Unity Bancorp, Inc. (UNTY)

Updated January 13th, 2026, by Kody Kester

Key Metrics

Current Price:	$54	**5 Year CAGR Estimate:**	11.2%	**Market Cap:**	$542M
Fair Value Price:	$58	**5 Year Growth Estimate:**	9.0%	**Ex-Dividend Date:**	03/13/26[1]
% Fair Value:	94%	**5 Year Valuation Multiple Estimate:**	1.2%	**Dividend Payment Date:**	03/27/26[1]
Dividend Yield:	1.1%	**5 Year Price Target**	$88	**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 December 31st, 2025, UNTY had roughly $3 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 January 13th, the community bank shared its earnings report for the fourth quarter ended December 31st. UNTY's net interest income jumped 18.4% over the year-ago period to $31.4 million in the quarter. The company's net interest income growth was driven by a combination of a 23 basis point expansion in the net interest margin to 4.6% and a 12.6% uptick in total gross loans to $2.54 billion during the quarter. UNTY's diluted EPS soared 34.5% year-over-year to $1.52 for the quarter. For more color, that was $0.16 above the analyst consensus in the quarter.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.38	$1.20	$2.01	$2.14	$2.19	$3.43	$3.59	$3.84	$4.06	$5.67	***$5.75***	***$8.85***
DPS	$0.17	$0.23	$0.27	$0.31	$0.32	$0.36	$0.43	$0.48	$0.52	$0.58	***$0.60***	***$0.88***
Shares[2]	10.5	10.6	10.8	10.9	10.5	10.4	10.6	10.1	10.0	10.0	***10.0***	***9.5***

Since 2015, UNTY's diluted EPS has more than quadrupled. Given that the bank is dealing with a larger earnings base, it will be less attainable to deliver this level of growth in the future. However, we still believe 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 six 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 January 13th, 2026, by Kody Kester

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Avg. P/E	11.4	16.5	10.0	10.3	8.0	7.7	7.6	7.7	10.7	9.1	***9.4***	***10.0***
Avg. Yld.	1.1%	1.2%	1.3%	1.4%	1.8%	1.4%	1.6%	1.6%	1.2%	1.1%	***1.1%***	***1.0%***

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 roughly 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 reasonable assumption. Relative to the current-year P/E ratio of 9.4, this implies shares are slightly discounted.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	12%	19%	13%	14%	15%	10%	12%	13%	13%	10%	***10%***	***10%***

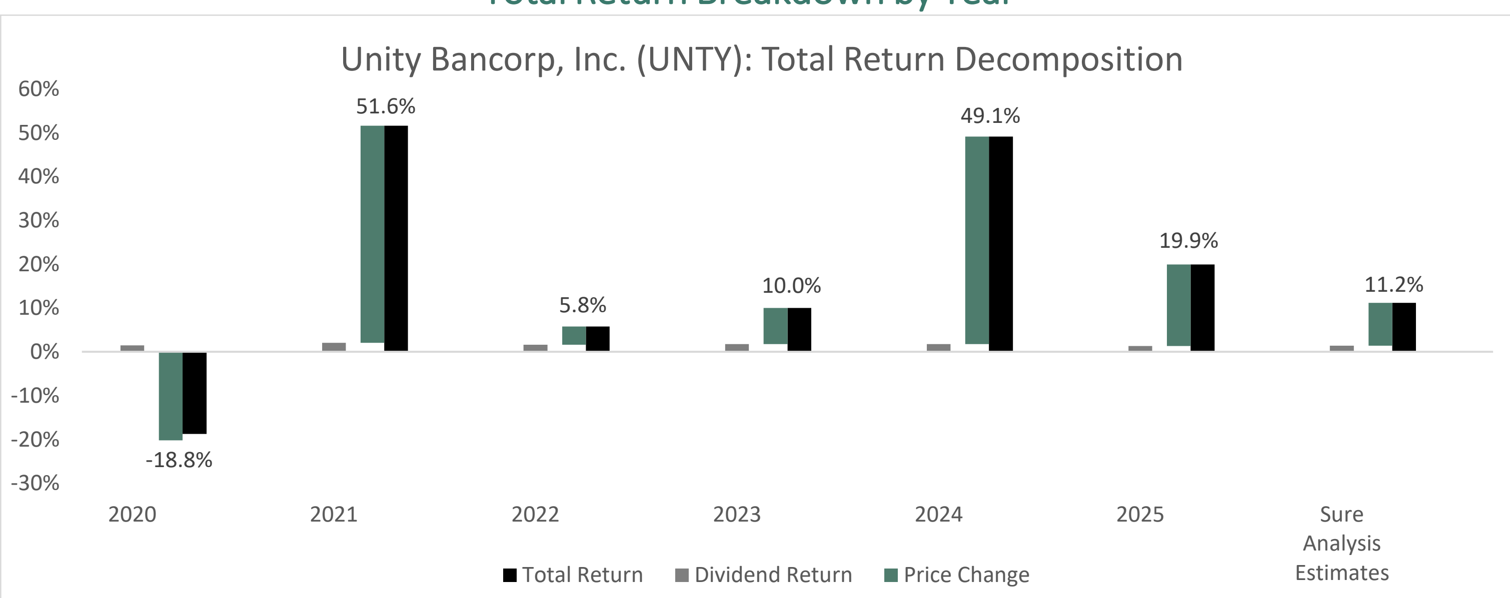
UNTY has managed to achieve a lot in its 35-year operating history. As one of the leading banks headquartered in New Jersey, the company blends the feeling of a bigger bank with the hometown charm of a smaller bank. This keeps existing customer retention elevated and attracts new customers as well.

The company's asset quality is reasonably strong, too. As of December 31st, the company's nonperforming assets ratio was 1.06%. That was a 49 basis point worsening over the year-ago period but the overall rate of nonperforming assets remains low and is mostly attributable to a $15.5 million commercial mortgage migrating to nonaccrual status late in the quarter. 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 13-year dividend growth streak, with dividend growth nearly matching diluted EPS growth in the years to come.

Final Thoughts & Recommendation

UNTY's 1.1% dividend yield, 9.0% annual diluted EPS growth prospects, and 1.2% annual valuation multiple upside potential could produce 11.2% annual total returns through 2031. This is why we're maintaining our 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 January 13th, 2026, 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.