

UNITY BANCORP INC /NJ/  
Form 10-Q  
May 11, 2012

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED March 31, 2012

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM \_\_\_\_ TO \_\_\_\_.

Commission file number 1-12431

Unity Bancorp, Inc.  
(Exact Name of Registrant as Specified in Its Charter)

New Jersey	22-3282551
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
64 Old Highway 22, Clinton, NJ	08809
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code (908) 730-7630

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934, as amended, during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:  
Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a nonaccelerated filer (as defined in Exchange Act Rule 12b-2):  
Large accelerated filer  Accelerated filer  Nonaccelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company as defined in Rule 12b-2 of the Exchange Act:  
Yes  No

The number of shares outstanding of each of the registrant's classes of common equity stock, as of May 1, 2012  
common stock, no par value: 7,462,572 shares outstanding

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## PART I - CONSOLIDATED FINANCIAL INFORMATION

## Item 1. Consolidated Financial Statements (Unaudited)

Unity Bancorp, Inc.  
Consolidated Balance Sheets  
At March 31, 2012, December 31, 2011 and March 31, 2011  
(Unaudited)

(In thousands)	March 31, 2012	December 31, 2011	March 31, 2011
<b>ASSETS</b>			
Cash and due from banks	\$ 17,986	\$ 17,688	\$ 15,478
Federal funds sold and interest-bearing deposits	53,831	64,886	39,880
Cash and cash equivalents	71,817	82,574	55,358
Securities:			
Securities available for sale, at fair value	110,181	88,765	103,238
Securities held to maturity (fair value of \$18,934, \$19,879, and \$17,774, respectively)	17,880	18,771	17,577
Total securities	128,061	107,536	120,815
Loans:			
SBA held for sale	8,015	7,668	9,933
SBA held to maturity	62,251	64,175	74,657
SBA 504	47,651	55,108	60,092
Commercial	284,861	283,104	283,135
Residential mortgage	132,192	134,090	132,512
Consumer	47,782	48,447	54,193
Total loans	582,752	592,592	614,522
Less: Allowance for loan losses	16,339	16,348	15,275
Net loans	566,413	576,244	599,247
Premises and equipment, net	12,321	11,350	10,782
Bank owned life insurance ("BOLI")	9,179	9,107	8,885
Deferred tax assets	7,115	6,878	7,833
Federal Home Loan Bank stock	4,088	4,088	4,206
Accrued interest receivable	3,672	3,703	3,725
Other real estate owned ("OREO")	1,625	3,032	2,602
Prepaid FDIC insurance	2,386	2,545	2,994
Goodwill and other intangibles	1,526	1,530	1,541
Other assets	1,995	2,259	2,845
<b>Total Assets</b>	<b>\$ 810,198</b>	<b>\$ 810,846</b>	<b>\$ 820,833</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Liabilities:			
Deposits:			
Noninterest-bearing demand deposits	\$ 108,618	\$ 101,193	\$ 91,247
Interest-bearing demand deposits	103,018	104,749	101,878

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Savings deposits	281,535	278,603	293,750
Time deposits, under \$100,000	94,513	102,809	110,050
Time deposits, \$100,000 and over	55,417	56,617	59,851
Total deposits	643,101	643,971	656,776
Borrowed funds	75,000	75,000	75,000
Subordinated debentures	15,465	15,465	15,465
Accrued interest payable	498	523	569
Accrued expenses and other liabilities	2,132	2,329	2,642
Total liabilities	736,196	737,288	750,452
Commitments and contingencies	-	-	-
Shareholders' equity:			
Cumulative perpetual preferred stock	19,683	19,545	19,146
Common stock	53,846	53,746	52,842
Accumulated deficit	(345 )	(854 )	(2,006 )
Accumulated other comprehensive income	818	1,121	399
Total Shareholders' Equity	74,002	73,558	70,381
Total Liabilities and Shareholders' Equity	\$ 810,198	\$ 810,846	\$ 820,833
Preferred shares	21	21	21
Issued common shares	7,463	7,459	7,222
Outstanding common shares	7,463	7,459	7,222

The accompanying notes to the Consolidated Financial Statements are an integral part of these statements.

Unity Bancorp  
Consolidated Statements of Operations  
For the three months ended March 31, 2012 and 2011  
(Unaudited)

(In thousands, except per share amounts)	For the three months ended March 31,	
	2012	2011
<b>INTEREST INCOME</b>		
Federal funds sold and interest-bearing deposits	\$ 32	\$ 11
Federal Home Loan Bank stock	51	66
Securities:		
Available for sale	721	864
Held to maturity	173	287
Total securities	894	1,151
Loans:		
SBA	924	1,236
SBA 504	759	955
Commercial	4,183	4,306
Residential mortgage	1,655	1,831
Consumer	560	686
Total loans	8,081	9,014
Total interest income	9,058	10,242
<b>INTEREST EXPENSE</b>		
Interest-bearing demand deposits	136	139
Savings deposits	354	581
Time deposits	913	1,097
Borrowed funds and subordinated debentures	847	950
Total interest expense	2,250	2,767
Net interest income	6,808	7,475
Provision for loan losses	1,200	2,500
Net interest income after provision for loan losses	5,608	4,975
<b>NONINTEREST INCOME</b>		
Branch fee income	386	344
Service and loan fee income	302	243
Gain on sale of SBA loans held for sale, net	157	111
Gain on sale of mortgage loans, net	411	169
BOLI income	73	73
Net security gains	224	125
Other income	162	190
Total noninterest income	1,715	1,255
<b>NONINTEREST EXPENSE</b>		
Compensation and benefits	3,182	3,057
Occupancy		