investing in hardware to support our growth while simultaneously ensuring these investments would benefit us long-term.

Unity Bank understands the value of investing in its employees to provide an environment of growth and continued success. We employ extensive training with the help of our partners to provide customer service, communication, leadership, technological, and project management skills. Updating and modifying Unity Bank's internal data center and infrastructure is critical for keeping up with a rapidly changing work environment. While other banks are closing their branches, Unity is taking advantage by growing its footprint in 2022. Two new locations were opened in Lakewood, New Jersey and Fort Lee, New Jersey. Unity Bank is excited to announce its 21st branch located in Lake Hiawatha which is slated to open in 2023.

## **Overall Technology Improvements**

Online account openings have surged within the financial industry in recent years, offering a more streamlined opening process; and added convenience to the customer. Unity Bank has implemented various online applications for business customers and consumer accounts. Consumers can now open checking accounts, savings accounts, and certificate of deposits (CDs) online. Online residential mortgage loan applications are also available to consumers. For business accounts, commercial loan applications and small business administration (SBA) loans have been added to our online offerings



## **Technology Improvements for Consumer Customers**

Throughout 2022, Unity made significant changes to the new relationship onboarding process, helping us better understand our customers and how they operate their accounts.

During this process, many of our customers have offered suggestions and recommendations, which we appreciated, valued, and implemented into our updates. All consumer accounts have the ability to configure account notifications to receive live updates on account activity, event logins, account threshold targets, etc. For consumer debit cards only, users can enable Card Control, an integrated feature within our consumer mobile application.

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OVER THE LAST 30 YEARS, WE HAVE  
MADE IT OUR MISSION TO PROVIDE  
THE **HIGHEST LEVEL OF SERVICE TO  
OUR CUSTOMERS.**

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Card Control gives our customers full control over their debit card allowing the cardholder to turn the card on and off. Enabling card control also protects our customers from account takeovers and other cybercrimes. New card issues will have contactless or Tap to Pay payment options.

## **Technology Improvements for Business Customers**

Unity Bank now offers Soft-Tokens which allow our customers to virtually install tokens on their smartphones and move away from physical Hard-Tokens. Business accounts feature configurable notifications inclusive of all the consumer alerts with additional alerts regarding wires, positive pay, ACH transfers, etc. New business cards can also utilize contactless payment or Tap to Pay.



# UNITY IN THE COMMUNITY

*Unity Bank is committed to bettering the communities it serves. At Unity Bank, community is more than just a word. The employees on our team live and work in our branch footprint, so giving back is second nature.*

*In 2022, Unity participated in over 500 community events, sponsorships and volunteer opportunities. In addition to traditional donations, Unity Bank supports community programs that keep the Bank and its employees personally connected to the people in our markets.*

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.

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## UNITY BANK RECOMMITTED TO COMMUNITY EVENTS AND PROGRAMS

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Unity Bank continued their title sponsorship of the Tour of Somerville Cycling Series. The bank has participated in the Tour of Somerville since 2017 with races in Somerville, Basking Ridge, and Easton, Pennsylvania. We look forward to watching this event grow each year as it brings people together and supports businesses within the community.

Unity Bank recommitted to community events and programs in 2022 as many in-person events and fundraisers resumed post-pandemic. 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 food inflation costs, and this year Grow-A-Row was able to donate 2.3 million pounds of fresh food, that's 9.2 million servings!

To further combat food insecurity in our community Unity's annual service project raised \$30,400 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 20 locations throughout our footprint, providing food for those in need.



Unity Bank sponsors the adoption fee of a dog or cat each month at The Center for Animal Health & Wellness. Adoption posts are highlighted on the bank's and shelter's social media platforms to help assist in the adoption efforts of special needs or long term shelter pets.

Unity Bank hosted the 16th Annual Charity Car Show benefiting Family Promise of Hunterdon and Warren counties. The show raises money and awareness for its benefactors. The show featured 156 classic cars competing in a variety of categories. For the last 16 years, the car show has been a great opportunity to support the valuable work of Family Promise and its vital services to the community. The show has been very successful over the years thanks to the community, car owners, sponsors and Unity's dedicated employee volunteers. We are enthusiastic about the opportunities to come and continue to commit to helping those in our community.



# CORPORATE INFORMATION

## Executive & Senior Management

**James Hughes**  
President  
Chief Executive Officer

**Minsu Kim**  
Senior Vice President  
Chief Credit Officer

**George Boyan**  
Executive Vice President  
Chief Financial Officer

**Rebecca Kugelman**  
Senior Vice President  
Deposit Operations Manager

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

**Ryan Peene**  
Senior Vice President  
Chief Depository Officer

**John Kauchak**  
Executive Vice President  
Chief Operating Officer

**Christopher Fenimore**  
First Vice President  
Chief Compliance Officer

**Vincent Geraci**  
First Senior Vice President  
Director of Mortgage Lending

**Michelle Kirmser**  
First Vice President  
In-House Counsel

**David Bove**  
Senior Vice President  
Chief Technology Officer

**Karen Klotz**  
First Vice President  
Loan Closing Manager

**James Davies**  
Senior Vice President  
Controller

**Crystal Rose**  
First Vice President  
Marketing Director

**James Donovan**  
Senior Vice President  
Chief Lending Officer

**Bridget Walsh**  
First Vice President  
Human Resources Director

**Rosemary Fellner**  
Senior Vice President  
Chief Experience Officer

**Cassandra Reid**  
Vice President  
BSA/AML/OFAC Officer



## Board of Directors

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

**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  
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 8:30 am, April 27th, 2023 and will be available at: [meetnow.global/M2TQQQW](https://meetnow.global/M2TQQQW)

Please use your shareholder credentials or guest login to access the meeting.

**Stock Listing**  
NASDAQ  
Symbol: UNTY

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

**Investor Inquiries**  
George Boyan  
908-713-4565 | [George.Boyan@unitybank.com](mailto:George.Boyan@unitybank.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 W. ♦ Emerson, NJ 07630

899 Palisade Ave. ♦ Fort Lee, NJ 07024

### **Hunterdon County:**

64 Old Highway 22 ♦ Clinton, NJ 08809

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

### **Ocean County:**

1255 Route 70 ♦ Lakewood, NJ 08701

*(pictured on cover)*

### **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. ♦ 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

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**UNITY BANCORP, INC**

64 Old Highway 22 ♦ Clinton, NJ 08809

[unitybank.com](http://unitybank.com) ♦ 800.618.2265