

UNITY BANCORP INC /NJ/
Form 10-Q
August 14, 2008

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 JUNE 30, 2008
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
(State or Other Jurisdiction of Incorporation or
Organization)

22-3282551
(I.R.S. Employer Identification No.)

64 Old Highway 22, Clinton, NJ
(Address of Principal Executive Offices)

08809
(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 non-accelerated filer (as defined in Exchange Act Rule 12b-2):

Large accelerated filer Accelerated filer Non-accelerated 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 August 1, 2008
common stock, no par value: 7,109,437 shares outstanding

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Part 1.-Consolidated Financial Information

Item 1.-Consolidated Financial Statements (unaudited)

Unity Bancorp, Inc.
Consolidated Balance Sheets

(unaudited)

(In thousands)	06/30/08	12/31/07	06/30/07
Assets			
Cash and due from banks	\$ 20,368	\$ 14,336	\$ 14,696
Federal funds sold and interest-bearing deposits	33,678	21,976	51,063
Securities:			
Available for sale	77,110	64,855	62,929
Held to maturity (market value of \$29,077, \$33,639 and \$35,523, respectively)	29,862	33,736	36,531
Total securities	106,972	98,591	99,460
Loans:			
SBA held for sale	25,605	24,640	8,914
SBA held to maturity	75,988	68,875	66,634
Commercial	387,302	365,786	342,328
Residential mortgage	95,100	73,697	69,417
Consumer	59,044	57,134	54,092
Total loans	643,039	590,132	541,385
Less: Allowance for loan losses	8,945	8,383	7,997
Net loans	634,094	581,749	533,388
Premises and equipment, net	12,372	12,102	11,614
Bank-owned life insurance	5,674	5,570	5,467
Accrued interest receivable	4,095	3,994	3,687
Loan servicing asset	1,877	2,056	2,289
Goodwill and other intangibles	1,581	1,588	1,596
Other assets	11,604	10,234	9,143
Total assets	\$ 832,315	\$ 752,196	\$ 732,403
Liabilities and Shareholders' Equity			
Liabilities:			
Deposits			
Noninterest-bearing demand deposits	\$ 81,273	\$ 70,600	\$ 74,731
Interest-bearing checking	88,551	78,019	84,107
Savings deposits	180,665	196,390	218,273
Time deposits, under \$100,000	236,241	168,244	138,440
Time deposits, \$100,000 and over	85,151	88,015	80,542
Total deposits	671,881	601,268	596,093
Borrowed funds	95,000	85,000	60,000
Subordinated debentures	15,465	15,465	24,744
Accrued interest payable	779	635	595
Accrued expense and other liabilities	1,239	2,568	2,729
Total liabilities	784,364	704,936	684,161
Commitments and contingencies	-	-	-
Shareholders' equity:			

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Common stock, no par value: 12,500 shares authorized	52,281	49,447	49,087
Retained earnings	1,593	2,472	1,435
Treasury stock (425 shares at June 30, 2008 and December 31, 2007 and 107 shares at June 30, 2007)	(4,169)	(4,169)	(1,121)
Accumulated other comprehensive loss	(1,754)	(490)	(1,159)
Total Shareholders' Equity	47,951	47,260	48,242
Total Liabilities and Shareholders' Equity	\$ 832,315	\$ 752,196	\$ 732,403
Issued common shares	7,520	7,488	7,478
Outstanding common shares	7,095	7,063	7,371

See Accompanying Notes to the Consolidated Financial Statements

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Unity Bancorp
Consolidated Statements of Income
(unaudited)

(In thousands, except per share amounts)	For the three months ended June 30,		For the six months ended June 30,	
	2008	2007	2008	2007
Interest and dividend income:				
Fed funds sold and interest on deposits	\$ 111	\$ 221	\$ 291	\$ 483
Bankers bank stock	76	56	176	114
Securities:				
Available for sale	932	722	1,807	1,444
Held to maturity	398	478	835	1,018
Total securities	1,330	1,200	2,642	2,462
Loans:				
SBA loans	2,028	2,202	4,356	4,542
Commercial loans	6,667	6,378	13,402	12,366
Residential mortgage loans	1,209	967	2,288	1,855
Consumer loans	846	951	1,747	1,855
Total loan interest income	10,750	10,498	21,793	20,618
Total interest and dividend income	12,267	11,975	24,902	23,677
Interest expense:				