

UNITY BANCORP INC /NJ/
Form 10-Q
August 10, 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 June 30, 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
(State or Other Jurisdiction of Incorporation or Organization)

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

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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 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 August 1, 2012
common stock, no par value: 7,460,572 shares outstanding

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PART I CONSOLIDATED FINANCIAL INFORMATION

ITEM 1 Consolidated Financial Statements (Unaudited)

Unity Bancorp, Inc.

Consolidated Balance Sheets

(Unaudited)

(In thousands)	June 30, 2012	December 31, 2011	June 30, 2011
ASSETS			
Cash and due from banks	\$ 18,600	\$ 17,688	\$ 12,915
Federal funds sold and interest-bearing deposits	19,235	64,886	33,367
Cash and cash equivalents	37,835	82,574	46,282
Securities:			
Securities available for sale	97,965	88,765	101,872
Securities held to maturity (fair value of \$18,301, \$19,879 and \$13,855, respectively)	16,881	18,771	13,316
Total securities	114,846	107,536	115,188
Loans:			
SBA loans held for sale	6,087	7,668	13,753
SBA loans held to maturity	60,382	64,175	71,429
SBA 504 loans	45,247	55,108	55,810
Commercial loans	310,331	283,104	287,785
Residential mortgage loans	136,514	134,090	134,782
Consumer loans	46,340	48,447	51,546
Total loans	604,901	592,592	615,105
Allowance for loan losses	(16,284)	(16,348)	(16,018)
Net loans	588,617	576,244	599,087
Premises and equipment, net	12,146	11,350	10,650
Bank owned life insurance ("BOLI")	9,253	9,107	8,959
Deferred tax assets	6,977	6,878	6,756
Federal Home Loan Bank stock	3,989	4,088	4,088
Accrued interest receivable	3,415	3,703	3,692
Other real estate owned ("OREO")	2,355	3,032	2,722
Prepaid FDIC Insurance	2,230	2,545	2,720
Goodwill and other intangibles	1,522	1,530	1,537
Other assets	1,926	2,259	4,482
Total assets	\$ 785,111	\$ 810,846	\$ 806,163

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:

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Deposits:			
Noninterest-bearing demand deposits	\$ 107,497	\$ 101,193	\$ 94,547
Interest-bearing demand deposits	101,420	104,749	93,730
Savings deposits	273,395	278,603	285,651
Time deposits, under \$100,000	83,138	102,809	106,880
Time deposits, \$100,000 and over	50,993	56,617	60,359
Total deposits	616,443	643,971	641,167
Borrowed funds	75,000	75,000	75,000
Subordinated debentures	15,465	15,465	15,465
Accrued interest payable	470	523	570
Accrued expenses and other liabilities	2,832	2,329	1,754
Total liabilities	710,210	737,288	733,956
Commitments and contingencies	-	-	-
Shareholders' equity:			
Cumulative perpetual preferred stock	19,824	19,545	19,278
Common stock	53,917	53,746	53,590
Retained earnings (deficit)	231	(854)	(1,757)
Accumulated other comprehensive income	929	1,121	1,096
Total shareholders' equity	74,901	73,558	72,207
Total liabilities and shareholders' equity	\$ 785,111	\$ 810,846	\$ 806,163
Preferred shares	21	21	21
Issued common shares	7,461	7,459	7,412
Outstanding common shares	7,461	7,459	7,412

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

Unity Bancorp, Inc.

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,	
	2012	2011	2012	2011
INTEREST INCOME				
Federal funds sold and interest-bearing deposits	\$ 11	\$ 9	\$ 43	\$ 20
Federal Home Loan Bank stock	44	35	95	101
Securities:				
Available for sale	690	891	1,410	1,754
Held to maturity	163	180	336	468
Total securities	853	1,071	1,746	2,222
Loans:				
SBA loans	846	1,191	1,770	2,427
SBA 504 loans	691	834	1,451	1,789
Commercial loans	4,216	4,581	8,397	8,887
Residential mortgage loans	1,582	1,846	3,237	3,677
Consumer loans	529	629	1,089	1,315
Total loans	7,864	9,081	15,944	18,095
Total interest income	8,772	10,196	17,828	20,438
INTEREST EXPENSE				
Interest-bearing demand deposits	123			