

2010 Shareholders' Meeting

April 29th, 2010



UNITY
BANCORP•INC

UNITY'S Accomplishments!

- ◆ Despite this challenging environment, Unity's performance in 2009 included the following accomplishments:
 - ❖ Total assets increased 3.6 percent
 - ❖ Total deposits increased 7.2 percent
 - ❖ Further improvement in sales culture
 - ❖ Continued improvements in infrastructure
 - ❖ Excluding FDIC insurance increase, expenses remained flat



How the Economy Affected *UNITY*

- ◆ Unity's 2009 results were affected by:

- ❖ Other-than-temporary impairment charges (“OTTI”) of \$2.6 million in 2009
- ❖ Higher provision for loan losses due to the economy
- ❖ Increase in past due accounts
- ❖ Increase in collection costs
- ❖ Increase in FDIC insurance
- ❖ Weak loan demand



UNITY'S Strategic Direction

- ◆ One sales process with common goals
- ◆ Relationship-based business model
- ◆ New lending footprint
- ◆ Improve net interest margin
- ◆ Stabilize credit quality
- ◆ Effective cost control



UNITY'S Branch Network

New Jersey

- ◆ Hunterdon County
 - ❖ Clinton
 - ❖ Flemington
 - ❖ Whitehouse
- ◆ Middlesex County
 - ❖ Colonia
 - ❖ Edison
 - ❖ Highland Park
 - ❖ Middlesex
 - ❖ South Plainfield
- ◆ Somerset County
 - ❖ North Plainfield
- ◆ Union/Essex County
 - ❖ Linden
 - ❖ Scotch Plains
 - ❖ Springfield
 - ❖ Union
- ◆ Warren County
 - ❖ Phillipsburg
 - ❖ Washington (In Progress)

Pennsylvania

- ◆ Northampton County
 - ❖ Forks Township
 - ❖ William Penn



UNITY'S Recent and Future Highlights

- ◆ Brought items processing in-house - \$175k per year
- ◆ ATM - a surcharge free network
- ◆ E-statements ("Go Green!")
- ◆ Enhancements to electronic banking
- ◆ VISA gift cards
- ◆ Mobile banking
- ◆ Foreign currency exchange
- ◆ Online residential mortgage applications



UNITY'S Marketing Initiatives



Introduced Integrated Multimedia Campaign

Landing Page

764 average daily hits

Google AdWords

747 Clicks & 758,005 impressions in our geo-targeted areas

Newspaper Ads

Across footprint

Web Ads

NJ.com

LehighValleyLive.com

HAWK microsite

99.9 The HAWK Radio

Billboards

UNITY'S Marketing Initiatives



Statistics

121 New Checking Accounts Opened; 31.93% increase over previous 60 day period

\$2,643,869 increase in Initial Deposits; 56.76% increase over previous 60 day period



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100 reasons to go local.

View them all at unitybank.com/100

Reason #4

We will donate \$10 to NJ and PA food banks for every checking account opened between 8/15/09 and 11/15/09

Reason #28

We have a hot air balloon. Look for it at the Warren County Fair and other fun events



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UNITY'S New Marketing Initiative



Key Bank Ratios

	For the 3 months ended 3/31/2010	For the 12 months ended 12/31/2009	
	Unity	Unity	All FDIC-Insured Commercial Banks
Return on Average Assets	0.34%	(0.12)%	0.09%
Return on Average Equity	3.09%	(5.29)%	0.85%
Net Interest Margin	3.57%	3.22%	3.50%
Total Nonperforming Assets to Total Assets	3.37%	2.90%	3.36%
Net Charge-offs to Average Loans	0.80%	0.67%	2.57%

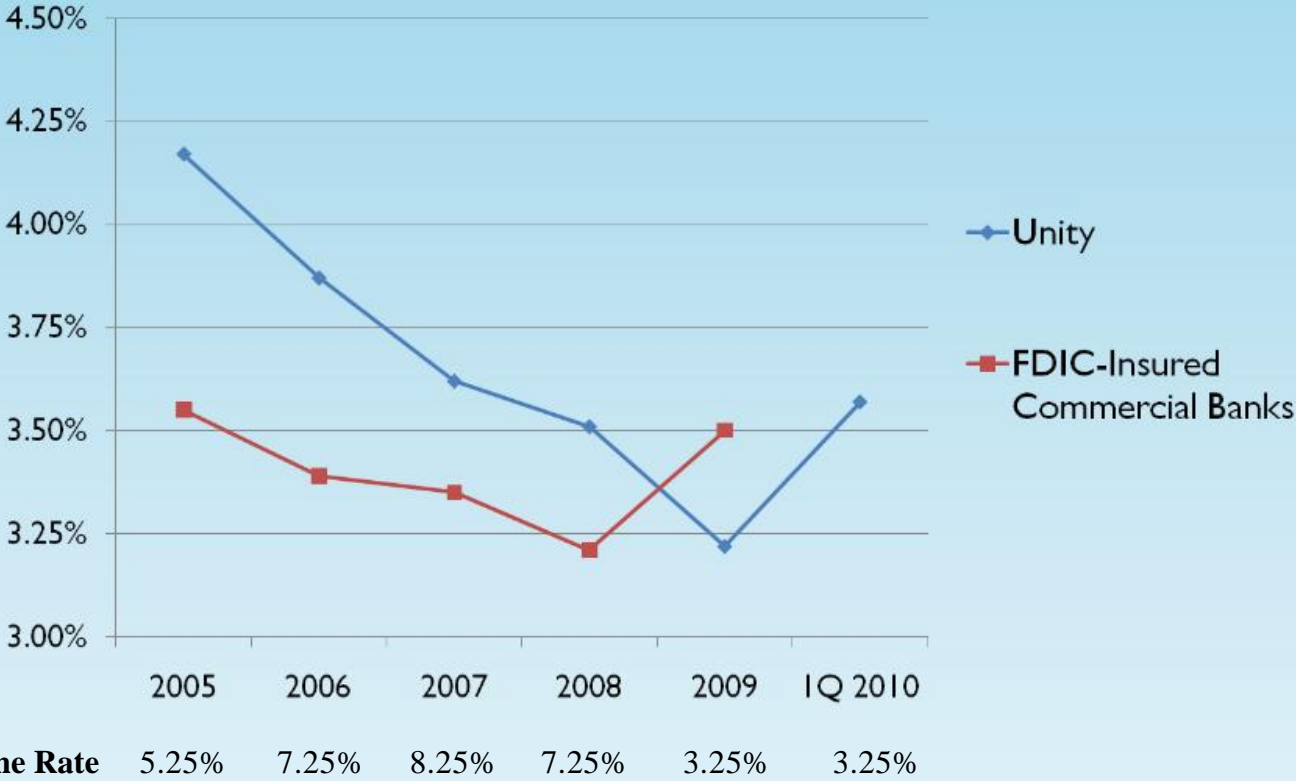
** - More than one in four institutions (29.5 percent) reported negative net income for the year.*

Income Statement

(dollars in thousands)

	For the years ended		%
	2009	2008	Change
Net Interest Income	\$ 27,828	\$ 27,291	2.0%
Provision for Loan Losses	(8,000)	(4,500)	77.8%
OTTI Charges & Net Security (Losses) Gains	(1,756)	(1,918)	-8.4%
Other Noninterest Income	3,896	4,612	-15.5%
Noninterest Expense	(23,947)	(22,939)	4.4%
Net Income (Loss) Before Taxes	(1,979)	2,546	-177.7%
Net Income (Loss)	\$ (1,081)	\$ 1,930	-156.0%
Net income (Loss) Available to Common Shareholders	\$ (2,577)	\$ 1,820	-241.6%
Net Income per Share - Diluted	\$ (0.36)	\$ 0.25	

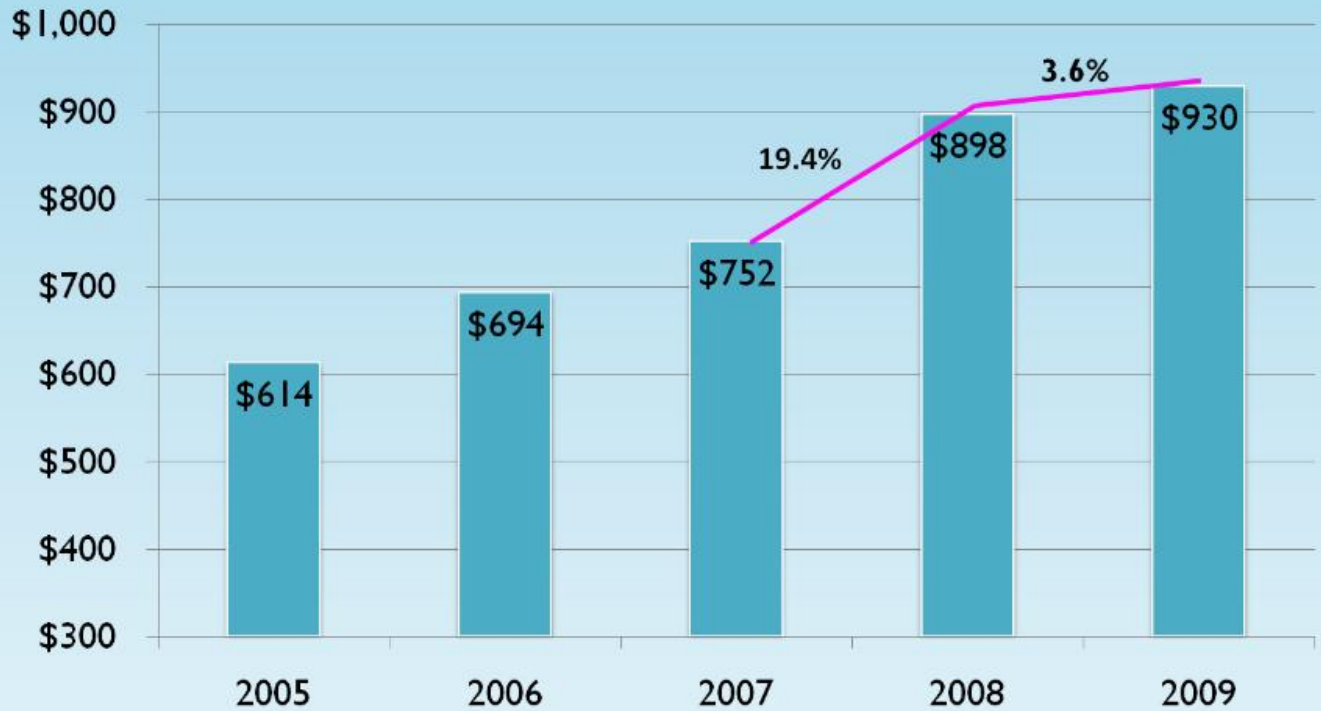
Net Interest Margin



Total Asset Growth

(dollars in millions)

➤ In 2009, Unity grew total assets by 3.6% versus a decline of 3.8% for all FDIC-Insured Commercial Banks



Total Loan Growth

(dollars in millions)

➤ In 2009, Unity's total loans declined 4.2% versus a 5.0% decline for all FDIC-Insured Commercial Banks.



Nonperforming Loans by Category

(dollars in thousands)

	12/31/2009		12/31/2008	
Category	\$ Value	# of Loans	\$ Value	# of Loans
SBA 7(a)	6,559	75	4,228	49
SBA 504	5,575	2	4,600	3
Commercial	7,397	21	5,247	8
Residential Mortgage	5,578	13	1,808	7
Consumer	387	6	237	8
Total	25,496	117	16,120	75
Selected Ratios	12/31/2009		12/31/2008	
Net Charge-offs to Average Loans	0.67%		0.40%	
Nonperforming Loans to Total Loans	3.88%		2.35%	
Allowance for Loan Losses to Total Loans	2.11%		1.51%	

Total Deposit Growth

(dollars in millions)

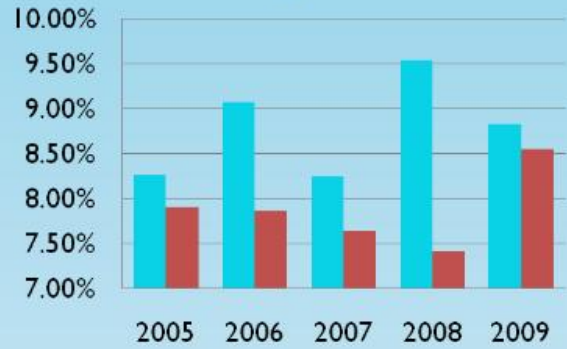
➤ In 2009, Unity grew total deposits by 7.2% versus 3.1% for all FDIC-Insured Commercial Banks.



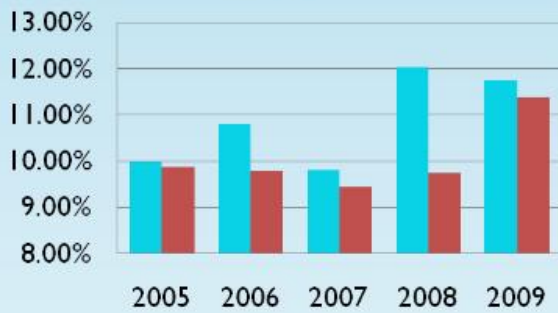
Capital Ratios

- Unity Bancorp, Inc.
- FDIC-Insured Commercial Banks

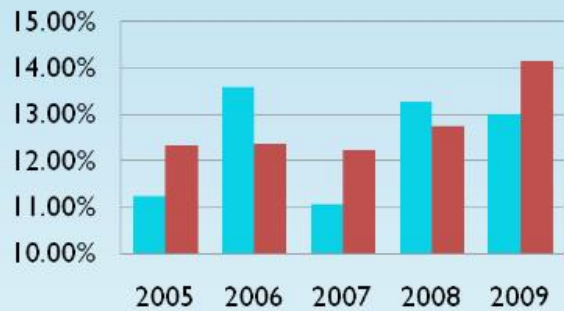
Leverage Ratio



Tier I Risk-Based Capital Ratio



Total Risk-Based Capital Ratio



Compelling Investment Considerations

- ◆ Deep discount to book
- ◆ Knowledgeable and experienced management team
- ◆ Attractive branch franchise
- ◆ Improving bank fundamentals
- ◆ Positioned for economic rebound
- ◆ Insider ownership





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The previous slides contained data from the following sources:

- ◆ FDIC-Insured Commercial Banks:
 - ❖ Obtained from FDIC.gov Quarterly Banking Profile

