



Unity Bancorp, Inc. (UNTY)

Updated October 14th, 2025, by Kody Kester

Key Metrics

Current Price:	\$49	5 Year CAGR Estimate:	10.5%	Market Cap:	\$492M
Fair Value Price:	\$50	5 Year Growth Estimate:	9.0%	Ex-Dividend Date:	12/12/25 ¹
% Fair Value:	98%	5 Year Valuation Multiple Estimate:	0.4%	Dividend Payment Date:	12/30/25 ¹
Dividend Yield:	1.2%	5 Year Price Target	\$77	Years Of Dividend Growth:	13
Dividend Risk Score:	A	Sector:	Financials	Rating:	Buy

Overview & Current Events

Founded in 1991 under the name First Community Bank, Unity Bancorp, Inc. is a community bank. UNTY serves as the holding company of Unity Bank.

The company is a full-service commercial bank that mostly serves businesses and consumers in Bergen, Hunterdon, Middlesex, Morris, Ocean, Somerset, Union, and Warren counties in New Jersey. To a lesser extent, Unity Bank reaches into the New York City metropolitan area and Northampton County in Pennsylvania with its banking locations and online services. As of September 30th, 2025, UNTY had \$2.9 billion in assets.

The bank offers customers savings products, including personal and business checking accounts, savings accounts, and money market accounts. UNTY also provides Small Business Administration loans, commercial loans, mortgage loans, home equity loans, and personal loans. Additionally, the company offers debit and credit cards, safe deposit boxes, and internet and mobile banking services.

Among publicly traded banks, Bank Director ranks UNTY as the 14th best in the nation. The company's commitment to meeting the needs of customers was instrumental in this high ranking. UNTY's operating efficiency in terms of profitability, capital adequacy, and asset quality metrics was a contributing factor as well.

On October 14th, the community bank released its financial results for the third quarter ended September 30th. UNTY's net interest income rose by 23.3% year-over-year to \$29.3 million during the quarter. The bank's net interest income growth was fueled by a 38-basis-point expansion in net interest margin to 4.54% and an 11.5% uptick in the total loan balance in the quarter. UNTY's diluted EPS surged 31.8% over the year-ago period to \$1.41 for the quarter. This beat the analyst consensus during the quarter by \$0.12. In August, UNTY also upped its quarterly dividend per share by 7.1% to \$0.15. This marked the 13th consecutive year that the company has raised its payout.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$1.12	\$1.38	\$1.20	\$2.01	\$2.14	\$2.19	\$3.43	\$3.59	\$3.84	\$4.06	\$5.00	\$7.69
DPS	\$0.13	\$0.17	\$0.23	\$0.27	\$0.31	\$0.32	\$0.36	\$0.43	\$0.48	\$0.52	\$0.60	\$0.88
Shares²	9.3	10.5	10.6	10.8	10.9	10.5	10.4	10.6	10.1	10.0	10.0	9.5

Since 2015, UNTY's diluted EPS has almost quadrupled. Given that the bank is dealing with a larger earnings base, it will be more difficult to deliver this level of growth in the future. However, we continue to think that diluted EPS growth can be in the high single digits annually over the medium term. This is due to the continued expansion in the company's net interest margin (up five basis points sequentially). UNTY's share count has also gradually decreased in recent years. We think this will be maintained and expect a modest reduction in the share count over the next five years.

¹ Estimated dates based on past dividend dates.

² Share count is in millions.



Unity Bancorp, Inc. (UNTY)

Updated October 14th, 2025, by Kody Kester

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/E	10.1	11.4	16.5	10.0	10.3	8.0	7.7	7.6	7.7	10.7	9.8	10.0
Avg. Yld.	1.1%	1.1%	1.2%	1.3%	1.4%	1.8%	1.4%	1.6%	1.6%	1.2%	1.2%	1.1%

Over the past 10 years, UNTY’s P/E ratio has varied from as low as the high single digits to as much as the mid-teens. This accounts for the average P/E ratio of 10 over that time. Since the company’s growth profile is arguably intact and it is among the best banks in the country, we maintain the view that a P/E ratio of 10 is a rational assumption. Relative to the current-year P/E ratio of 9.8, this implies shares are marginally undervalued.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	12%	12%	19%	13%	14%	15%	10%	12%	13%	13%	12%	11%

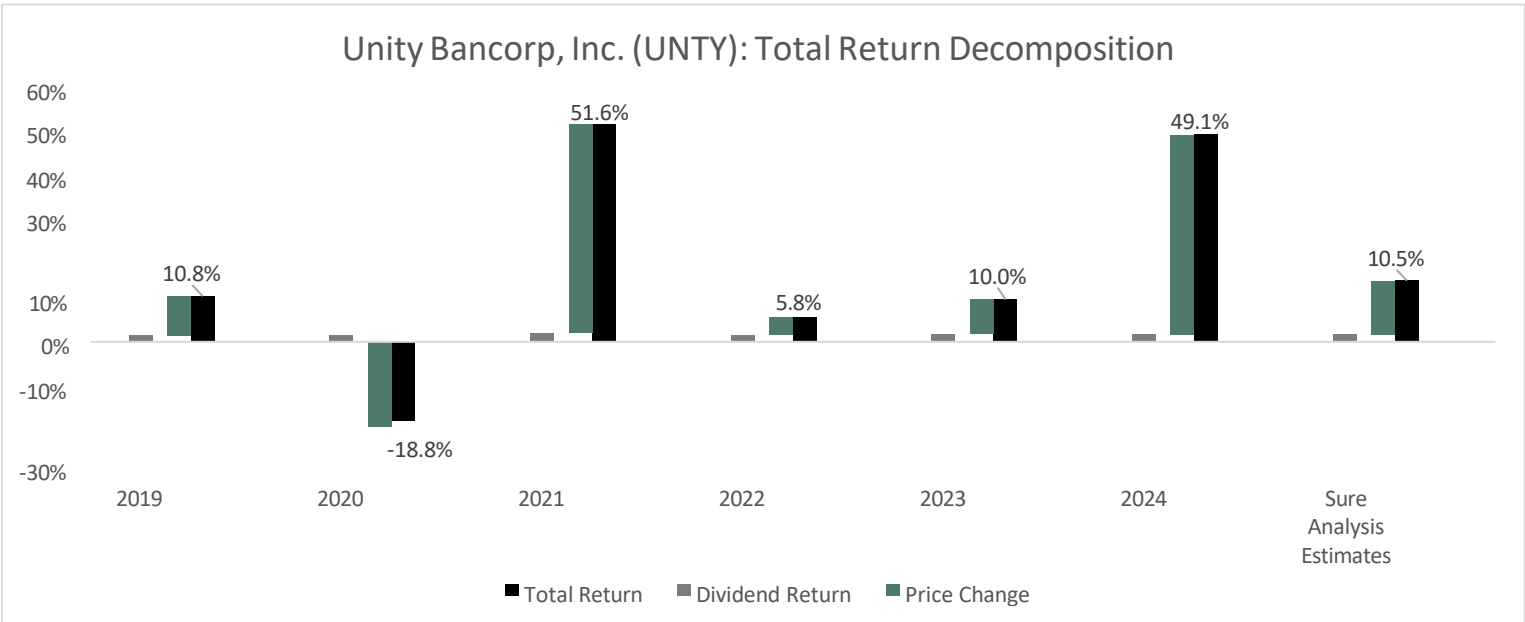
UNTY has managed to achieve a lot in its 34-year operating history. As one of the leading banks headquartered in New Jersey, the company blends the feeling of a bigger bank with the hometown charm of a smaller bank. This keeps existing customer retention elevated and attracts new customers as well.

The company’s asset quality is reasonably strong, too. As of September 30th, the company’s nonperforming assets ratio was 0.71% - an 11 basis point worsening over the year-ago period but still low. UNTY’s dividend payout ratio is another plus. As it has for most of the past 10 years, this is set to be in the low double-digits in 2025. That provides a sizable buffer for the company to build on its dividend growth streak, with dividend growth nearly matching diluted EPS growth in the years to come.

Final Thoughts & Recommendation

UNTY’s 1.2% dividend yield, 9.0% annual diluted EPS growth prospects, and 0.4% annual valuation multiple upside potential could produce 10.5% annual total returns through 2030. Over the last three months, shares of UNTY have pulled back about 7%. That has swung the valuation from a bit overvalued to slightly discounted. As a result, we’re upgrading shares back to a Buy rating.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



Unity Bancorp, Inc. (UNTY)

Updated October 14th, 2025, by Kody Kester

Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	42	46	53	63	66	77	88	98	101	106
SG&A Exp.	18	19	21	24	24	25	28	30	33	33
D&A Exp.	1	1	1	2	2	2	2	3	2	-
Net Profit	10	13	13	22	24	24	36	38	40	41
Net Margin	22.9%	28.6%	24.1%	34.8%	35.8%	30.9%	41.0%	39.4%	39.3%	38.6%
Free Cash Flow	2	(1)	13	37	32	22	31	41	46	-
Income Tax	5	7	10	5	7	7	12	13	13	13

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	1,085	1,190	1,455	1,579	1,719	1,959	2,034	2,445	2,579	2,654
Cash & Equivalent	23	22	24	20	21	23	245	115	195	180
Accounts Receivable	4	4	5	6	7	10	10	13	14	13
Goodwill & Int.	2	2	2	2	2	2	2	2	2	2
Total Liabilities	1,006	1,084	1,337	1,441	1,558	1,785	1,828	2,206	2,317	2,358
Accounts Payable	0	0	0	0	0	0	0	1	2	2
Long-Term Debt	92	131	285	220	293	210	50	393	367	231
Shareholder's Equi	78	106	118	138	161	174	206	239	261	296
LTD/E Ratio	1.18	1.24	2.42	1.59	1.83	1.21	0.24	1.64	1.40	0.78

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	0.9%	1.2%	1.0%	1.4%	1.4%	1.3%	1.8%	1.7%	1.6%	1.6%
Return on Equity	12.9%	14.3%	11.5%	17.1%	15.8%	14.1%	19.0%	17.3%	15.9%	14.9%
ROIC	5.2%	6.5%	4.0%	5.8%	5.8%	5.6%	11.3%	8.7%	6.3%	7.2%
Shares Out.	9.3	10.5	10.6	10.8	10.9	10.5	10.4	10.6	10.1	10.2
Revenue/Share	4.45	4.83	4.98	5.77	5.99	7.08	8.35	9.12	9.76	10.38
FCF/Share	0.22	(0.08)	1.20	3.40	2.95	2.01	2.97	3.85	4.45	-

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

Disclaimer

Nothing presented herein is, or is intended to constitute, specific investment advice. Nothing in this research report should be construed as a recommendation to follow any investment strategy or allocation. Any forward-looking statements or forecasts are based on assumptions and actual results are expected to vary from any such statements or forecasts. No reliance should be placed on any such statements or forecasts when making any investment decision. While Sure Dividend has used reasonable efforts to obtain information from reliable sources, we make no representations or warranties as to the accuracy, reliability or completeness of third-party information presented herein. No guarantee of investment performance is being provided and no inference to the contrary should be made. There is a risk of loss from an investment in marketable securities. Past performance is not a guarantee of future performance.