

UNITY BANCORP INC /NJ/
Form 10-Q
November 13, 2007

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 SEPTEMBER 30, 2007**

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)

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

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

08809
(Zip Code)

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

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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

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

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The number of shares outstanding of each of the registrant's classes of common equity stock, as of November 1, 2007 common stock, no par value: 6,821,728 shares outstanding

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Part 1.-Consolidated Financial Information

Item 1.-Consolidated Financial Statements (unaudited)

Unity Bancorp, Inc.

Consolidated Balance Sheets

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(unaudited)

(In thousands)	09/30/07	12/31/06	09/30/06
Assets			
Cash and due from banks	\$ 12,826	\$ 14,727	\$ 16,399
Federal funds sold and interest-bearing deposits	32,495	40,709	22,383
Securities:			
Available for sale	76,700	65,595	68,907
Held to maturity (market value of \$34,955, \$42,449 and \$43,334, respectively)	35,496	42,815	43,910
Total securities	112,196	108,410	112,817
Loans:			
SBA held for sale	17,014	12,273	18,474
SBA held to maturity	66,255	66,802	61,885
Commercial	356,964	312,195	308,466
Residential mortgage	72,177	63,493	61,787
Consumer	55,187	52,927	48,050
Total loans	567,597	507,690	498,842
Less: Allowance for loan losses	8,183	7,624	7,480
Net loans	559,414	500,066	491,362
Premises and equipment, net	11,729	11,610	11,123
Bank-owned life insurance	5,520	5,372	5,325
Accrued interest receivable	4,073	3,926	3,724
Loan servicing asset	2,139	2,294	2,307
Goodwill and other intangibles	1,592	1,603	1,607
Other assets	4,837	5,389	4,764
Total assets	\$ 746,821	\$ 694,106	\$ 671,811
Liabilities and Shareholders Equity			
Liabilities:			
Deposits			
Non-interest bearing demand deposits	\$ 73,355	\$ 79,772	\$ 77,057
Interest-bearing checking	81,985	105,382	111,142
Savings deposits	193,387	205,919	195,626
Time deposits, under \$100,000	181,776	111,070	115,082
Time deposits, \$100,000 and over	81,712	64,322	58,544
Total deposits	612,215	566,465	557,451
Borrowed funds	70,000	55,000	47,500
Subordinated debentures	15,465	24,744	19,589
Accrued interest payable	757	475	360
Accrued expense and other liabilities	1,123	1,194	1,760
Total liabilities	699,560	647,878	626,660
Commitments and contingencies			
Shareholders equity			
Common stock, no par value: 12,500 shares authorized	49,282	44,343	44,118
Retained earnings	2,128	2,951	2,359
Treasury stock (309 shares at Sept. 30, 2007 and 24 shares at December 31, 2006 and September 30, 2006)	(3,218)	(242)	(242)
Accumulated other comprehensive loss	(931)	(824)	(1,084)
Total Shareholders Equity	47,261	46,228	45,151
Total Liabilities and Shareholders Equity	\$ 746,821	\$ 694,106	\$ 671,811
Issued common shares			
Issued common shares	7,122	6,973	6,954
Outstanding common shares	6,813	6,949	6,930

See Accompanying Notes to the Consolidated Financial Statements

Unity Bancorp

Consolidated Statements of Income

(unaudited)

(In thousands, except per share amounts)	For the three months ended Sept. 30,		For the nine months ended Sept. 30,	
	2007	2006	2007	2006
Interest income:				
Fed funds sold and interest on deposits	\$ 390	\$ 270	\$ 873	\$ 831
Securities:				
Available for sale	954	846	2,512	2,263
Held to maturity	452	548	1,470	1,491
Total securities	1,406	1,394	3,982	3,754
Loans:				
SBA loans	2,190	2,175	6,732	6,507
Commercial loans	6,600	5,779	18,966	16,039
Residential mortgage loans	1,047	810	2,902	2,418
Consumer loans	933	830	2,788	2,353
Total loan interest income	10,770	9,594	31,388	27,317
Total interest income	12,566	11,258	36,243	31,902
Interest expense:				
Interest-bearing demand deposits	451	637	1,480	1,984
Savings deposits	1,995	1,971	6,288	4,867
Time deposits	2,994	1,968	7,117	5,138
Borrowed funds and subordinated debentures	1,153	738	3,279	1,883
Total interest expense	6,593	5,314	18,164	13,872
Net interest income	5,973	5,944	18,079	18,030
Provision for loan losses	450	400	1,000	950
Net interest income after provision for loan losses	5,523	5,544	17,079	17,080
Non-interest income:				
Service charges on deposit accounts	338	386	1,026	1,228
Service and loan fee income	428	491	1,174	1,292
Gain on sales of SBA loans, net	316	927	1,819	2,185
Gain on sales of mortgage loans	33	119	61	291
Gain on sales of other loans				82
Net security gains	22	69	32	69
Bank-owned life insurance	53	47	148	140
Other income	270	204	627	605
Total non-interest income	1,460	2,243	4,887	5,892
Non-interest expense:				
Compensation and benefits	2,816	2,809	8,494	8,198
Occupancy	699	631	2,016	1,925
Processing and communications	645			